FURNMART LIMITED AND ITS SUBSIDIARIES

INTEGRATED REPORT 2024

CORPORATE INFORMATION

Directorate

J T Mynhardt
T L J Mynhardt
J P McLoughlin*
L G Waldeck*
L J Mynhardt (Alternative)
(*South African)

Bankers

ABSA Bank Limited
First National Bank Limited
Nedbank Limited
Standard Bank Limited
First Capital Bank Limited
Access Bank Limited
Stanbic Bank Botswana Limited

Registered Office

Plot 28892 (Portion of plot 50370), Twin Towers,
Westwing-First Floor,Fairground Office Park,
Gaborone, Botswana
(P. O. Box 1453, Gaborone, Botswana)

Company Secretary

DPS Consulting Services Pty Ltd
Plot 28892 (Portion of plot 50370), Twin Towers,
Westwing-First Floor, Fairground Office Park,
Gaborone, Botswana
(P. O. Box 1453, Gaborone, Botswana)

Transfer Secretaries

DPS Consulting Services Pty Ltd
Plot 28892 (Portion of plot 50370), Twin Towers,
Westwing-First Floor,Fairground Office Park,
Gaborone, Botswana
(P. O. Box 1453, Gaborone, Botswana)

Independent Auditor

Ernst & Young
Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
Gaborone, Botswana

Trustee

Grant Thornton Business Services Pty Ltd
Plot 50370, Acumen Parks, Gaborone, Botswana
P. O. Box 1157, Gaborone,
Tel: +267 395 2313

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DIRECTORS' REPORT

NATURE OF BUSINESS

Furnmart Limited retails household furniture and electrical appliances through its network of stores in Botswana, Namibia and South Africa. The merchandise mix at mass-market Furnmart stores is aimed at the middle to lower income market, thus covering the majority of the population. The Group's Home Corp super stores, located in Gaborone, Windhoek and Swakopmund are aimed at the middle to higher income market. Furnmart Limited strives to establish lasting relationships with its customers through its 'value for money' and 'smart credit' policies. Furnmart Limited ("the company") is incorporated in the Republic of Botswana and is the holding company.

SHARE CAPITAL

The issued ordinary shares of the company is 501 222 174 (2023: 501 222 174).

DIVIDEND

A gross interim dividend of 3.30 thebe per share was declared and paid to the shareholders registered as at 18th April 2024. (In April 2023: a dividend of 3.0 thebe per share was paid).

A final gross dividend of 5.0 thebe per share was proposed by the directors on 18th October 2024. The final dividend of 11.50 thebe per share of 2023 was declared and paid in the current year.

Dividends are subject to withholding tax in accordance with the Botswana Income Tax Act.

SUBSIDIARY COMPANIES

The Group's shareholdings in the issued share capital of the subsidiary companies are as follows:

Company	Country held	Percentage	Nature of business
Furn Mart (Pty) Ltd	Namibia	100%	Furniture retail
Xtreme Discounters (Pty) Ltd	South Africa	100%	Furniture retail
Furniture Mart Pty Ltd	Botswana	100%	Furniture retail
Furnmart (Pty) Ltd	South Africa	100%	Distribution and shared services

DIRECTORS

The following directors served on the Board during the year:

J T Mynhardt (Chairman) ¶@
T L J Mynhardt (Deputy Chairman) ¶
D S le Roux* (Managing Director)
E Odendaal* ¶
F B Lebala ¶
JP McLoughlin* #
S Venkataramani^ ¶
L G Waldeck* #

* South African, ^Indian ¶ Non-Executive
\# Independent, non-executive
@ L J Mynhardt (Alternative to the Chairman) ¶

Due to ongoing changes in the regulatory environment, the Board has been rationalised and balanced. As a result, Messrs. F B Lebala, D S Le Roux, E Odendaal and S Venkataramani resigned from the Board on 18th October 2024. These outgoing directors will continue to be invited to contribute to the business at the same level, given their significant experience in the sector.

As per article 53 and 55 of the Constitution of the company, the following directors will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. The Board evaluates the performance of Directors seeking re-election after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The Board has found the performance and attendance of directors standing for re-election to be satisfactory, and supports their re-election.

J T Mynhardt
JP McLoughlin

DIRECTORS' INTERESTS

The aggregate number of shares directly held by the directors was Nil at 31 July 2024 and Nil at 31 July 2023. Directors indirectly held 462 292 946 shares at 31 July 2024 and 462 105 610 shares at 31 July 2023.

DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

The company secretary is DPS Consulting Pty Ltd.

BOARD MEETINGS AND ATTENDANCE

Name	Board	Risk, Audit and Compliance Committee(RACC)	Credit Committee
JT Mynhardt/LJ Mynhardt*	3 (3)		
FB Lebala	3 (3)		
JP McLoughlin	3 (3)	3 (3)	3 (3)
TLJ Mynhardt	3 (3)		
DS le Roux	3 (3)		3 (3)
E Odendaal	3 (3)		
S Venkataramani	3 (3)	3 (3)	3 (3)
LG Waldeck	3 (3)	3 (3)	3 (3)

(The number in brackets represents the number of meetings held during the office of the member)
* LJ Mynhardt attended as alternate to JT Mynhardt.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Furnmart Limited are responsible for the preparation, integrity and objectivity of the annual financial statements and other information contained in these annual financial statements, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by Botswana Companies Act (2003).

The directors are also responsible for the company and its subsidiaries' systems of internal financial control. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors have reviewed the Group's financial projections for the year ending 31 July 2025 and are satisfied that the company and its subsidiaries have adequate resources in place to continue in operation for the foreseeable future. The annual financial statements have therefore been prepared on the going concern basis.

The Board of Directors approved and authorised for issue the annual financial statements presented on pages 11 to 56 to coincide with the finalization of the Auditor's report.

EVENTS AFTER THE REPORTING PERIOD

Other than the Board changes, there are no material subsequent events that occurred between the year end and the date these financial statements were approved. Refer to note 7 for dividend declared.

On behalf of the Board

J P McLoughlin
Chairman - RACC

T L J Mynhardt
Deputy Chairman

DIRECTORS' PROFILES

John Tobias Mynhardt (Chairman [B. Comm (UCT)])

After completing his Bachelor of Commerce degree at the University of Cape Town in 1968, John Mynhardt started work in the family trading store in Francistown. He has remained involved in the Botswana retail industry ever since. During this time, he has developed extensive business interests in Botswana, and he remains actively involved as chairman of all the companies in the Cash Bazaar Holdings Group as well as and including Furnmart Limited and the companies in the group's Tourism and Hospitality division. During his career he has served as a member of both the Francistown Town Council and the University of Botswana Council. Mr. Mynhardt has also served as a Board member of the Botswana Housing Corporation, and First National Bank of Botswana.

Tobias Louis John Mynhardt (Deputy Chairman [B. Comm (Hons-UCT) MSc Econ (LSE)])

Tobias Mynhardt is the Deputy Chairman of the CBH Group which has investments in several industries including property, retail, tourism, hospitality, building manufacturing and supplies and financial services. He has assumed responsibility for various CBH Group divisions since being appointed a director in 2003.

Mr Mynhardt assisted with the listing of Furnmart in 1998 and joined the management team in 2006. He was appointed Deputy Managing Director of Furnmart in 2007 and was Managing Director from 2009 until his appointment as Deputy Chairman in 2016. Mr Mynhardt led the 2011 listing of New African Properties Limited and has been Managing Director of this associated company since. Mr Mynhardt's early career encompassed a broad exposure to the investment industry through an investment advisory and fund of hedge funds firm in London, following the completion of his master's in economics from the London School of Economics.

Leonard Godfrey Waldeck (Independent, Non-Executive Director [Dip.Acc])

Len Waldeck has a Diploma in Accounting from Rhodes University (PE) and served his articles with Starling, Treasure, Blake, and Company in Port Elizabeth. He has more than 27 years of experience in the furniture retail industry in credit, finance, and retail operations. He has served in several different capacities, such as Financial Director, Group Credit Director & Joint Managing Director, with the Beares, McCarthy Retail, Relyant & Ellerines Groups until his retirement in 2007. He was also a member of the Institute of Directors, South Africa.

Jerome Patrick McLoughlin (Independent, Non-Executive Director [B. Com, Dip Acc (Natal), CA (SA)])

Jerome McLoughlin is a qualified Chartered Accountant and completed articles with Deloitte (Durban). He started a career in public audit practice and currently serves as a director of a firm of registered auditors known as Hodkinson Inc. He also serves as a non-executive director to companies and as trustee on several trusts. He has substantial experience in an advisory capacity and in property investment.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving the overarching corporate governance principles of fairness, accountability, responsibility and transparency, whilst always acting in the best interests of the group - ensuring that the cost of compliance does not come at the expense of enterprise.

The focus has been to achieve an appropriate balance between best governance practices, guided by the principles of the King III Code of Corporate Governance, and the risk of overburdening the company with requirements and costs that could adversely impact stakeholders by detracting from the board's primary responsibilities. The board has recognised that its focus should remain on the key strategic and commercial elements of the business and ensure that this focus is not diluted. King III recognises this risk and states: *"The cost of compliance is burdensome, measured both in terms of time and direct cost. Further, the danger is that the board and management may become focused on compliance at the expense of enterprise. It is the duty of the board of a trading enterprise to undertake a measure of risk for reward and to try to improve the economic value of a company. If the board has a focus on compliance, the attention on its ultimate responsibility, namely performance, may be diluted."*

The group operates a well-established business, which commenced operations in 1974 and has expanded to what it comprises today under the stewardship of the Board, who have always had a focus on sustainability of the business and all that it involves, for its various stakeholders. Enhancements have been made to the governance framework over time as appropriate for the business. The Board has reviewed the principles of King III and continues to assess the appropriateness of any potential gaps. It is understood that this is not a static process and that the specific actions taken may need to evolve over time. In line with King III, we set out below the key exceptions and relevant explanations:

Principle	Details	Explanation
2.10 & 7.1 to 7.5	Effective risk based internal audit	There is no formal internal audit function, but in addition to the external auditors, professionals are requested to review specific areas. The Board is satisfied that risks are adequately addressed in this fashion. The risk, audit and compliance committee (RACC), continuously monitors the need for an internal audit function.
2.16	Independent non-executive Chairman of the Board	Mr. JT Mynhardt is not independent as defined by King III; however, as founder of the Group, he is in the best position to challenge the management team and deliver economic value to all stakeholders. He refrains from discussions where there may be a conflict. In this event, the Board Charter allows the Independent Directors to act jointly as Lead Independent Directors and provide leadership and advice to the Board, without detracting from the authority of the Chairman.
2.18	Majority of non-executive directors should be independent	Following the Board changes, 50% of the non-executive directors are independent. However, they are highly experienced and bring a vast range of relevant business acumen, ensuring a balance of power.
2.23	No nomination and remuneration committees	The Board will consider the establishment of a nomination committee, at such times as there are vacancies on the board. The Board, after due consideration, decided against the formation of a remuneration committee, as it is satisfied that the current practice, where remuneration is reviewed by the Deputy Chairman and the MD, is sufficient. Further, remuneration is approved by the shareholders, and given the controls that the majority shareholder has, there is no reason to appoint a remuneration committee.
2.26	Disclosure of remuneration of individual directors and officers	Information is disclosed in the aggregate, as the Board believes that disclosure of the remuneration of key individuals, will put the Group at a competitive disadvantage. Non-disclosure is in the best interests of the company.

CORPORATE GOVERNANCE CODE (Continued)

ASSESSMENTS

The Board reviewed its operation and assessed its performance, concluding that it had fulfilled its primary responsibilities.

A formal evaluation is performed on the Board and RACC as a whole, the Chairman, Managing Director and the Chief Financial Officer and finance department. Individual directors complete an evaluation on each of these areas as well as a self-evaluation, which are then submitted to the Chairman for his consideration and an overall summary reported to the full Board.

The Board has specifically considered the attendance and performance of the directors standing for re-election of appointment and supports their re-election. The independence of independent directors was considered and it was concluded that there are no relationships or circumstances likely to affect, or appearing to affect, the director's judgment notwithstanding the length of service.

In addition, the RACC specifically considers the expertise and experience of the Chief Financial Officer and finance department and was satisfied with their performance. As part of the formal evaluation process, their conclusion on these assessments is reported to both the Board and in the RACC report included in this annual report.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT

Role of Committee

The primary role of the Risk, Audit and Compliance Committee (RACC) is to provide the Board with additional assurance regarding the financial information used by the Board, to propose the appointment of and liaise with the external auditor and to assist the Board in discharging its responsibility with respect to risk and compliance.

Composition, attendance and frequency of meetings:

During the year under review, the RACC comprised of three non-executive directors, two of whom are independent. The Deputy Chairman, Managing Director, Chief Financial Officer, the group's auditor and other relevant directors and senior management, attend by invitation. The RACC sets out to meet twice per annum. The group's auditor is given the opportunity to discuss any items considered relevant, without the invitees being present.

During the year, three meetings were held and there was full attendance from committee members.

At each meeting the auditors and the RACC are given the opportunity to meet without the invitees in attendance. Subsequent to the year end, and during the conclusion of the audit, the external auditors requested to meet without the invitees. In this meeting one operational matter was raised which the RACC will address and report back to the auditors on the progress thereof. The matter will not impact upon the finalisation of the current audit.

Scopes and responsibilities:
The RACC considers its scope and responsibility to comprise the following:

- **Financial results and reports:**
  - Consider indicators relevant to the going concern assumption;
  - Oversee the annual report and recommend approval to the board;
  - Recommend approval of financial results to the board;
  - Agree and recommend accounting policies to the board;
  - Consider the appropriateness and disclosure of related party transactions.
- **Compliance:**
  - Review and monitor the company's overall system of internal control;
  - Monitor compliance with the Companies Act and King Code on Corporate Governance and other applicable legislation;
  - Monitor the company's compliance with taxation legislation;
  - Monitor the company's compliance with and response to changes in other legislation affecting the company;
  - Monitor that those decisions taken by the board, that affect the RACC, are followed through.
- **Risk management and control:**
  - Monitor the corporate risk assessment philosophy, strategies and processes, assess management's design, implementation responses and monitoring of risk considered relevant to the business;
  - Consider the report back from management in respect of the information technology environment; particularly related to controls and risk matters;
  - Ensure a combined assurance model is applied, to optimise assurance activities.
- **Statutory audit:**
  - Recommend appointment of external auditor;
  - Be satisfied with auditor's independence, especially where non-audit services are performed;
  - Agree principles with external auditors, without limiting their scope or statutory obligations;
  - Decide on the extent of external verification of non-financial information;
  - Recommend letters of representation and other documents, for board approval.
  - Review composition of the audit management team.
- **Internal audit:**
  - Consider the need for and extent of any internal audit;
  - Oversee any internal audit function with regards to planned audit objectives;
  - Review of the conclusion reached by the internal audit;
  - Determine the necessity for any feedback of internal audit results to board.
- **Chief Financial Officer and finance department**
  - Assess the expertise, resources and experience of the Chief Financial Officer and the finance department and confirm that it has discharged this duty in the report to shareholders.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT (Continued)

- **Company Secretary**
  - Consider the competence, qualifications and experience of the Company Secretary and whether the relationship between the Board and the Company Secretary is an arms-length relationship, detailing reasons for the conclusions in the report to shareholders. Where the Company Secretary is a juristic person this assessment to also consider the individuals who perform the role, the directors and shareholders.

- **Governance:**
  - Governance has been placed on the committee's agenda with a focus on ensuring that Furnmart achieves an appropriate balance between best governance practices, guided by the principles of King III, and the risk of overburdening the company with requirements and costs that could adversely impact stakeholders and detract from the board's primary responsibilities. The board has recognised that its focus should remain on the key strategic and commercial elements of the business and ensure that this focus is not diluted.

Going concern

We have concluded that Furnmart Limited will be able to continue as going concern for the ensuing year, based on:

- Adequacy of cash as evidenced by cash flow projections;
- Budget for the year ending 31 July 2025;
- The fact that there are no circumstances that we are aware of that will materially change the cash flow projections and budgets;
- Any decision to incur further capital expenditure will be approved together with the relevant funding;
- There are no legal issues pending which would impact the group's ability to continue as a going concern;
- There are no abnormal items or other issues, that impact the quality of earnings as reported to date;
- All provisions considered necessary have been made for unrecoverable accounts receivable and other assets.

Matters of judgement

The Committee reviewed all material matters of judgement included in the annual financial statements. This is primarily related to:

- **Valuation of accounts receivable:**
  - Considered the recommendation from the Credit Committee regarding the recoverability of accounts receivable and provisions against such receivables;
  - Considered the results of the IFRS 9 model processed internally and tested by the statutory auditor;
  - Recommended to the board that the results in respect of both the recoverability of accounts receivable and the provisions against such receivables, be accepted.

- **Valuation of other assets:**
  - Reviewed the financial information presented by management;
  - Reviewed the computations and assumptions used to compute other asset values together with the requirement for any impairment thereto;
  - Recommended to the board that the results in respect of both the valuation and recoverability of other assets, together with any impairment thereof, be accepted.

Assessments

- **Governance and compliance**
  - The Committee considered the adequacy of the risk management, governance and compliance framework and found them to be appropriate and reported this to the Board.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT (Continued)

- **Statutory auditor – assessment of independence and external audit quality**
  - Recommended the continued appointment of the incumbent auditor;
  - Concluded that the statutory auditor was independent, having considered their representations regarding independence and the total value of both audit and non-audit services;
  - Considered the statutory auditor's report to management and noted any points therefrom considered relevant to the board.

- **Finance department – assessment of competency**
  - Assessed the expertise, resources and experience of the chief financial officer and the finance department;
  - The Committee has reviewed the financial reporting to Board, RACC and shareholders in addition to the external auditor's report to shareholders and feedback to RACC. We concluded that we are satisfied with the expertise and experience of the Chief Financial Officer and the finance department. This conclusion was reported to the Board as part of the formal evaluation process.

- **Company secretary – assessment of competency**
  - The Committee has considered the competence, qualifications and experience of the Company Secretary by making enquiries about the qualifications and experience of the Company, its shareholders, directors and the individuals performing the company secretarial function as well as confirmation that they were performing the role of Company Secretary on an arms-length basis;
  - We concluded that the relationship is arms-length and that, on the basis of the information received, the Company Secretary has the necessary competence, qualifications and experience to fulfil this responsibility. This conclusion was reported to the Board.

Integrated Annual report

Following the committee's review of the 2024 annual financial statements, we are of the view that the annual financial statements comply in all material respects with the requirements of IFRS and fairly present the financial position of Furnmart Limited as of 31 July 2024 and the results of operations and cash flows, for the year then ended.

Jerome McLoughlin
Chairman – RACC

SUSTAINABILITY REPORT

The Furnmart Group subscribes to the vision of the wider CBH Group, which is to build better Botswana businesses by matching people, capital and technology to opportunities. The Group has a proud history, and its success is based on a fundamental belief that business should be conducted honestly, fairly and within the framework of applicable laws on a sustainable basis.

The Group has adopted a “stakeholder inclusive” model of governance whereby the legitimate interests and expectations of stakeholders are considered when deciding in the best interests of the Group in order to strike a suitable balance between the needs of various stakeholders and ensure appropriate dealings between the Group and its stakeholders.

1.RISK MANAGEMENT

Overview and objectives

As a retailer spread across multiple countries, Furnmart is committed to balancing entrepreneurial reward with a diligent approach to identifying and managing external and internal risks. Furnmart has adopted an integrated approach to risk management by ensuring that each business unit and the Group consider the relevant risks and adopt appropriate mitigants.

Risks are defined as events that can impact the achievement of operational and strategic objectives. The objective of risk management is to identify, anticipate, assess, and take steps to mitigate likely risks to acceptable levels.

The Group’s response to any given risk should be proportionate to that risk and must be effective, with potential mitigants including insurance, risk control measures, avoidance, or a combination thereof. Furnmart recognises that necessary risks are to be embraced with appropriate safeguards.

Responsibility and ownership

The Furnmart Group Board is responsible for the governance of risk, ensuing that the risk philosophy is appropriate to the business, and that there is compliance with the policies, procedures, and standards of the Group. Specifically, the Board is responsible for:

- Ensuring that risks associated with strategic initiatives are adequately assessed and managed.
- Providing guidance and advice on the Group’s risk appetite and risk tolerance.
- Setting specific limits to the Group’s risk tolerance levels and risk appetite.
- Approving decisions that contravene the Group’s risk profile or risk exposure.

The Board has appointed sub-committees equipped with specialist skills to manage and report to the Board on specific operational risks that the Board has identified.

The Risk, Audit and Compliance Committee (RACC) comprises independent directors and is responsible for the overall management of risk, ensuring appropriate expertise is applied to managing the various categories of business risk including:

- Financial Risk: Profit and cash-flow sustainability, financial commitments, financial controls, and financial reporting compliance. In this respect, the external auditors’ report, which includes risk assessment, is reported directly to RACC every year.
- IT Risk: Assessed by appropriate IT expertise, a detailed IT Risk Register is submitted for review at every RACC meeting. IT general controls are also reviewed annually by the external auditors and reported directly to RACC.
- Operational Risks: The operational management team maintains a detailed risk/threat matrix, integrated into business operations, and submitted for review by the RACC. Operational risks include regulatory compliance.
- Credit Risk: As reported by the Credit Committee.

The Credit Committee employs specialist skills and analytical tools to manage risks associated with the Group’s debtors (accounts receivable), a substantial and strategic Group asset. The Credit Committee’s report is submitted to the Board after oversight by RACC.

SUSTAINABILITY REPORT (Continued)

Risk Management Approach

Furnmart's approach to risk management embodies three key principles:

- Integrated Approach with clear responsibilities: Risk management is embedded at all operational levels, with clear allocation of responsibilities.
- Continuous Assessment and Action: Risks are regularly assessed with planned actions based on their definition, source, likelihood, impact, priority, and mitigation actions.
- Transparency and Disclosure: Risk Management Policy, risk matrices and reports are communicated to all members of the operational management team with reporting to RACC and Board.

2. STAKEHOLDER MANAGEMENT

The Group has identified five main key groups of stakeholders and allocated responsibilities for these relationships. While the preference is to resolve stakeholder disputes by discussion and consultation, applicable dispute resolution mechanics are provided for.

- **Providers of capital:** Managed by the Board and CFO with disputes resolved through company law or contractual agreements.
- **Suppliers:** Managed by the merchandising and finance departments, with contracts governing dispute resolutions.
- **Employees:** The operations team manages all employee-related issues, with formal grievance and disciplinary procedures for disputes.
- **Customers and communities:** Managed by the operations team with the aim of maintaining "Customers for Life" through communication and service strategies, with a formal customer complaints process
- **Government:** Relations with regulators and local authorities are managed by appropriate finance and operations staff, with disputes resolved through dialogue and negotiation.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Furnmart Group integrates CSR principles into its operations, focusing on:

- **Employee well-being:** Creating a culture of personal development, fairness, and merit-based recognition, while promoting integrity and ethical behaviour.
- **Customer relationships**: Enhancing customer service and retention, with a vision of making "Home Dreams Come True" In order to create "Customers for Life".
- **Suppliers' standards:** Aim to create and maintain strong relationships with key suppliers and contractors, choosing suppliers who share our ethos in relation to employment practices, quality, and sustainability, while supporting efforts to promote the local economy.
- **Health and safety:** Commitment to providing a safe working environment and adhering to high standards.
- **Environmental protection:** We are aware of our environmental impact as a business and will continue to take appropriate steps to mitigate this impact, including by encouraging greener transport, recycling where possible, and working with suppliers and contractors who share the same environmental values as ourselves.
- **Community engagement:** Through operations in many outlying villages we provide opportunities for employment and advancement and the provision of products and services in communities where these would otherwise not be accessible, including the provision of credit to "unbanked" people enabling them to purchase goods that they would otherwise not be able to afford. We also aim to support education and provide funding to selected charitable organisations that align with our values.
- **Monitoring and Measurement:** We are committed to continually improving all aspects of our business, looking at and implementing ways to improve our systems and practices, to ensure a positive societal impact.

EY
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Independent Auditor's Report
To the Shareholders of Furnmart Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
We have audited the consolidated and separate financial statements of Furnmart Limited and its subsidiaries ("the Group") and the Company set out on pages 11 to 56, which comprise the consolidated and separate statements of financial position as at 31 July 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of material accounting information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Furnmart Limited as at 31 July 2024, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act (CAP 42:01).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) *(IESBA Code*) together with other ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matters apply only to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses on the trade receivables	
As at 31 July 2024, net trade receivables comprised 41% (2023: 38%) of the Group's total assets. The related ECL impairment allowance was P270 million compared to P240 million at the previous reporting date, representing a 13% increase in the impairment allowance compared to the prior year. The Group's profitability continues to be significantly influenced by movements in the ECL allowances.	Our audit procedures included, amongst others, the following: ► We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation, as well as the governance process over the ECL models and management adjustments and test the design and implementation of the relevant controls identified within these processes.

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Modelled ECL allowance

The Group's ECL allowance is calculated using a modelled basis. The development and execution of these models require the use of external quantitative specialists in the design and use of the models.

Incorporation of forward-looking macro-economic scenarios

The Group's ECL allowance is based on assumptions about the risk of default and expected loss rates applied to each debtor category.

These judgements are further complicated by the different jurisdictions in which the Group operates, with each jurisdiction having its own considerations and economic outlook.

The Group applies judgement in making these assumptions and selecting the inputs to be applied to the debtor categories for the ECL calculation. The judgements consider the Group's historical experience within these jurisdictions and the debtor sub-categories, existing market conditions as well as forward looking estimates at the end of each reporting period.

The inputs into the models are therefore inherently uncertain and include inputs into the ECL models which are not fully observable.

Due to the combination of the inherent subjectivity in the preparation of the ECL models, and the judgements and assumptions involved in determining the inputs into the models, we considered the calculation of the ECL in accordance with IFRS 9 – *Financial Instruments* as applicable to the Group's trade receivables to be a key audit matter in our audit of the Group's financial statements. This has necessitated the involvement of our internal quantitative specialists and increased discussions with management during the audit.

The disclosure associated with credit impairment of trade receivables is set out in the financial statements in the following notes:

- Accounting policies note 9 "Financial Instruments"
- Critical accounting estimates and judgements note 3 "Impairment losses on trade receivables"
- Financial risk management – "Credit risk"
- Note 3 – Expected credit losses - Trade receivables
- Note 13 – Trade receivables

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- With the assistance from our internal quantitative specialists, we considered the following in evaluating the Group's ECL models:
  - We assessed the methodologies and assumptions adopted in the design of the models by comparing these to the requirements of IFRS 9 – *Financial instruments*,
  - We assessed the Group's model design and build, ensuring the models were designed and are functioning consistent with the Group's documented methodologies and assumptions,
  - We assessed the appropriateness of the disaggregation of the Group's debtor balances into the debtor sub-categories and jurisdictions and assessed the risk of default and expected loss rates applied to the disaggregated debtor sub-categories by comparing these to the Group's historical experience,
  - We assessed the appropriateness of the forward-looking information applied to the modelled outcome to calculate the ECL allowance by comparing the forward-looking information to relevant independent data sources and the Group's historical experience. We independently performed regression analysis on forward-looking information to identify variables with the strongest relationships to expected cash flows and designed challenger models to calculate the impact of the forward-looking information application to the model outputs.
- We assessed the completeness, accuracy and reliability of the data inputs used in the ECL models by reconciling these inputs to the general ledger, customer agreements and supporting documentation, including contract amendments.
- We reviewed the adequacy of financial statement disclosures included in the Group's financial statements as per the requirements of IFRS 9 – *Financial instruments*.

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Valuation of lease liabilities and right-of-use assets	
As at the 31st of July 2024, the Group's lease liabilities of P464 million represented 59% (2023: P458 million represented 57%) of the Group's total liabilities. The related right-of-use assets of P366 million represented 24% of the Group's total assets (FY23: P366 million represented 24%) at the reporting date. The Group had 255 active leases at its reporting date (2023:237). The Group implemented an automated lease management system during the current year to assist in the effective management of these lease agreements. This lease management system automates the calculation of the lease liabilities and right-of-use assets balances based on the inputs at commencement of the leases derived from the underlying lease agreements. These balances were manually calculated in prior financial years, which resulted in errors identified and corrected retrospectively in accordance with IAS 8 in the current financial year. The impact of the restatement resulted in a decrease of right-of-use assets by P51 million and lease liabilities by P91 million. The inputs into these calculations include: • Incremental borrowing rate used to determine the present value of rental payments over the lease period • Rental payments (including escalations) • Rental period, including the renewal period if it is likely the Group will exercise the options under the lease agreements to renew. Management applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option to renew, or exercise termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating leases. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Management also applies judgement in determining the incremental borrowing rate to be applied in calculating the present value of lease payments over the lease period. These rates are based on market related interest rates for similar assets acquired over a similar period as the lease periods. We considered the calculation of the lease liabilities and right-of-use assets a key audit matter due to the judgements applied by management in these calculations, and the contribution of these assets and liabilities to the Group's total assets and liabilities.	We performed the following audit procedures, amongst others: We updated our understanding of the lease negotiation, implementation and measurement process for leases. ► We requested and obtained a limited assurance report over the internal controls implemented by the automated lease management system vendor to ensure the accurate design and functioning of the automated lease management system. ► We assessed the appropriateness of the incremental borrowing rates applied by management in the present value calculation of rental payments over the lease period by comparing these rates to the interest rates obtained by management from financial institutions for the financing of similar assets over similar periods to the lease periods. We also compared these incremental borrowing rates to rates applied by similar organisations operating in the same geographical sectors. ► We assessed the accuracy of inputs into the automated lease management system by comparing the inputs to the underlying lease agreements and subsequent addendums, if any, on a sample basis. ► We considered the reasonableness of management's assessment as to whether the Group is reasonably certain to exercise renewal options under lease agreements by agreeing these renewal options, on a sample basis, to the underlying lease agreements and assessing the likelihood of renewal based on the Group's historical experience and renewal options exercised after the reporting date. ► We tested the mathematical accuracy of the lease liability and right-of-use asset calculations per the automated lease management system by recalculating, on a sample basis, the lease liability and right-of-use asset calculations. We assessed, with the assistance from our reporting specialists, the adequacy and completeness of disclosures regarding lease liabilities, right-of-use assets and the restatement of comparative balances in accordance with IAS 8 due to prior year errors, in the consolidated and separate financial statements.

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Related disclosures in the consolidated and separate financial statements are as follows: - Accounting policies note 11 "Accounting for leases" - Critical accounting estimates and judgements note 4.1 "Incremental borrowing rate used in lease liabilities". 4.2 "Leases renewal and termination options" - Financial risk management – "Liquidity risk" - Note 8.3 – Right of use of assets - Note 20 - Lease liabilities - Note 28 - Correction of prior period errors	

Other Information

Other information consists of the information included in the 56-page document titled "Furnmart Limited and its subsidiaries Integrated Report 2024", which includes the Corporate Information and the Directors' Report, as required by the Companies Act (CAP 42:01, the Directors' profiles, Corporate governance code, the Risk, Audit and Compliance Committee report, the Sustainability report, the Notice to the Annual general meeting and the Proxy form). Other information does not include the consolidated or the separate financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act (CAP 42:01) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst + Young

Ernst & Young
Firm of Certified Auditors
Practicing Member: Francois Roos (CAP 0013 2024)
Gaborone

29 October 2024

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2024

		GROUP		COMPANY	
	Note	**2024 P'000**	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
Revenue *	**2**	**1 717 062**	**1 548 652**	**84 554**	**78 302**
Merchandise sales	2	1 158 454	1 060 959	-	-
Ancillary services *	2	238 531	221 502	-	-
Effective interest income	2	249 794	206 436	45 634	45 885
Administrative fees received	2	-	-	38 920	32 417
Net insurance service results:					
Insurance revenue *	7.1	70 283	59 755	-	-
Insurance service expenses *	7.1	(32 417)	(26 347)	-	-
Net insurance service results		**37 866**	**33 408**	**-**	**-**
Cost of merchandise sold	3	(787 160)	(716 432)	-	-
Selling and distribution costs *#	3	(544 227)	(522 587)	-	-
Expected credit losses – Trade receivables	3	(120 129)	(109 583)	-	-
Administrative expenses	3	(52 064)	(54 371)	(35 435)	(38 566)
Other income *	3	15 493	7 890	2 089	1 609
Operating profit		**196 558**	**127 222**	**51 208**	**41 345**
Finance income *	4	7 182	8 295	1 268	3 547
Finance costs #	4	(53 237)	(54 003)	(12 303)	(12 345)
Share of loss from associate	10.1	(17)	(30)	-	-
Profit before income tax		**150 486**	**81 484**	**40 173**	**32 547**
Tax expense					
Income tax expense #	5	(33 907)	(17 450)	(7 054)	(5 691)
Profit for the year #		**116 579**	**64 034**	**33 119**	**26 856**
Other comprehensive profit/(loss) Items that may subsequently be reclassified to profit or loss (net of tax)					
Currency translation differences from foreign operations #		789	(7 387)	-	-
Total comprehensive income for the year (net of tax) #		**117 368**	**56 647**	**33 119**	**26 856**
Earnings per share (thebe) # – basic	6	23.26	12.78	-	-
– diluted	6	23.26	12.78	-	-

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2024

		GROUP			COMPANY	
	Note	**2024 P'000**	**2023 P'000 Restated**	**2022 P'000 Restated**	**2024 P'000**	**2023 P'000**
ASSETS						
Non-current assets						
Right-of-use asset #	8.3	366 480	365 854	391 812	-	-
Property, plant and equipment	8.1	86 507	82 176	76 013	1 276	1 105
Intangible assets	8.2	2 078	3 162	4 507	2 078	3 162
Investment in associate	10.1	44	61	91	-	-
Investment in subsidiaries – equity	10.2	-	-	-	198 604	198 604
Loans to subsidiaries	10.3	-	-	-	142 586	141 900
Insurance contract assets *	11	50 506	46 708	44 084	-	-
Deferred income tax asset #	9	20 715	23 791	19 279	-	-
		526 330	**521 752**	**535 786**	**344 544**	**344 771**
Current assets						
Inventories	12	282 042	268 938	272 576	-	-
Trade receivables	13	636 381	584 571	535 645	-	-
Other receivables	14	31 927	63 198	93 040	423 970	450 852
Insurance contract assets	14.1	56	-	-	-	-
Income tax receivable	25	3 748	6 291	3 065	1 865	1 835
Cash and bank balances	15	62 034	74 196	74 212	316	8 178
		1 016 188	**997 194**	**978 538**	**426 151**	**460 865**
Total assets		**1 542 518**	**1 518 946**	**1 514 324**	**770 695**	**805 636**
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	16	128 474	128 474	128 474	128 474	128 474
Currency translation reserve #		(36 735)	(37 524)	(30 137)	-	-
Retained earnings #		667 099	624 701	575 704	473 615	514 677
Total equity		**758 838**	**715 651**	**674 041**	**602 089**	**643 151**
Non-current liabilities						
Borrowings	17	150 288	155 403	160 726	150 000	150 000
Lease liabilities #	20	391 063	377 639	398 632	-	-
Deferred income tax liability #	9	811	507	741	531	507
		542 162	**533 549**	**560 099**	**150 531**	**150 507**
Current liabilities						
Borrowings	17	15 314	48 624	34 954	4 458	-
Lease liabilities #	20	73 084	80 822	72 750	-	-
Trade and other payables	18	123 641	105 513	137 412	10 755	9 066
Insurance contract liabilities *	18.1	4 809	7 457	12 106	-	-
Income tax payable	25	7 999	9 820	8 009	-	-
Accruals	19	16 671	17 510	14 953	2 862	2 912
		241 518	**269 746**	**280 184**	**18 076**	**11 978**
Total liabilities		**783 680**	**803 295**	**840 283**	**168 607**	**162 485**
Total equity and liabilities		**1 542 518**	**1 518 946**	**1 514 324**	**770 695**	**805 636**

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2024

	GROUP			
	Stated capital	**Currency translation reserve**	**Retained earnings**	**Total**
	P'000	**P'000**	**P'000**	**P'000**
Balance as at 01 August 2022	**128 474**	**(36 276)**	**555 649**	**647 847**
Restated 2022 impact of IFRS 16 #		6 139	20 055	26 194
Balance as at 01 August 2022 restated #	**128 474**	**(30 137)**	**575 704**	**674 041**
Profit for the year #	-	-	64 034	64 034
Other comprehensive loss #	-	(7 387)	-	(7 387)
Total comprehensive income for the year	**-**	**(37 524)**	**639 738**	**730 688**
Transactions with owners				
Dividend – Interim 2023 (note 7)	-	-	(15 037)	(15 037)
Balance as at 31 July 2023 (note 16) #	**128 474**	**(37 524)**	**624 701**	**715 651**
Balance as at 01 August 2023 restated #	**128 474**	**(37 524)**	**624 701**	**715 651**
Profit for the year	-	-	116 579	116 579
Other comprehensive income	-	789	-	789
Total comprehensive income for the year	**-**	**789**	**116 579**	**117 368**
Transactions with owners				
Dividend – Interim 2024 (note 7)	-	-	(16 540)	(16 540)
Dividend – Final 2023 (note 7)	-	-	(57 641)	(57 641)
Balance as at 31 July 2024 (note 16)	**128 474**	**(36 735)**	**667 099**	**758 838**

	COMPANY		
	Stated capital P'000	**Retained earnings P'000**	**Total P'000**
Balance as at 01 August 2022	**128 474**	**502 858**	**631 332**
Profit for the year	-	26 856	26 856
Other comprehensive income for the year	-	-	-
Total comprehensive income	**-**	**26 856**	**26 856**
Transactions with owners			
Dividend - Interim 2023 (note 7)	-	(15 037)	(15 037)
Balance as at 31 July 2023 (note 16)	**128 474**	**514 677**	**643 151**
Balance as at 01 August 2023	**128 474**	**514 677**	**643 151**
Profit for the year	-	33 119	33 119
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**33 119**	**33 119**
Transactions with owners			
Dividend - Interim 2024 (note 7)	-	(16 540)	(16 540)
Dividend – Final 2023 (note 7)	-	(57 641)	(57 641)
Balance as at 31 July 2024 (note 16)	**128 474**	**473 615**	**602 089**

Refer to note 28 for details regarding the restatements for Prior period errors.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2024

		GROUP		COMPANY	
	Note	**2024 P'000**	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
Operating activities:					
Cash generated from operations #	21	283 697	201 661	80 249	40 088
Income tax paid (net)	25	(31 076)	(24 095)	(7 060)	(8 602)
Net cash generated from operating activities		**252 621**	**177 566**	**73 189**	**31 486**
Investing activities:					
Purchase of property, plant and equipment	8	(31 289)	(32 885)	(509)	(431)
Proceeds on disposal of property, plant and equipment		1 958	1 409	46	-
Investment in insurance contract assets (net) *	11	(3 798)	(7 273)	-	-
Interest received	4	7 182	8 295	1 268	3 547
Net cash (utilised in)/generated from investing activities		**(25 947)**	**(30 454)**	**805**	**3 116**
Financing activities:					
Repayments on borrowings	17	(5 488)	(5 212)	-	-
Lease payments – principal^	20	(74 496)	(70 151)	-	-
Lease payments – interest^	20	(37 909)	(35 716)	-	-
Interest on borrowings (excl. leases)	4	(15 328)	(18 288)	(12 303)	(12 345)
Dividends paid	7	(74 011)	(14 997)	(74 011)	(14 997)
Net cash utilised in financing activities		**(207 232)**	**(144 364)**	**(86 314)**	**(27 342)**
Net increase/(decrease) in cash and cash equivalents		19 442	2 748	(12 320)	7 260
Cash and cash equivalents at beginning of year		31 111	44 686	8 178	918
Net foreign exchange difference		1 333	(16 323)	-	-
Cash and cash equivalents at end of year	**15**	**51 886**	**31 111**	**(4 142)**	**8 178**

^The interest paid on lease liabilities has been disaggregated and presented separately in the current year. Prior year amounts have also been restated.

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, and are unchanged from those applied in previous periods, unless noted otherwise.

The Board of Directors approved and authorised for issue the annual financial statements presented on page 11 to 57 on 18 October 2024.

1. GENERAL INFORMATION

Furnmart Limited retails household furniture and electrical appliances through its network of stores in Botswana, Namibia and South Africa. The merchandise mix at mass-market Furnmart stores is aimed at the middle to lower income market, thus covering the majority of the population. The Group's Home Corp super stores, located in Gaborone, Windhoek and Swakopmund are aimed at the middle to higher income market. Furnmart Limited strives to establish lasting relationships with its customers through its 'value for money' and 'smart credit' policies. Furnmart Limited ("the company") is incorporated in the Republic of Botswana.

2. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board "(IFRS Accounting Standards") and the requirements of the Botswana Companies Act (2003). The annual financial statements are prepared under the historical cost convention, as modified by the valuation of certain financial assets and financial liabilities at fair value through profit and loss. The preparation of annual financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The amounts are rounded to the nearest thousand in some cases for easy presentation.

ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and amendments to the existing standards and interpretation effective 1 January 2023 and adopted by the Group:

IFRS 17 INSURANCE CONTRACTS

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

IFRS 17 is based on a general model, supplemented by: a specific adaptation for contracts with direct participation features (the variable fee approach) or a simplified approach (the premium allocation approach (PAA)) for short-duration contracts. The Group performed an assessment of its instalment sale agreements, financial guarantee contracts and insurance contract assets insurance arrangements. The assessment of the Group's insurance contract assets insurance arrangements in South Africa and Namibia showed that the participation agreements make IFRS 17 applicable to the Group's subsidiaries in South Africa and Namibia.

The Group becomes a reinsurance contract issuer as both the insurance contract assets of South Africa and Namibia are funded by Xtreme Discounters (Pty) Ltd, South Africa and Furn Mart (Pty) Ltd, Namibia respectively if insurance contract assets entities fall short of the solvency ratio. Shareholders of the insurance contract assets are in a financially sound position as at financial year ended 31 July 2024.

The Group elected to use a simplified approach (the premium allocation approach (PAA)) for the two insurance contract assets as contracts under the arrangements are short term in nature. The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying other methodologies as per IFRS 17. In applying the PAA to arrive at the net insurance contract assets, the Group has opted not to consider the time value of money as all the contracts are short term in nature and does not warrant discounting of future cashflows on both liabilities and claims incurred for the insurance contract assets. Expenses relating to the under writing are paid when they are incurred. The binder fee, underwriting commission and management fees paid to the insurer form part of the insurance acquisition cashflows and are included in the measurement of a group of insurance contracts. Other insurance acquisition costs are treated as insurance contract expenses.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

IFRS 17 INSURANCE CONTRACTS (CONTINUED)

The Group is not required to apply the recoverability assessment as per the cell captive participation agreement. The Group has cell captive insurance arrangements, under which it accepts significant insurance risk from its policyholders. The Group has insignificant claims history. Accordingly, insurance sensitivity disclosure, insurance credit risk and insurance liquidity risk assessment are not performed.

IFRS 17 does not change the group's classification of the insurance contracts. The measurement principles of the PAA are similar to the 'earned premium approach' used by the Group under IFRS 4 due to the short-term duration of the insurance contracts.

Changes to presentation and disclosure
Previously, the Group reported the outcome of insurance contracts as part of 'Other operating income' in the statement of comprehensive income. IFRS 17 requires insurance revenue, insurance expenses and insurance results not be aggregated. Instead, the items must be represented as separate line items within the statement of comprehensive income. The nomenclature of "cell captives" will now change to "insurance contract assets and insurance contract liabilities" in the statement of financial position.

Transition date:
On 1 August 2022, the Group has recognised and measured the insurance assets as if IFRS 17 had always applied and the Group has restated comparative information to the earliest period of 1 August 2022. The transition however did not have an impact on opening Retained Earnings of the Group on 1 August 2022 and 1 August 2023 since the outcome of the PAA applied by the Group on adoption of IFRS 17 does not result in any difference from the 'earned premium approach' previously used by the Group under IFRS 4.

The following is a reconciliation of the financial statement line items IFRS 4 to IFRS 17:

Description (Pula in '000)	Carrying amount 31 July 2022 (As previously reported)	Reclassification	Carrying amount on 1 August 2022 under IFRS 17
Insurance contract assets	-	44 084	44 084
Cell captive assets	31 978	(31 978)	-
Insurance contract liabilities	-	(12 106)	(12 106)

Description (Pula in '000)	Carrying amount on 31 July 2023 (As previously reported)	Reclassification	Carrying amount on 31 July 2023 under IFRS 17
Insurance contract assets	-	46 708	46 708
Cell captive assets	39 251	(39 251)	-
Insurance contract liabilities	-	(7 457)	(7 457)

The following is a reconciliation of the statement of comprehensive income:

Description (Pula in '000)	31 July 2022 (As previously reported)	Reclassification	31 July 2022 Balance under IFRS 17
Insurance revenue	-	51 993	51 993
Other income	35 407	(35 407)	-
Insurance expenses	-	(16 586)	(16 586)

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Description (Pula in '000)	31 July 2023 (As previously reported)	Reclassification	31 July 2023 Balance under IFRS 17
Insurance revenue	-	59 755	59 755
Other income	33 408	(33 408)	-
Insurance expenses	-	(26 347)	(26 347)

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

2.2 New standards amendments and interpretations issued but not yet effective and not early adopted

The following new and amended standards and interpretations have been issued but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The Group is assessing the impact of these standards and amendments to the standards.

Amendment/ Standard/ interpretation	Content	Applicable for financial year beginning on/after
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)	1st January 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1st January 2024
IAS 7, IFRS 7	Amendments: disclosure supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	1st January 2024
IAS 21	Lack of exchangeability – Amendments to IAS 21	1st January 2025
IFRS 9,7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1st January 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1st January 2027
IFRS 18	Presentation and Disclosure in Financial Statements	1st January 2027

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES

3 CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All Group companies have a 31 July year end and apply uniform accounting policies for like transactions. All intercompany transactions and balances between Group entities are eliminated. The company carries its investment in subsidiaries in its separate financial statement at cost less any accumulated impairment.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's financial statements include the following associate whose financial year also ends on 31 July:

Company	Country	%	Nature of business
United Impex (Pty) Ltd	Botswana	25%	Financial Services (dormant)

The Group's share of its associates' post-acquisition profits or losses and its share of post-acquisition movements in reserves are recognised in the Statement of Comprehensive Income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise any further losses, unless it has incurred obligations, issued guarantees or made payments on behalf of the associate. Gains and losses arising from dilution of investments in associates are recognised in the Statement of Comprehensive Income when such dilutionary transactions become effective.

4 CELL CAPTIVE ARRANGEMENTS

The Group has entered cell captive arrangements for purposes of managing and administering its customer protection programmes in Namibia and South Africa. These programmes offer customer credit insurance in the event of death and loss of goods purchased under the installment sale agreement or certain other life changing events, prior to full settlement of outstanding balances.

The cell captive arrangements do not qualify as subsidiaries as they do not exist as separate entities from the underwriter. The Group has a recapitalisation obligation in the event the cell captives become insolvent. The Group continually assesses the cell captives status and where warranted a provision is recognised. In both these instances, the Group is the beneficiary. On this basis, where the cell captives are financially sound and has surplus cash, the Group recognises its right to receive cash as well as dividends. Obligations attached to the contract include:

i. Binder function
ii. Management and administration of claims
iii. Management and administration of premiums.

An insurance contract is a contract under which one party (the issuers, represented by: Furn Mart (Pty) Limited, Namibia and Xtreme Discounters (Pty) Limited, South Africa) accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Disclosures will be expanded with additional detail on the nature and extent of risks related to insurance contracts.

The Group has set up cell captive arrangements for purposes of managing and administering its customer protection programs in Namibia and South Africa, respectively. These programs offer customer credit- and goods -insurance in the event of accidental death, certain other life changing events and theft etc, prior to full settlement of outstanding balances. The group adopted IFRS 17 for the first time in the year ended July 2024 and was applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES

4 CELL CAPTIVE ARRANGEMENTS (CONTINUED)

Recognition
The Group recognizes all its insurance products managed the policy holder under the IFRS 17. The Group coverage of the insurance contracts begins when the when the premiums are received by the insurer. The following components of the insurance business are recognised as follows;

- **Insurance Revenue:** Insurance revenue is recognised for the premiums expected to be received from the customers excluding any investment component and adjustment to reflect the time value of money. Accordingly, the expected premium receipts are accounted in the period of insurance service contract.
- **Insurance expenses:** Insurance expenses are recognised when there are incurred and are accounted on accruals basis.
- **Insurance finance income:** Insurance finance income is income arising from interest from bank fixed deposits and is recognized on accruals basis.

Insurance contracts – initial measurement
The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues under its cell captive arrangements, since: The maximum coverage period of each Insurance contract in the Group is thirty-six months or less. The Group does not have onerous contracts within its insurance portfolio operating under by the cell captives. Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group chooses to expense insurance acquisition cash flows as they occur

Subsequent measurement
The Group measures the carrying amount of the asset or liability for remaining coverage at the end of each reporting period as the asset or liability for remaining coverage at the beginning of the period: Plus premiums received in the period Plus any adjustment to the financing component, where applicable Minus the amount recognised as insurance revenue for the services provided in the period Minus any investment component paid or transferred to the liability for incurred claims. The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and includes an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance contracts – modification and derecognition
The Group derecognises insurance contracts when the rights and obligations relating to the contract are ended (i.e., discharged, cancelled or expired), or the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group.

In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant asset or liability for remaining coverage.

Presentation of the information relating the insurance business.
The Group presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets and portfolios of insurance contracts issued that are liabilities. The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense. The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period.

5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Management Committee. The Group Executive Management Committee is responsible for allocating resources and assessing performance of the operating segments and is considered the Chief Operating Decision Maker as defined in IFRS 8.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6 REVENUE RECOGNITION

The Group operates a chain of retail outlets for selling furniture and other household appliances. Revenue from sales is recognised based on the price specified in the contract, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue from the sale of merchandise is recognised upon transfer to the customer of the significant risks and rewards of ownership. In the case of cash sales, this is generally when cash is received, an invoice is raised and delivery of the goods has taken place. In the case of credit sales, this is generally when a credit sale agreement is concluded, an invoice is raised and delivery of the goods has taken place (related delivery charges are also recognised on this basis).

Group
The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific performance obligation have been met for each of the Group's activities as described below.

Additional charges on credit sales
Other revenue flowing from the credit sale of merchandise comprises of the following significant components:

- **Finance income:** Over time on a proportion basis that takes into account the effective yield over the loan life cycle on the principal amount outstanding;
- **Service fees:** Once-off upfront initiation fees are recognised when raised. Monthly fees are recognised over time on a straight-line basis, over the debt repayment period;
- **Customer protection plan income:** These are recognised over time on a straight-line basis over the debt repayment period of the invoiced amount;
- **FM Club membership fees:** Over time on the accrual basis as charged every month;
- **Debt follow-up charges:** Upon customer falling into arrears and on additional follow-up services being rendered.

Customer protection plan income, FM Club membership fees, service fees and delivery charges are classified as ancillary services.

Company
Interest Income
Interest income is recognised over time on a time apportionment basis, taking into account the effective interest yield on underlying balances. When an investment in debt and inter Group receivables are impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding discounted interest income.

Dividend Income
Dividend income is recognised at a point in time when the right to receive payment is established.

Administration fee
Administration fee represents sale of managerial and infrastructure services to Group companies. Revenue from sale of services is recognised over time in the period in which the services are rendered.

7 CURRENT AND DEFERRED INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for current tax purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

7. CURRENT AND DEFERRED INCOME TAX (CONTINUED)

The principal temporary differences arise from differing tax depreciation rates on property, plant and equipment. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefits will be realised, or raised/re-instated when a reasonable probability exists.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. Assets are derecognized when there is no future economic benefit that flows from assets. All work in progress assets are capitalised when the project is completed.

Depreciation on assets is calculated using the straight line method from the month of purchase to reduce their carrying value to their residual values over their estimated useful lives as follows:

Freehold buildings	40 years
Furniture, office equipment	3 – 10 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. The carrying amount of property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken to the Statement of Comprehensive income in the period of disposal.

9 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

Initial recognition, classification and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

Initial recognition, classification and measurement
The Group initially recognises financial assets on the date that they are originated or on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss and transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets and liabilities consist of the following significant items:
i) Financial assets at amortised cost
Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category.
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Trade receivables
Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. Trade receivables are initially measured at fair value plus incremental direct transaction costs and are subsequently measured at their amortised cost using the effective interest method.

Other receivables
Other receivables comprise deposits and other receivables which arise during the normal course of business. These are initially measured at fair value plus incremental direct transaction costs and are subsequently measured at their amortised cost using the effective interest method. The applicable amortization rates are determined from in line with interest rate changes in the respective countries in which the Groups operates.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with financial institutions. Bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents. Cash and cash equivalents are measured at amortised cost in the consolidated statement of financial position.

FINANCIAL LIABILITIES

Initial recognition, classification and measurement
The Group initially recognises financial liabilities on the date that they are originated or on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
Financial liabilities are classified, at initial recognition, as financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, cash collateral, financial liabilities at fair value through profit or loss and trade and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss
The Group may designate financial liabilities at fair value through profit or loss when either:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings including trade and other payables and cash collateral are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in profit or loss. Financial liabilities at amortised cost includes borrowings, cash collateral and trade and other payables.

Borrowings
Borrowings are the Group's sources of funding. These are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Trade and other payables
Liabilities for trade and other amounts payable, which are normally settled on 30-to-60-day terms, are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Derecognition of financial assets and liabilities
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Offsetting
Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement
The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, like interest rate swaps. For these financial instruments, inputs into models are market observable. When entering into a transaction, the financial instrument is recognised initially at fair value.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

The best evidence of fair value of a financial instrument at recognition is normally the transaction price, the fair value of the consideration given or received. The value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase in fair value indicated by valuation techniques, is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments necessary and appropriate to fairly state financial instruments measured at fair value.

10 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and other non-current assets with finite useful lives are reviewed for impairment losses 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 carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed annually for possible reversal. Assets that have infinite useful life are not subject to amortisation and are tested annually for impairment.

11 ACCOUNTING FOR LEASES

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short term leases which are less than one year and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

IFRS 16 requires non-lease components to be separated from the lease. This means that if a contract contains a lease of an asset and a contract to provide an associated service, the contract has two distinct components – a lease and a service agreement. The group has elected to apply the practical expedient to treat the whole contract as a lease and not identify and separate non-lease components.

Lessee's incremental borrowing rate
Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects:

- The credit risk of the lessee
- The term of the lease
- The nature and quality of the security
- The amount 'borrowed' by the lessee and
- The economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

11 ACCOUNTING FOR LEASES (CONTINUED

The Group has adopted the incremental borrowing rate as the discount factor and the applicable rates were determined per country. The discount factors take into account the interest rates on the existing facilities, where applicable; and commercial rates that the Group entities could be offered by their lenders (if they were to source funding), which management is convinced will be at rates currently enjoyed for the existing loans.

Right-of-use assets
This is the lessee's right to use an asset over the life of the lease. The right of use assets are recognised based on the amount equal to the lease liabilities. The Group recognises right-of- use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities.

Right-of-use assets are amortised on a straight line basis over the lease term or the estimated useful lives of the assets, as follows:

Property 1 to 10 years
The assumption is that all leases will be extended for another term; and are depreciated over those expected lease terms. The leases are mainly retail shops and warehousing, which are not subject to cancellation, except in circumstances where the lessee fails to comply with any terms and conditions of the lease. Otherwise, the lease contract is of a commercial nature and is not expected to be cancelled, unless under force majeure circumstances. The lessee is expected to use the asset as if it is fully owned and can do interior improvements without necessarily consulting the lessor. The lessee is not expected to vacate and subcontract the premises during the period of the lease. Punitive actions will be taken by either party if they unnecessarily terminate the agreement. The lessor does not put onerous conditions in order for the lessor to renew the lease at the end of the term, so as to enable the lessee to exercise the option to renew.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases, variable lease payments and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

12 INTANGIBLES (COMPUTER SOFTWARE DEVELOPMENT COSTS)

Intangible assets which are in the nature of software costs are included in the Statement of Financial Position when it is probable that associated future economic benefits would flow to the company. In this case they are measured initially at purchase cost and then amortised on a straight-line basis over their estimated useful lives. It is assessed for impairment whenever there is an indication that such intangible asset may be impaired. It is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

All other costs on software are expensed in the Statement of Comprehensive Income as and when incurred.
Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development Costs that are directly attributed to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use
- management intends to complete the software product and use or sell
- there is the ability to use or sell the software product
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Amortisation for intangibles is calculated using the straight line method over the estimated useful life - currently set at six (6) years.

13 INVENTORIES

Inventories are stated at the lower of cost and estimated net realisable value. The cost of goods for resale comprises all costs incurred to bring them to their present location and condition. Cost is determined using the FIFO costing method and includes the invoice price, insurance, freight, customs duties, trade discounts, rebates, provision for obsolescence and settlement discounts.

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

14 TRADE RECEIVABLES

Trade receivables originated by the Group, by providing money directly or indirectly to the borrower, are categorised as trade and other receivables and are carried at amortised cost, which is defined as the fair value of the cash consideration given to originate those loans as is determined by reference to market prices at origination date.

All trade and other receivables are recognised when an underlying credit agreement has been signed and the Group has supplied the related goods to the borrower. Trade receivables have terms of between 6 to 36 months. This is considered to be the normal operating cycle of the company and all trade receivables are accordingly disclosed as current receivables.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. likelihood of customers defaulting and resulting in losses) by duration on the book as well as forward looking information.

When a loan is uncollectible, it is written off against the related provision for impairments; subsequent recoveries are credited to the provision for loans losses in the Statement of Comprehensive Income. If the amount of the impairment subsequently decreases due to an event occurring after the write down, the release of the provision is credited as a reduction of the provision for loan impairment.

15 OTHER RECEIVABLES

Other receivables arise in the normal course of business and are stated at amortised cost or recoverable value.

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalent includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash and cash equivalents are measured at amortised cost using the effective interest rate method on a time proportionate basis.

17 STATED CAPITAL

Ordinary share capital is recognised at the fair value of the consideration received, less financial value paid for shares repurchased. Dividends on ordinary shares are recorded in the Group's financial statements in the period in which they are paid or approved by the Group's shareholders, whichever is earlier.

18 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

19 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs. In subsequent periods, borrowings are stated at amortised cost using the effective yield method on a time apportioned basis; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

20 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in Botswana Pula, which is the holding company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Other Comprehensive Income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

20 FOREIGN CURRENCY TRANSLATION (CONTINUED)

- income and expenses for each Statement of Other Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction)
- all resulting exchange differences are recognised in the Statement of Other Comprehensive Income and as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and intercompany dues that are considered of a capital investment nature, are recognised in the Statement of Other Comprehensive Income.

21 EMPLOYEE BENEFITS

(i) **Short term employee benefits**

The cost of short term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted. The cost of paid leave is recognised as an expense as the employee render services that increases the entitlement or, in the case of non-accumulating absence, when absence occurs. The expected cost of bonus payment is recognised as an expense when there is a legal or constructive obligation to make such payment as a result of past performance.

(ii) **Defined contribution plans**

The Group operates retirement schemes, which are defined contribution plans in Namibia, South Africa and Botswana. The defined contribution scheme in Botswana commenced in August 2018, voluntary for existing

employees and compulsory for new employees. These schemes are generally funded through payments to insurance companies or trustee administered funds. The Group plays the part of only remitting contributions to the fund management companies. A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods.

(iii) **Gratuity and severance plans**

In Botswana, the Group operates gratuity schemes for expatriate employees in terms of their employment contracts and a severance benefit scheme for citizens who opted not to join the defined contribution scheme, in terms of the Employment Act of Botswana. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each sixty month period of continuous employment or on termination of employment, at the option of the employee. The expected gratuity and severance benefits liability is provided for on the accrual basis, based on completed (and unredeemed) periods of service at the financial year end.

22 RELATED PARTY TRANSACTIONS

Related parties comprise directors of the company and companies with common ownership and/ or directors. Transactions with related parties are in the normal course of business.

23 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the directors.

24 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

25 CURRENT ASSETS AND LIABILITIES

Current assets and liabilities have maturity terms of less than 12 months, except for instalment sale agreements. Instalment sale agreements which are included in trade receivables have maturity terms of between 6 to 30 months but are classified as current as they form part of the normal operating cycle.

26 TRADE PAYABLES

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method on a time proportionate basis.

NOTES TO THE FINANCIAL STATEMENTS

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In arriving at the amounts at which assets and liabilities are measured in the financial statements, the Group makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1 USEFUL LIVES AND RESIDUAL VALUES FOR PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

The Group tests annually whether the useful life and residual value estimates for property, plant, equipment and intangibles were appropriate and in accordance with its accounting policy. Residual values of buildings and motor vehicles are based on current estimates of the value of these assets at the end of their useful lives. The estimate residual values of the buildings and motor vehicles have been determined by the directors, based on their knowledge of the industry.

2 INCOME TAXES

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain, during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Such tax uncertainties can arise due to change in legislation in countries in which the group operates.

3 IMPAIRMENT LOSSES ON TRADE RECEIVABLES

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. likelihood of customers defaulting and resulting in losses) by duration on the book as well as forward looking information.

Due to the complexity of the business, management adopted a simplified approach for its IFRS 9 model which also gave management room to apply judgement with regard to the choice of the appropriate model and assumptions under the selected model for the measurement of expected credit losses. Judgement was also exercised in establishing groups of similar financial assets for the purposes of measuring expected credit losses.

4 RIGHT OF USE OF ASSETS AND LEASE LIABILITIES

4.1 INCREMENTAL BORROWING RATE USED IN LEASE LIABILITIES

The Group uses its incremental borrowing rate, which reflects what the Group will borrow in the respective jurisdictions in which it operates. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for financed transactions and is required to make certain entity specific estimates, such as the rates for the subsidiaries' standalone borrowing rates for the existing facilities. The Group also applies judgement in determining the leases which are considered immaterial and are of a low value which are excluded from the model.

4.2 LEASES RENEWAL AND TERMINATION OPTIONS

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option to renew, or exercise termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating leases. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The average lease term for recognised leases ranges from one to ten years.

5 IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

The company considers equity in the subsidiaries as its investments in these subsidiaries. These investments are assessed for impairment when there is objective evidence such as, continuous losses, need for additional equity, etc.

In assessing impairment, the company takes into account future budgets and cash flow forecasts. The estimated recoverable value is calculated based on value in use. If the carrying value of the investment exceed the value in use, a provision for impairment is recognised.

NOTES TO THE FINANCIAL STATEMENTS

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6 RECOGNITION OF REVENUE AND ALLOCATION OF CONTRACT PRICE

The company operates a chain of retail stores, selling a range of furniture and electronic equipment. Revenue from the same is recognised when the company transfers control over the product to the customer. Payment of the transaction price is due immediately when the customer purchases the furniture and takes delivery, except in case of credit sales. There is no right of return on the sales and the obligation to repair or replace faulty products, under standard warranty terms; is covered by the supplier, except where the customer applies for an extended warranty which, based on accumulated experience, rarely occurs but gives rise to recognition of a potential provision.

There is an element of financing present on sales made on credit (additional contractual charges). These are recognised over time on a proportion bases that takes into account the effective yield over the loan life cycle on the principal amount outstanding. Customer protection plan income is recognised on a straight-line basis over the debt repayment period.

7 INSURANCE CONTRACTS

The Group has cell captive insurance arrangements for its subsidiaries in South Africa and Namibia. Cash flows arising from insurance contracts usually involve a high degree of uncertainty regarding the timing and amount of claims. In addition, there may be changes to the assumptions made about the insurance business because of changes in behavior customers. The Group relies on the actuaries of its insurers, who manage the cell captive entities, to determine the present value of insurance cash flows and ultimate cost of outstanding claims using a range of standard actuarial techniques. The insurance experts apply judgements in determining the inputs used in the methodology employed to determine expected future cash flows, discount rates and risk premiums and resultant insurance contract assets and liabilities relating to the cell captive arrangements. The Group carried an assessment on the claims history on cell captives and concluded that the claims are not materially different from the expectations. Note 11 and note 18.1 shows the carrying amount of the Group's insurance contracts at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) liquidity and credit risks. Details of these assets and liabilities are set out in the notes to the financial statements. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Market Risk

The Group is exposed to market risk primarily related to foreign exchange currency rates and interest rates. The Group actively monitors these risks. The Group's objective is to reduce, where it deems appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency exchange rates and market rates for investments in liquid funds. The Group only sells existing assets or enters into future transactions that it confidently expects it will be able to fulfil based on past experience.

i) Foreign currency risk

The Group operates within the Southern African region and uses the Pula as the reporting currency. As a result, the Group is exposed to foreign exchange rate fluctuations arising from various currency exposures, primarily with respect to the Namibian Dollar and the South African Rand. Foreign exchange risk arises from imports of merchandise and net investments in foreign operations. However, as the financial instruments held in foreign currencies are denominated in the functional currency of that country, the Group's risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.

Changes in foreign exchange rates also affect the group's operating profit in connection with the translation of the income statement of foreign subsidiaries to Botswana Pula. The Group does not hedge such risks. The translation exposures arising from the balance sheets of foreign subsidiaries are included in the foreign currency translation reserve.

ii) Cash flow and fair value interest rate risk

The interest rate risk arises mainly from long-term trade receivables. All trade receivables are issued at fixed interest rates, which exposes the Group to fair value interest rate risk. However, as these trade receivables are accounted for at amortised cost, such risk has no direct impact on the financial results.

There is exposure to cash flow interest rate risk on borrowings due to the variable interest rates. Such cash flows vary according to movements in underlying market rates.

Borrowings from banks are also linked to prime rates of the respective countries in the country it operates in order to mitigate against rates fluctuations.

The balances subject to foreign currency in the respective foreign operations and interest rate risks are as follows:

		GROUP		COMPANY	
		2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Amount subject to foreign currency rate risk					
Namibian Dollar	- Net investment in foreign operations	215 378	141 798	147 762	123 413
	- Imports of merchandise	(18 729)	(32 123)	-	-
South African Rand	- Net investment in foreign operations	216 161	185 276	100 743	92 660
	- Imports of merchandise	(34 641)	(52 093)	-	-
Amount subject to cash flow interest rate risk					
In South Africa		5 454	10 942	-	-
In Botswana		-	-	147 959	144 589

The following tables show the effect on net income that would result from possible changes in the relevant foreign currency exchange or interest rate.

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Exchange rate sensitivities				
5% Pula to Namibian dollar	10 769	7 090	7 036	3 733
5% Pula to South African rand	10 808	9 263	4 797	5 876
Interest rate sensitivities				
1% change in Botswana interest rates	-	-	1 480	1 427
1% change in South African interest rates	55	109	-	-

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- Fluctuating trade receivables and payables balances;
- Fluctuating cash balances; and
- Changes in currency mix

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

The financial assets of the Group which are subject to credit risk consist mainly of cash resources, debtors and insurance contract assets. Credit risk arises from credit sales to customers and holding cash and cash equivalents with third parties. Cash resources are placed with reputable financial institutions. Financial institutions are not individually rated, however the Group's policy is to hold cash resources in subsidiaries of highly rated banks. The Group has policies to ensure that sales of products and services are made to customers with appropriate credit history and earnings capacity. The Group exposure to credit risk is limited to the carrying value of financial assets as at the 31 July 2024.

The main activity of the Group is the sale of goods on credit. The board of directors has delegated responsibility for the oversight of credit risk to a subcommittee of the board and to its respective general managers and credit departments of each country in which it operates.

The Group has developed advanced credit-granting systems to properly assess the customer. The credit underwriting process flows through obtaining full and detailed customer credentials and subjecting these to several fully automated checks that include:

(i) **Pre-bureau assessment** - predetermined demographic criteria and contactability plus identity and income/ employment verification; and

(ii) **Post-bureau assessment** - automated credit bureau analysis against predetermined payment criteria and behaviour application of a set affordability table that calculates maximum monthly net disposable income taking into full cognisance of acceptable living expenses and existing commitments and applying a conservative formula, thereby avoiding over-indebtedness.

The credit granting systems enable the Group to determine its appetite for risk. In determining the acceptable level of risk, the potential loss is weighed up against the revenue potential using the predictive behavioural models inherent in the credit-granting system. The Group monitors any variances from the level of risk that has been adopted and adjusts the credit-granting process on a dynamic basis. The Group manages its risk effectively by assessing the borrower's ability to service the proposed monthly instalment.

The maximum amount subject to credit risk is as follows:

	GROUP		COMPANY	
	2024 P'000	2023 P'000 Restated	2024 P'000	2023 P'000
Insurance contract assets (non-current) *	50 562	46 708	-	-
Trade receivables – Net of unearned, before ECL	906 861	824 435	-	-
Other receivables (incl. related parties) #	18 694	57 929	423 970	450 852
Loans to subsidiaries	-	-	142 586	141 900
Cash and bank balances	62 034	74 196	316	8 178
	1 038 151	**1 003 268**	**566 872**	**600 930**

Other receivables, insurance contract assets and cash and cash equivalents

Other receivables comprise of short term receivables, which are payable on demand. The Group monitors the financial standing of the counterparty, and ability of the individual to remit funds on a regular basis.

Considering the above conditions management believes that the impact of assessed credit losses is therefore immaterial at both Group and company level.

Insurance contract assets represent amounts held in South African Rand/Namibian Dollar through independent units of Mutual and Federal Risk Financing Ltd/ Old Mutual Short Term Insurance Ltd. The Group is entitled to the net proceeds from these units ("insurance contract assets") which have been created solely to manage and administer the Group's customer protection programmes in Namibia and South Africa. The counter party is a well-known listed South African insurer of good reputation and standing. The Group monitors the financial standing of the counter-party, and ability of the individual insurance contract assets to remit funds on a regular basis. Management believes that the impact of assessed credit losses for Insurance contract assets are immaterial at both Group and company level.

Cash, cash equivalents and similar deposits are placed with financial institutions of high repute only. These include domestic subsidiaries of international and regional institutions. The Group regularly monitors the outcomes of relevant regulatory inspections and reports with respect to these counterparties. The Group is not aware of any facts or circumstances which would indicate that institutions where cash, cash equivalents and similar deposits were held at the year-end expose the Group to levels of credit risk beyond those normally associated with such relationships. Management believes that the impact of assessed credit losses for cash and cash equivalent is immaterial at both Group and company level.

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (continued)

Impairment of trade receivables

Group

The following process and methodology is used by the Group to assess impairment on trade receivables, under IFRS 9:

i. Process & Methodology

- The data structure developed allows the model to account for payment behaviour by duration on book. This is done by identifying “transition events” and calculating the probability of the transition event occurring within a particular state and at a particular duration on book. The typical transition events identified within a lending product include:
  - Normal payment
  - Missing a payment
  - Curing (making additional payments to reduce the arrears status)
  - Pre-payment (making additional payments if account has no arrears)
  - Settlement
  - Write-off
  - Collection proceeds

  These events result in accounts moving between payment arrears states over time and eventually being captured within a final state both as paid- up and consequently closed or having been written off. The survivorship of the account is therefore modelled with allowance for movements between specified states, over the term of the account.
- Model Development is initiated with the determination of the states achievable and the possible events that cause accounts to move between these states, since inception. Movements in states are quantified by calculating transition rates, which determine the likelihood of an event occurring for an account, in a given state, and at a specific point in time since inception.
- Transition rates are calculated from the data using exposure techniques.
- Good accounts and worsening accounts incorporate missed payment rates and curing rates.
- Default accounts incorporate paid up accounts, written off accounts and % of instalments paid whilst in “default”.
- The total cash flow arising by duration on book is weighted by the probability of an account being within a particular payment state and the particular cash flow occurring within that state (e.g. the payment recognised based on the instalment amount). The model output results (provisions), are calculated by applying a discounting mechanism to these total cash flows for each state.

ii. Population States

- The more states defined the more realistic the model will be, however, the model will also become more complex. There is thus a continuous trade-off between simplicity, accuracy and fair representation of the real world. The following states are modelled for the Furnmart Group: -
  - Thirteen (13) states, ranging from current to 12 months in arrears (365 days+)
  - One further arrear state (13+), being accounts more than 390 days in arrears,
  - Further states, making up the balance of accounts are all so-called absorbing states, meaning “closed” at the measurement date for the following reasons: -
    - Cancellation of sale
    - Insurance claim settlement
    - Written off (closed) [due to any other reason]

iii. Transition and Population Model Transition Calculation

- Events (Nt) is defined as the number of events observed during statement “t”.
- Exposure (et) is defined as the number of accounts that are active at the beginning of statement “t” and which can contribute to an event occurring during statement “t”. Accounts which cannot contribute to an event occurring are excluded.
- Transition Rate (rt) is defined as the factor solving the equation below.

$$Nt = et \times rt$$

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (continued)

Impairment of trade receivables (continued)

Group (continued)

iv. Population Model

- The Population Model combines the population default risk assumption, product term features and population payment behaviour – modelled using transition rates.
- At each statement the number of events modelled are dependent on the number of accounts available to contribute to the events. For example: if we simulate an increased flow of accounts into arrear states then there will automatically be fewer accounts remaining in the current state, which will result in a reduced number of accounts being available to settle at expiry of the product term. This is the basic premise of the model i.e. The probabilities are applied based on time on book and the arrears state that the account is in, to project what we expect will happen to an account for the remaining period.
- The Cash Components i.e. % of Instalments paid, can be measured or empirically derived by state over time.
- These expected payments are combined with the population model results to calculate the population weighted cash flows.

v. Segmentation

A Population Model has been constructed for the following segments:

- Grouped according to shared credit risk characteristics of the two brands, Furnmart and Home Corp.
- These are then further adjusted for country specific risk.

vi. Expected credit loss rates and analysis of exposure

On the basis illustrated above, the loss allowance as at 31 July 2024 and 31 July 2023 was determined as follows for trade receivables:

31-Jul-24

Arrear days	**Current**	**+30days**	**+60days**	**+90days**	**+120days**	
Effective ECL Rate	**A**	**B**	**C**	**D**	**9-S**	**Total**
Furnmart	12%	27%	33%	40%	66%	24%
Home Corp	4%	17%	27%	39%	68%	10%
Country ECL range	11% to 16%	24% to 35%	28% to 42%	33% to 49%	51% to 74%	
Gross carrying amount – trade receivables						
	P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
Furnmart	743 534	78 231	50 023	38 678	180 293	1 090 759
Home Corp	90 130	4 406	2 853	2 409	7 347	107 145
	833 664	**82 637**	**52 876**	**41 087**	**187 640**	**1 197 904**
State ratio - Gross	70%	7%	4%	3%	16%	100%
Country State range	57% to 87%	5% to 9%	3% to 6%	2% to 5%	4% to 22%	
Loss allowance						
Furnmart	86 677	21 307	16 565	15 332	119 863	259 744
Home Corp	3 290	767	763	936	4 980	10 736
	89 967	**22 074**	**17 328**	**16 268**	**124 843**	**270 480**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (continued)

Impairment of trade receivables (continued)

Group (continued)

31-Jul-23

Effective ECL Rate	**A**	**B**	**C**	**D**	**9-S**	**Total**
Furnmart	11%	26%	31%	39%	66%	23%
Home Corp	4%	13%	31%	47%	66%	11%
Country ECL range	8% to 15%	22% to 33%	27% to 40%	34% to 46%	61% to 73%	
Gross carrying amount – trade receivables						
	P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
Furnmart	650 068	75 824	47 866	36 690	168 428	978 876
Home Corp	80 348	4 923	3 276	2 036	7 054	97 637
	730 416	**80 747**	**51 142**	**38 726**	**175 482**	**1 076 513**
State ratio - Gross	68%	7%	5%	4%	16%	100%
Country State range	57% to 86%	5% to 9%	3% to 7%	2% to 5%	4% to 23%	
Loss allowance						
Furnmart	70 482	19 449	15 006	14 144	110 381	229 462
Home Corp	3 106	652	1 005	965	4 674	10 402
	73 588	**20 101**	**16 011**	**15 109**	**115 055**	**239 864**

The loss allowances for trade receivables as at 31 July, reconcile to the opening loss allowance, as follows:

	GROUP	
	2024	**2023**
	P'000	**P'000**
Opening balance	**239 864**	**213 634**
Write-offs during the period	(59 444)	(54 624)
Increase in receivable loss allowance recognised during the period	77 773	68 672
Exchange movement on translation of foreign subsidiaries	12 287	12 182
Closing balance at 31 July (note 13)	**270 480**	**239 864**

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments. The write off policy is of 12 months non- payment and full arrears.

Other receivables are of a short-term nature, their carrying amount approximates their fair values.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Choosing an appropriate model and assumptions for the measurement of Expected Credit loss ('ECL'),determining appropriate Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") applying to trade receivables, determining correlation between historical write offs and movements in interest rates, GDP and inflation, applying forward looking information such as GDP outlook, interest rate and inflation rate forecasts, establishing the number and relative weightings of forward looking scenarios for each type of product/market and the associated ECL, and establishing portfolios of similar trade receivables for the purposes of measuring ECL on a collective basis, were key judgements applied by the Group. The significant increase in expected credit losses is as result of increase in trade receivables due to increase in credit sales.

NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk (continued)

Impairment of trade receivables (continued)

Company

Receivables mainly comprise of intercompany balances, which were assessed for impairment with reference to factors such as the solvency, trading patterns, etc. of the related party.

Impairment of intra-group receivables

Related party balances at a Group level represent amounts receivable from the companies within the CBH Group, whereas the Company includes funding for Furnmart Group companies. Certain Group balances are repayable on demand and therefore expected credit losses are based on the assumption that repayment is demanded at the reporting date.

Process and methodology

At the reporting date management performed an assessment of its intra-company receivables, for both the Group and the Company, considering forward looking information available, even though there was no repayment trigger at Group level.

- For the long-term loans management used a proxy global scale rating (due to Group not having a credit rating) and mapped it to a global probability of default (PD) term structure. The PD was determined to be of low risk.
- The proxy rating was determined by looking at the ratings of other comparable furniture companies and using those as a benchmark. This proxy rating was then used to calculate the 12 month ECL.
- For the loans repayable on demand the following approach was also considered:
    1. Is there enough cash and cash equivalents to settle the loan on day 1? If yes then ECL is expected to be immaterial. If not, Step 2.
    2. Are there enough net current assets to settle the loan on day 1? If yes then ECL is expected to be immaterial. If not, Step 3.
    3. What is the counterparty's EBITDA? This was used in a scenario evaluation to determine how long it will take to pay down the loan, until it is small enough to do a fire sale or is paid off. This is then used to determine possible terms and length of exposures which is used to calculate an estimated ECL.
- All the entities having balances with the Company were assessed to determine if the entities had highly liquid assets to repay the balances on demand.

The company assesses at the end of each reporting period whether the credit risk on the debt investments in subsidiaries has increased significantly since initial recognition. In the event of a significant increase in credit risk since initial recognition, the company recognises an allowance for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

The measurement of ECL under the simplified approach reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the company. The probability weighted outcome incorporates the probability of default (PD), exposure at default (EAD), timing of when default is likely to occur, and loss given default (LGD).

c) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the Statement of Financial Position, the funding requirements of the Group and cash flows. The Group ensures sufficient flexibility by maintaining available committed credit lines. The Group monitors rolling forecast of liquid reserves, comprising cash and cash equivalents and available facilities.

The table below shows the analysis of the Group's financial liabilities into relevant maturity groupings based on gross contractual repayments and the remaining period from the Statement of Financial Position to the contractual maturity date:

NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk (continued)

GROUP	Less than 6 months P'000	6-12 months P'000	Between 1-5 years P'000	More than 5 years P'000	Total P'000
31 July 2024					
Borrowings	13 540	9 086	152 877	-	175 503
Trade and other payables	109 048	-	-	-	109 048
Lease liabilities	60 821	60 821	416 730	186 316	724 688
	183 409	**69 907**	**569 607**	**186 316**	**1 009 239**
31 July 2023					
Borrowings	53 625	10 540	172 436	-	236 601
Trade and other payables *	91 788	-	-	-	91 788
Lease liabilities #	60 583	60 583	404 405	180 669	706 240
	205 996	**71 123**	**576 841**	**180 669**	**1 034 629**

COMPANY	Less than 6 months P'000	6-12 months P'000	Between 1-5 years P'000	More than 5 years P'000	Total P'000
31 July 2024					
Bond	6 150	6 150	152 877	-	165 177
Trade and other payables	10 363	-	-	-	10 363
	16 513	**6 150**	**152 877**	**-**	**175 540**
31 July 2023					
Bond	6 150	6 150	165 110	-	177 410
Trade and other payables	9 066	-	-	-	9 066
	15 216	**6 150**	**165 110**	**-**	**186 476**

Cash flows distributed among different age brackets are undiscounted.

d) Early settlement risk

Early settlement risk is the risk that trade receivables will be settled before the end of their term. An increase in early settlements may result in a reduction in financial interest income. At the year end, trade receivables under early notice were not significant.

e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group also monitors applicable debt covenants to ensure there are no breaches. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Group Statement of Financial Position) less cash and cash equivalents. Total capital employed is calculated as 'equity' as shown in the Group Statement of Financial Position plus net debt.

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).

Refer to note 28 for details regarding the restatements for Prior period errors.

NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL RISK MANAGEMENT (continued)

e) Capital risk (continued)

The strategy, which is unchanged from 2009, is to maintain the gearing ratio below 50% at Group level. The gearing ratios at 31 July 2024 and 31 July 2023 were as follows:

	GROUP		COMPANY	
	2024 P'000	2023 P'000 Restated	2024 P'000	2023 P'000
Total borrowings	165 602	204 027	154 458	150 000
Less: Cash and cash equivalents	(62 034)	(74 196)	(316)	(8 178)
Net debt	**103 568**	**129 831**	**154 142**	**141 822**
Total equity #	758 838	715 651	602 089	643 151
Total capital employed	**862 406**	**845 482**	**756 231**	**784 973**
Gearing ratio	**12%**	**15%**	**20%**	**18%**

f) Financial instruments by category

	GROUP		COMPANY	
	2024 P'000	2023 P'000 Restated	2024 P'000	2023 P'000
Financial assets by category				
Amortised cost				
- Other receivables #	18 694	57 929	423 970	450 852
- Loans to subsidiaries	-	-	142 586	141 900
- Trade receivables	636 381	584 571	-	-
- Cash and cash equivalent	62 034	74 196	316	8 178
Total	**717 109**	**716 696**	**566 872**	**600 930**
Financial liabilities by category				
Amortised cost				
Borrowings	165 602	204 027	154 458	150 000
Trade and other payables *	109 048	91 788	10 755	9 066
Lease liabilities #	464 147	458 461	-	-
Total	**738 797**	**754 276**	**165 213**	**159 066**

g) Insurance risk

Insurance risk is the risk that the premiums received to cover the insured events that are not sufficient to cover the claims liability. The number of claims at any given boundary period cannot be predicted with certainty and is affected by the following unforeseen events that may lead to insufficient capital being available to honour the customer claims:

Loss rate risk: risk that the actual experienced loss/claims are higher than that assumed and cannot be covered by collected insurance premiums. For device insurance, this relates to claims due to loss of devices or accidental physical damage or theft. For life insurance, this relates to loss of insured life/assumed mortality rate.

Crime rate: risk that the level of crime gets out of control, resulting in frequent high number of claims due to death, for life insurance, and theft, for device insurance

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

1. Segment information

The Group's operating businesses are organised and managed separately according to the nature of the products and services offered by each of such segments representing a strategic business unit. The Group is organised into two principal business areas and these make up the two reportable operating segments as follows:

Retail - retail sale of furniture and appliances
Financial Services - provider of consumer finance for instalment sale agreements.

The Group Executive Management Committee acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of operating profit. This measurements basis assesses performance on bases of recognition and measurement which are consistent with the accounting policies of the Group.

Inter-segment transactions between business segments are entered into in a manner similar to transactions with third parties. Revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

The segment information provided to the Group Executive Management Committee for the reportable segments for the year ended 31 July 2024 is as follows:

Year ended 31 July 2024	**Retail P'000**	**Financial Services P'000**	**Unallocated P'000**	**Total P'000**
Total revenue	**1 158 454**	**558 608**	**-**	**1 717 062**
Depreciation (note 3)	(112 277)	-	-	(112 277)
Impairment and write off of trade receivables (note 3)	-	(120 129)	-	(120 129)
Other costs (note 3)	(1 100 847)	(194 267)	(8 477)	(1 303 591)
Other income (note 3)	-	15 493	-	15 493
Operating profit	**(54 640)**	**259 705**	**(8 477)**	**196 558**
Finance income				7 182
Finance cost				(53 237)
Share of loss from associate				(17)
Profit before tax				**150 486**
Income tax expense				(33 907)
Profit after income tax				**116 579**
Total assets	**831 124**	**686 887**	**24 507**	**1 512 518**
Total liabilities	**592 597**	**165 602**	**25 481**	**783 680**

Foreign exchange (losses)/gains resulting from the treasury function are included under "unallocated". Other reconciling items relate to the head office functions (such as centralised finance and administration) which do not earn revenue from third parties.

Other costs are all costs incurred excluding depreciation and impairment costs.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

1. Segment information (continued)

Year ended 31 July 2023	Retail P'000	Financial Services P'000	Unallocated P'000	Total P'000 Restated
Total revenue *	**1 060 959**	**487 693**	**-**	**1 548 652**
Depreciation #	(110 688)	-	-	(110 688)
Impairment and write off of trade receivables	-	(109 583)	-	(109 583)
Other costs	(945 438)	(254 868)	(8 743)	(1 209 049)
Other income *	-	7 890	-	7 890
Operating profit #	**4 833**	**131 132**	**(8 743)**	**127 222**
Finance income				8 295
Finance cost				(54 003)
Share of loss from associate				(30)
Profit before tax #				**81 484**
Income tax expense #				(17 450)
Profit after income tax				**64 034**
Total assets #	**868 171**	**626 984**	**23 791**	**1 518 946**
Total liabilities #	**602 091**	**200 697**	**507**	**803 295**

2. Revenue

	GROUP 2024 P'000	GROUP 2023 P'000 Restated	COMPANY 2024 P'000	COMPANY 2023 P'000
Revenue from contracts with customers				
Merchandise sales	1 158 454	1 060 959	-	-
Ancillary services (note 13) *	238 531	221 502	-	-
Administration fees – subsidiaries (note 22 i)	-	-	38 920	32 417
	1 396 985	**1 282 461**	**38 920**	**32 417**
Non IFRS 15 revenue				
Effective interest income – subsidiaries (note 22 v)	-	-	45 634	45 885
Effective interest income (note 13) **	249 794	206 436	-	-
Insurance revenue * (Note 7.1)	70 283	59 755	-	-
	320 077	**266 191**	**45 634**	**45 885**
	1 717 062	**1 548 652**	**84 554**	**78 302**

** The interest income charged upfront is recognized when earned.

Timing of revenue recognition				
At a point in time				
Merchandise sales	1 158 454	1 060 959	-	-
Over time				
Ancillary services income	238 531	221 502	-	-
Administration fees – subsidiaries	-	-	38 920	32 417
	1 396 985	**1 282 461**	**38 920**	**32 417**

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

		GROUP		COMPANY	
		2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
3.	**Expenses by category**				
	Cost of merchandise sold	787 160	716 432	-	-
	Auditor's remuneration	2 780	2 898	656	460
	Managerial services (including directors) (paid to related company) (note 22(i))	5 657	4 739	5 657	4 739
	Depreciation on property, plant and equipment (note 8.1)	26 952	25 024	237	179
	Amortisation of Intangible assets (note 8.2)	1 084	1 345	1 084	1 345
	Depreciation on right- of- use assets (note 8.3) #	84 241	84 319	-	-
	Short term lease charges (note 20) #	14 101	8 456	680	567
	Repairs and maintenance	4 199	4 313	3	9
	Marketing and advertising	26 827	27 431	1	3
	Professional and other service fees	5 651	5 204	580	675
	Travel and transport	34 706	31 840	494	647
	Branch and office administration expenses	37 975	43 643	928	571
	Staff costs - salaries and wages	286 313	264 448	22 022	18 031
	Staff costs - leave and other contractual benefits (note 19)	2 394	4 127	1 680	1 517
	Computerisation charges	24 484	23 252	723	410
	Security charges	8 577	8 004	5	5
	Bank charges	18 328	16 554	111	89
	Exchange losses	-	9 591	-	8 087
	Other expenses	12 021	11 770	574	1 232
	Insurance service expenses *	32 417	26 347	-	-
	Total cost of sales, distribution costs and administrative expenses	**1 415 867**	**1 319 737**	**35 435**	**38 566**
	Employee costs				
	Salary	209 150	195 464	18 443	15 129
	Commissions	42 658	37 119	-	-
	Bonus	17 223	15 879	2 567	2 046
	Medical aid - company contributions	1 760	1 644	421	406
	Leave and other contractual benefits	2 394	4 127	1 680	1 517
	Post-employment benefits-pension-defined contribution plan	15 335	14 342	589	450
	Other salaries cost	187	-	2	-
		288 707	**268 575**	**23 702**	**19 548**
	Expected credit losses – Trade receivables				
	Net movement in expected credit losses of trade receivables	77 773	68 672	-	-
	Write offs due to repossession (net of recoveries) ^	42 356	40 911	-	-
		120 129	**109 583**	**-**	**-**

^ This relates to write offs recognised directly to profit or loss during the year, net of recoveries to P 3.4m (2023: P 2.3m).

Auditors' remuneration				
Audit fees for the year	2 215	2 100	656	377
Under accrued prior years	565	798	-	83
	2 780	**2 898**	**656**	**460**
Other income				
Profit/(loss) on sale of property, plant and equipment (note 21)	1 529	1 182	(55)	-
Service fees (note 22(i))	3 379	5 029	472	1 609
Interest on staff loans	39	80	-	-
Exchange gain	2 218	-	1 672	-
Gain on remeasurement of lease liability	4 600	-	-	-
Sundry income	3 728	1 599	-	-
	15 493	**7 890**	**2 089**	**1 609**

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

		GROUP		COMPANY	
		2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
4. Finance income and costs					
Interest income - Bank		2 190	1 642	140	6
Related party (note 22(vii))		1 128	3 575	1 128	3 541
Insurance finance income (note 11)		3 864	3 078	-	-
Finance income		**7 182**	**8 295**	**1 268**	**3 547**
Interest expense	- Bank overdraft	1 619	3 630	3	37
	- Bank borrowings	1 409	2 357	-	-
	- Interest on lease liabilities (note 20) #	37 909	35 716	-	-
	- Bond	12 300	12 300	12 300	12 300
	- Others	-	-	-	8
Finance costs		**53 237**	**54 003**	**12 303**	**12 345**
5. Income tax expense #					
Current income tax (note 25)		31 798	22 680	7 030	5 925
Add: Net deferred tax charge/(credit) for the year (note 9)		2 109	(5 230)	24	(234)
Tax charge to the Statement of Comprehensive Income		**33 907**	**17 450**	**7 054**	**5 691**
The tax on Group income differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:					
Profit before tax #		**150 486**	**81 484**	**40 173**	**32 547**
Tax calculated at domestic tax rates applicable (rate 15%)		22 573	12 223	6 026	4 882
Permanent difference for expenses not tax deductible		236	282	(18)	(12)
Income not subject to income tax (net)		-	(98)	-	-
Adjustment for current tax for prior period		-	51	-	-
Effect of rates in non IFSC entities		11 098	4 992	1 046	821
Net tax expense		**33 907**	**17 450**	**7 054**	**5 691**

Deferred tax assets not recognised relate to the estimated tax losses of start-up entities within the Group which have not yet reached a stage of generating sustained taxable income. These losses amounting to P161 488 626 (2023: P178 562 523) do not expire and are to be offset against future taxable profits.

Furnmart Limited obtained IFSC status in the financial year 2013/2014 and as a result income earned outside of Botswana is taxed at a lower rate of 15%.

6. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the holding company by the weighted average number of ordinary shares in issue during the year (note 16).

	GROUP	
	2024	**2023 Restated**
Net profit attributable to shareholders (P'000)	116 579	64 034
Weighted average number of shares in issue	501 222 174	501 222 174
Basic earnings per share (thebe) #	**23.26**	**12.78**
Diluted earnings per share (thebe) #	**23.26**	**12.78**

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

7. Dividend declared

For the year ended 31 July 2024, an interim dividend of P 16.54m was declared (2023: Interim P 15.04m and Final P 57.64m). A final gross dividend of 5.0 thebe per share was declared by the directors on 18th October 2024.

	GROUP		COMPANY	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Final dividend 2023: 11.50 thebe per share	57 641	-	57 641	-
Current year interim dividend 3.30 thebe per share (2023: 3.0 thebe)	16 540	15 037	16 540	15 037
	74 181	**15 037**	**74 181**	**15 037**
Dividend Paid				
Interim dividend 2023	-	14 997	-	14 997
Final dividend 2023	57 641	-	57 641	-
Current year interim dividend	16 370	-	16 370	-
	74 011	**14 997**	**74 011**	**14 997**

	GROUP		COMPANY	
	2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
7.1 Insurance service results *				
The following components arose from cell captive arrangements in the Group's Namibian and South Africa subsidiaries:				
Insurance revenue (Note 2)	70 283	59 755	-	-
Insurance claims	(17 147)	(14 778)		
Other insurance expense	(15 270)	(11 569)	-	-
Insurance service result	**37 866**	**33 408**	**-**	**-**

Previously, the outcome of the Group's cell captive arrangements were reflected under 'Other Operating Income'. In accordance with IFRS 17, the comparative period (2023) has been restated to be presented in accordance with the Standard.

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

8. 1 Property, plant and equipment

GROUP

	Freehold Land	Building	Motor Vehicles	Furniture and Office Equipment	Total
	P'000	P'000	P'000	P'000	P'000
Period ended 31 July 2024					
Opening carrying amount	**10 637**	**20 568**	**18 558**	**32 413**	**82 176**
Exchange movement on translation of foreign subsidiaries	52	82	216	74	424
Additions	-	-	12 551	18 738	31 289
Disposals at cost	-	-	(8 382)	(17 480)	(25 862)
Accumulated depreciation on disposals	-	-	8 014	17 418	25 432
Depreciation charge	-	(808)	(8 367)	(17 777)	(26 952)
Carrying amount	**10 689**	**19 842**	**22 590**	**33 386**	**86 507**
AT 31 July 2024					
Cost	10 689	29 812	71 448	150 958	262 907
Accumulated depreciation	-	(9 970)	(48 858)	(117 572)	(176 400)
Carrying amount	**10 689**	**19 842**	**22 590**	**33 386**	**86 507**
Period ended 31 July 2023					
Opening carrying amount	**10 930**	**21 826**	**20 230**	**23 027**	**76 013**
Exchange movement on translation of foreign subsidiaries	(293)	(590)	(268)	(320)	(1 471)
Additions	-	91	7 271	25 523	32 885
Disposals at cost	-	-	(4 315)	(471)	(4 786)
Accumulated depreciation on disposals	-	-	4 105	454	4 559
Depreciation charge	-	(759)	(8 465)	(15 800)	(25 024)
Carrying amount	**10 637**	**20 568**	**18 558**	**32 413**	**82 176**
AT 31 July 2023					
Cost	10 637	29 669	67 042	149 598	256 946
Accumulated depreciation	-	(9 101)	(48 484)	(117 185)	(174 770)
Carrying amount	**10 637**	**20 568**	**18 558**	**32 413**	**82 176**

The bank facilities provided to Furnmart (Pty) Ltd, South Africa are secured by first mortgage over the group's freehold land and building, to the value of P 29.7 million (R 40.0 million).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

8. 1 Property, plant and equipment (continued)

COMPANY

	Motor Vehicles P'000	Furniture and Office Equipment P'000	Total P'000
Period ended 31 July 2024			
Opening carrying amount	**1 001**	**104**	**1 105**
Additions	407	102	509
Disposals at cost	(269)	-	(269)
Accumulated depreciation on disposals	168	-	168
Depreciation and amortisation charge	(188)	(49)	(237)
Carrying amount	**1 119**	**157**	**1 276**
At 31 July 2024			
Cost	2 043	2 214	4 257
Accumulated depreciation	(924)	(2 057)	(2 981)
Carrying amount	**1 119**	**157**	**1 276**
Period ended 31 July 2023			
Opening carrying amount	**757**	**96**	**853**
Additions	390	41	431
Disposals at cost	-	-	-
Accumulated depreciation on disposals	-	-	-
Depreciation and amortisation charge	(146)	(33)	(179)
Carrying amount	**1 001**	**104**	**1 105**
At 31 July 2023			
Cost	1 904	2 120	4 024
Accumulated depreciation	(903)	(2 016)	(2 919)
Carrying amount	**1 001**	**104**	**1 105**

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

8. 2 Intangibles

	GROUP P'000	COMPANY P'000
Period ended 31 July 2024		
Opening carrying amount	**3 162**	**3 162**
Depreciation and amortisation charge	(1 084)	(1 084)
Carrying amount	**2 078**	**2 078**
AT 31 July 2024		
Cost	21 269	21 269
Accumulated depreciation	(19 191)	(19 191)
Carrying amount	**2 078**	**2 078**
Period ended 31 July 2023		
Opening carrying amount	**4 507**	**4 507**
Depreciation and amortisation charge	(1 345)	(1 345)
Carrying amount	**3 162**	**3 162**
AT 31 July 2023		
Cost	21 269	21 269
Accumulated depreciation	(18 107)	(18 107)
Carrying amount	**3 162**	**3 162**

- Intangibles comprise of software developments costs.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

8.3 Right-of-use assets

	GROUP	
Cost	**2024 P'000**	**2023 P'000 Restated**
Balance as at 1 August	**664 600**	**620 692**
Additions during the year	64 612	60 628
Deletions/Modifications during the year	(28 106)	(8 679)
Forex translation	2 456	(8 041)
Cost at 31 July	**703 562**	**664 600**
Accumulated depreciation		
Balance at 1 August	**(298 746)**	**(228 880)**
Charge for the year	(84 241)	(84 320)
Deletions/Modifications during the year	46 791	11 707
Forex translation	(886)	2 747
Balance at 31 July	**(337 082)**	**(298 746)**
Net book value at 31 July	**366 480**	**365 854**

Right-of-use assets consist of premises in use for retail, warehousing and offices.

9. Deferred income tax asset

	GROUP		COMPANY	
	2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
Deferred income tax assets #	**20 715**	**23 791**	**-**	**-**
Deferred income tax liabilities	**811**	**507**	**531**	**507**
The movement on the deferred tax asset account is as follows:				
Balance at the beginning of the year	**23 791**	**19 279**	**-**	**-**
Statement of comprehensive income credit (note 5)	(2 085)	4 996	-	-
Exchange movement on translation of foreign subsidiaries	(991)	(484)	-	-
Balance at the end of year	**20 715**	**23 791**	**-**	**-**
The movement on the deferred tax liability account is as follows:				
Balance at the beginning of the year	**507**	**741**	**507**	**741**
Statement of comprehensive income charge/(credit) (note 5)	24	(234)	24	(234)
Prior period undercharge	280	-	-	-
Balance at the end of year	**811**	**507**	**531**	**507**
The deferred income tax asset arises from the following:				
Accelerated tax depreciation	711	1 498	-	-
Right-of-use assets	(36 172)	(53 275)	-	-
Lease liabilities	45 810	72 617	-	-
Deferred tax on tax losses^	-	453	-	-
Unearned finance charges and other adjustments	10 366	2 498	-	-
	20 715	**23 791**	**-**	**-**

^ This deferred tax asset is recognized when it is expected to be recovered from taxable profits in the foreseeable future. The directors are of the view that future taxable profits will be available to recover the deferred tax asset, based on approved projections. The tax loss relates to the distribution entity in South Africa.

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

9. Deferred income tax asset # (continued)

	GROUP 2024 P'000	GROUP 2023 P'000 Restated	COMPANY 2024 P'000	COMPANY 2023 P'000
The deferred income tax liability arises from the following:				
Opening balance	507	741	507	741
Accelerated tax depreciation	(1 052)	-	-	-
Accelerated tax depreciation – right of use of assets	31 171	-	-	-
Lease liabilities	(40 419)	-	-	-
Instalment sale allowance on trade receivables	13 454	-	-	-
Lease and other adjustments	(2 850)	(234)	24	(234)
	811	**507**	**531**	**507**

10. Investment

10.1 Investment in associate

Investment in associate comprises equity investments of 25 shares representing 25% (2023:25%) shareholding in United Impex Pty Ltd

	2024	2023
The movement during the year comprises:		
Balance at beginning of the year	61	91
Share of loss for the year	(17)	(30)
Balance at the end of year	**44**	**61**

The Group's associate is unlisted and domiciled in Botswana and was in the business of providing personal finance, but is currently winding down. The investment is valued at net asset value. The associate's assets and liabilities, and results are summarised as follows:

	As at 31 July 2024 P'000	As at 31 July 2023 P'000
Assets		
Cash and cash equivalents	115	129
Other assets	324	324
	439	**453**
Liabilities		
Trade and other payables	(208)	(208)
Net assets	**231**	**245**
Loss before tax	(68)	(8)
Total comprehensive loss	**(68)**	**(8)**

	COMPANY 2024 P'000	COMPANY 2023 P'000
10.2 Investment in subsidiaries		
Investment in Furn Mart (Pty) Ltd, Namibia (Equity)	15 109	15 109
Investment in Xtreme Discounters (Pty) Ltd, South Africa (Equity)	183 495	183 495
Total investment in subsidiaries	**198 604**	**198 604**

The investment in subsidiaries includes equity investment in Furniture Mart Pty Ltd, Botswana of P2 (2023: P2) shares and Furnmart (Pty) Ltd, South Africa of P74 (R100) (2023: P74 (R100) shares).

Furnmart Limited (the company) is incorporated in the Republic of Botswana and is the ultimate holding company.

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

10.2 Investment in subsidiaries (continued)

SUBSIDIARY COMPANIES

The Group's shareholdings in the issued share capital of the subsidiary companies are as follows:

Company	Country held	Percentage	Nature of business
Furn Mart (Pty) Ltd	Namibia	100%	Furniture retail
Xtreme Discounters (Pty) Ltd	South Africa	100%	Furniture retail
Furniture Mart Pty Ltd	Botswana	100%	Furniture retail
Furnmart (Pty) Ltd	South Africa	100%	Distribution and shared services

	COMPANY 2024 P'000	COMPANY 2023 P'000
10.3 Loans to subsidiaries:		
Loans to Furnmart (Pty) Ltd, South Africa	29 740	29 597
Loans to Xtreme Discounters (Pty) Ltd, South Africa	112 846	112 303
Total loans to subsidiaries	**142 586**	**141 900**

The loans to subsidiaries are at amortised cost and the amortised cost approximates their fair values.

Xtreme Discounters (Pty) Ltd, RSA and Furnmart (Pty) Ltd, RSA long term debt are denominated in Rand and have no fixed repayment period. These long-term debts are charged interest at the South African prime rate plus 5% and 1.25% respectively.

11. Insurance contract assets *

	Assets for remaining coverage P'000	Liabilities incurred claims P'000	Total P'000
At 1 August 2022	**44 084**	**(12 106)**	**31 978**
Insurance revenue	59 755	-	59 755
Insurance finance income	3 078	-	3 078
Insurance service expenses	-	(26 347)	(26 347)
Deemed premium received	(60 209)	-	(60 209)
Deemed claims paid	-	30 996	30 996
At 31 July 2023	**46 708**	**(7 457)**	**39 251**
Insurance revenue	70 283	-	70 283
Insurance finance income	3 864	-	3 864
Insurance service expenses	-	(32 417)	(32 417)
Deemed premium received	(70 293)	-	(70 293)
Deemed claims paid	-	35 065	35 065
At 31 July 2024	**50 562**	**(4 809)**	**45 753**

Non-current	50 506	-	
Current	56	4 809	

These investments are held as balances of first recourse in the event of a claim under the customer protection plans sold by the Group in South Africa and Namibia.

Furnmart Limited, through its subsidiaries in South Africa and Namibia, has participated in insurance contract assets arrangements, which are unconsolidated structured entities. These are not consolidated as part of the Group as the relevant assets of the insurance contract assets are not ring-fenced from that of Mutual and Federal (South Africa) and Old Mutual Short Term Insurance Company (Namibia) the ultimate underwriters of the insurance policies issued by the cells.

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

11. Insurance contract assets * (continued)

These structured entities are financed by the insurance premium collected by Furnmart subsidiaries to provide insurance services to the Group's customers, effectively insuring the debtors' balance of the Group's subsidiaries in Namibia and South Africa against any losses arising from death, disability and certain other life changing events of the customers.

In South Africa and Namibia, the Group is obligated to recapitalise the insurance contract assets in the event that the cell is financially insolvent due to excessive claims. As at the balance sheet date, the directors have assessed the financial status of the insurance contract assets in South Africa and Namibia. Based on available cash reserves, the directors have concluded that there is no obligation to recapitalise at that date. Accordingly, no liability has been recognised in these financial statements.

The amortised cost value of Insurance contract assets approximates their fair value.

	GROUP	
12. Inventories	**2024 P'000**	**2023 P'000**
Merchandise	**282 042**	**268 938**

Inventories exclude value of obsolescence amounting to P 11.6m (2023: P 10.8m) for the stock carried at net realisable value. The value of inventory writes downs to bring inventory to its net realisable value (NRV) amount to P 0.8m (2023: P 0.7m). The write-off is included in costs of sales. Inventories with a value of P 50m (2023: P 50m) are held as collateral for borrowings as set out in note 17(d).

13. Trade receivables

Trade receivables – gross	1 197 904	1 076 513
Unearned finance and other charges	(291 043)	(252 078)
Trade receivables – Net	**906 861**	**824 435**
Amounts expected credit loss on originated trade receivables	(270 480)	(239 864)
Carrying amount approximate their fair values	**636 381**	**584 571**
Expected credit loss on originated trade receivables		
Opening balance	239 864	213 634
Write-offs during the period (gross)	(59 444)	(54 624)
Increase in receivable loss allowance recognised during the period	77 773	68 672
Exchange movement on translation of foreign subsidiaries	12 287	12 182
Closing balance at 31 July	**270 480**	**239 864**
Unearned finance and other charges		
Opening balance	252 078	212 316
Additions during the year	527 290	467 700
Effective interest income earned during the year (note 2)	(249 794)	(206 436)
Ancillary services income earned during the year (note 2)	(238 531)	(221 502)
Closing balance	**291 043**	**252 078**

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

		GROUP		COMPANY	
		2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
14.	**Other receivables**				
	Staff loans	36	139	-	-
	Advances and prepayments	6 533	1 334	-	-
	Indirect taxes paid in advance	6 664	3 935	-	-
	Sundry receivables #	18 171	17 021	60	474
	Related companies (note 22(ii))	523	40 769	423 910	450 378
	The carrying amount approximate their fair values	**31 927**	**63 198**	**423 970**	**450 852**
14.1	**Insurance contract receivables**	**56**	**-**	**-**	**-**
15.	**Cash and cash equivalents**				
	Bank balances	61 998	74 169	316	8 178
	Cash in hand	36	27	-	-
	Cash and bank balances	**62 034**	**74 196**	**316**	**8 178**
	For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:				
	Bank overdraft ***	(10 148)	(43 085)	(4 458)	-
	Cash and bank balances	62 034	74 196	316	8 178
	Net cash and cash equivalents approximate their fair values	**51 886**	**31 111**	**(4 142)**	**8 178**
	*** Bank overdraft is included as part of borrowings in the Statement of financial position.				
16.	**Stated capital**				
	Authorised and issued 501 222 174 (2023: 501 222 174) issued and fully paid ordinary				
	Shares at no par value	**128 474**	**128 474**	**128 474**	**128 474**
17.	**Borrowings**				
	Current				
	Bank overdraft	10 148	43 085	4 458	-
	Bank loan	5 166	5 539	-	-
		15 314	**48 624**	**4 458**	**-**
	Non-current				
	Bank loan	288	5 403	-	-
	Bond	150 000	150 000	150 000	150 000
		150 288	**155 403**	**150 000**	**150 000**
	Total Borrowings	**165 602**	**204 027**	**154 458**	**150 000**
	Bond issue				
	Balance at the beginning of year	150 000	150 000	150 000	150 000
	Balance at the end of year	**150 000**	**150 000**	**150 000**	**150 000**

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

17. Borrowings (continued)

	GROUP		COMPANY	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Reconciliation of Borrowings (excluding bank overdraft):				
Opening Balance	**160 942**	**166 155**	**150 000**	**150 000**
Decrease in borrowings				
Repayments	(5 488)	(5 212)	-	-
Exchange Movement	-	(1)	-	-
Closing Balance	**155 454**	**160 942**	**150 000**	**150 000**

The amortised cost of borrowings approximates their fair value.

Furnmart Limited, on 18 October 2013 issued the second tranche of P150 m notes, which forms part of the P500m notes program. These notes are non- convertible, unsubordinated and unsecured. The second tranche bears interest at 8.20 % per annum, payable semi-annually, and matures on 23 October 2025.

The Group's banking facilities are as follows:

(a) Short term facility of P44.6 m (N$60.0 m) to finance working capital requirements with First National Bank of Namibia Limited at Namibian prime rate (currently 11.5% per annum). This facility is secured by cession of book debts and suretyship in the amount of P44.6 m (N$60.0 m) from Furnmart Limited, Botswana. The outstanding balance as at 31 July 2024 is P0 m (N$0 m) (2023: P31.5 m (N$ 42.5 m)).

(b) Performance guarantee facility amounting to P15.0 m, Foreign exchange contract facility amounting to P 0.8 m and facility for Credit Card amounting to P0.2 m with Rand Merchant Bank of Botswana secured by limited cession of book debts and suretyship of P15 m from Furniture Mart (Pty) Limited. This facility shall rank pari passu with Absa Bank of Botswana Limited.

(c) Overdraft facilities with Absa Bank of Botswana Limited amounting to P30.0 m at Botswana prime rate (currently at 6.26% per annum) less 1%. The outstanding balance as at 31 July 2024 is P4.46 m (2023: P11.5 m).

(d) Payment guarantee facility amounting to P14.9 m (R20.0 m) and P1.2 m (USD0.1 m). These facilities are secured by stock of P50.0 m and limited cession of book debts of P60.0 m. The facility with Absa Bank of Botswana Limited shall rank pari passu with Rand Merchant Bank of Botswana.

(e) Letter of Credit facility amounting to P3.7 m (USD 0.3 m) with Absa Bank of Botswana Limited. The outstanding balance as at 31 July 2024 is P nil (2023: P nil).

(f) General banking facility by way of overdraft and/or letters of credit and/or forward exchange contract facility amounting to P8.92 m (R12.0 m) at Nedbank Limited, at South Africa prime rate (currently 11.75% per annum). This is secured by a general notarial bond over all movable assets, reflecting Furnmart (Pty) Limited as a mortgager and Nedbank Limited as mortgagee, limited to R4.5 m (R 6.0 m), and a limited suretyship and mortgage bond over property at Erf13 Meadowdale, Gauteng Province, RSA. The outstanding balance as at 31 July 2024 is R5.68m nil (2023: R 7.6m).

(g) Term loan facility of P22.2 m (R30.0 m) from First Capital Bank, Botswana to Xtreme Discounters (Pty) Ltd at South African prime rate (currently 11.75% per annum) less 0.25% per annum repayable over a period of 60 months ending May 2025. This facility is secured by Corporate Guarantee from Furnmart Limited and subordination of shareholders' loan limited to P44.6 m (R60.0 m). Moratorium on principal payments for the first twelve months, thereafter principal and interest to be serviced. The outstanding balance as at 31 July 2024 is P 5.44 m (R 7.3 m) (2023: P10.9 m (R14.8 m)).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

		GROUP		COMPANY	
		2024 P'000	2023 P'000 Restated	2024 P'000	2023 P'000
18.	**Trade and other payables**				
	Trade payables	64 476	50 809	-	-
	Related companies (note 22(iii))	523	409	391	409
	Other payables *	43 838	40 530	10 154	8 617
	Dividend	210	40	210	40
	Advance receipts	14 593	13 725	-	-
	The carrying amount approximate their fair values.	**123 641**	**105 513**	**10 755**	**9 066**

Other payables comprise local creditors for non-stock items amounting P18.3m (2023: P17.9m). The balance of P26.1m (2023: P14.4m) encompasses other accruals.

18.1	**Insurance payables ***	**4 809**	**7 457**	**-**	**-**
19.	**Accruals**				
	Opening balance	17 510	14 953	2 912	2 200
	Charge for the year (note 3)	2 394	4 127	1 680	1 517
	Paid during the year	(3 233)	(1 570)	(1 730)	(805)
	Closing balance	**16 671**	**17 510**	**2 862**	**2 912**

Accruals related to the Group's liabilities to employees for compensated absences from work, contractual gratuities and statutory long-service benefits.

20. Lease liabilities (GROUP) #

	Carrying Amount 01 August P '000	Addition P '000	Deletion/ Modification P '000	Interest Expense P '000	Cash Payment P '000	Forex translation P '000	Carrying Amount 31 July P'000
2024							
Lease liabilities	458 461	64 612	13 707	37 909	(112 405)	1 863	464 147
2023 Restated							
Lease liabilities #	471 382	60 628	3 028	35 716	(105 867)	(6 426)	458 461
2022 Restated							
Lease liabilities #	495 629	36 053	(1 426)	38 481	(97 642)	287	471 382

	2024 P'000	2023 P'000
The following are the amounts recognised in the Statement of Comprehensive Income:		
Depreciation expense of right of use asset (note 3)	84 241	84 319
Interest expense on lease liabilities (note 4)	37 909	35 716
Expenses relating to short term leases (rentals and rates) (note 3)	14 101	8 456
Total cash outflows for leases		
Lease liabilities	112 405	105 867
Short term leases	14 101	8 456
	126 506	**114 323**

The Group has entered into commercial leases for premises and operating equipment. The leases have an average life of between one and ten years. The Group elected not to recognise assets and liabilities with a lease term of less than 12 months and with low value leases for operating equipment. There are no restrictions placed upon the lessee by entering into these. The Group's leases are mainly non-cancellable. The carrying amount of lease liabilities are disclosed below:

	2024 P'000	2023 P'000
Within one year	73 084	80 822
After one year	391 063	377 639
Total	**464 147**	**458 461**

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).
# Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

21. Cash generated from operations

	Note	GROUP 2024 P'000	GROUP 2023 P'000 Restated	COMPANY 2024 P'000	COMPANY 2023 P'000
Profit before tax #		**150 486**	**81 484**	**40 173**	**32 547**
Adjustment for:					
Depreciation and amortisation –property, plant and equipment (note 8.1)		26 952	25 024	237	179
Depreciation and amortisation –intangibles (note 8.2)		1 084	1 345	1 084	1 345
Right of use asset depreciation (note 8.3) #		84 241	84 319	-	-
(Profit)/loss on sale of property, plant and equipment (note 3)		(1 529)	(1 182)	55	-
Finance income *	4	(7 182)	(8 295)	(1 268)	(3 547)
Finance costs #	4	53 237	54 003	12 303	12 345
Share of loss from associate	10.1	17	30	-	-
Cash inflow before working capital changes		**307 306**	**236 728**	**52 584**	**42 869**
Changes in working capital					
- movement in trade receivables, other receivables and prepayments *		(69 545)	(28 291)	-	-
- movement in insurance receivables *		(56)	-	-	-
- movement related party receivables		40 637	22 997	26 197	(7 637)
- movement in inventories		(16 982)	8 150	-	-
- movement in trade and other payables and accruals		22 337	(37 923)	1 468	4 856
Cash generated from operations		**283 697**	**201 661**	**80 249**	**40 088**

22. Related party transactions and balances

The Group is related to the wider Cash Bazaar Holdings Group. Related parties comprise the directors and other entities with common directors or shareholders. Cash Bazaar Holdings Pty Ltd, Afritec Pty Ltd, Nafprop Pty Ltd, New African Properties Ltd (NAP), Panda Plant Pty Ltd, Starting Right Investments Two Two Zero (Pty) Ltd and Afritec Life Insurance (Pty) Ltd share common directors with Furnmart Limited.

The following transactions were carried out with related parties:

(i) Trade of goods and services

	GROUP 2024 P'000	GROUP 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
- Directors' remuneration #	6 438	5 903	3 471	3 158
- Management fees paid to Cash Bazaar Holdings Pty Ltd # (note 3)	5 657	4 739	5 657	4 739
- Key management personnel remuneration *	25 660	24 361	8 715	7 650
- Transport charges paid to Panda Plant Pty Ltd, Botswana	3 688	2 773	-	-
- Insurance premiums paid to Afritec Life Insurance Pty Ltd, Botswana	17 473	12 683	-	-

 # includes portion of management fee paid to Cash Bazaar Holdings Pty Ltd for services by Furnmart Directors.

** Key management personnel remuneration includes directors' remuneration paid directly by Furnmart, the management fee paid to Cash Bazaar Holdings Pty Ltd and the cost to company of employees reporting directly to the Managing Director.*

	GROUP 2024 P'000	GROUP 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
Service fees received (note 3)				
- Cash Bazaar Holdings Pty Ltd, Botswana	114	934	114	252
- Afritec Pty Ltd, Botswana	3 265	4 095	358	1 357
Total service fees received	**3 379**	**5 029**	**472**	**1 609**
Administration fees (note 2)				
- Xtreme Discounters (Pty) Ltd, South Africa			10 542	7 549
- Furn Mart (Pty) Ltd, Namibia	-	-	10 286	8 453
- Furniture Mart Pty Ltd, Botswana	-	-	18 092	16 415
Total administration fees received	**-**	**-**	**38 920**	**32 417**
Lease payment on lease liability (related parties) (NAP Ltd)	32 668	31 315	-	-
Lease payment on lease liability (related parties – other companies)	9 692	9 256	-	-

* Refer to accounting policy 2.1 for adoption of new and revised standards (IFRS 17).

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	22. Related party transactions and balances (continued)	**GROUP**		**COMPANY**	
		2024 P'000	**2023 P'000 Restated**	**2024 P'000**	**2023 P'000**
(ii)	**Receivables from related parties (note 14)**				
	Xtreme Discounters (Pty) Ltd, South Africa	-	-	94 116	82 227
	Furn Mart (Pty) Ltd, Namibia	-	-	147 761	123 413
	Furnmart (Pty) Ltd, South Africa	-	-	34 021	10 941
	Nafprop Pty Limited, Botswana	60	64	60	64
	Cash Bazaar Holdings Pty Ltd, Botswana	154	40 431	154	40 431
	Cash Bazaar Pty Ltd, Botswana	-	4	-	4
	Furniture Mart Pty Ltd, Botswana ^	-	-	147 858	193 298
	Starting Right Investments Two Two Zero (Pty) Ltd, Namibia	309	270	-	-
		523	**40 769**	**423 970**	**450 378**
	^ The impairment of intra-group receivables of P 3.20m (as per Note 3 and 14) is included in the balance for the year 2024(2023: P 3.20m).				
(iii)	**Payable to related parties (note 18)**				
	Afritec Pty Ltd	391	409	391	409
(iv)	Lease liability payable to related parties – (NAP Ltd) (note 20) #	100 420	120 308	-	-
	Lease liability payable to related parties – other companies (note 20) #	25 548	29 541	-	-
		125 968	**149 849**	**-**	**-**
(v)	**Interest income (note 2)**				
	Furn Mart (Pty) Ltd, Namibia (@ 18% per annum on monthly balance)	-	-	15 507	14 581
	Xtreme Discounters (Pty) Ltd, South Africa (@ SA prime +5% per annum on the loan balance)	-	-	18 555	17 306
	Furnmart (Pty) Ltd, South Africa (@ SA prime +1.25% per annum on the loan balance)	-	-	4 202	3 713
	Furniture Mart Pty Ltd, Botswana	-	-	7 370	10 285
	- Short term loan/intercompany balances are unsecured and payable on demand and attract interest at prime rate, less 2%.				
		-	**-**	**45 634**	**45 885**
(vi)	**Interest receivable from related parties (included in total receivables) (Note 22ii)**				
	Furn Mart (Pty) Ltd, Namibia	-	-	53 810	42 100
	Xtreme Discounters (Pty) Ltd, South Africa	-	-	65 573	63 578
	Furnmart (Pty) Ltd, South Africa	-	-	5 199	6 541
		-	**-**	**124 582**	**112 219**
(vii)	**Other interest income (note 4)**				
	Cash Bazaar Holdings Pty Ltd, Botswana (@ BW prime +1% per annum on the loan balance)	1 091	3 541	1 128	3 541
	Starting Right Two Two Zero (Pty) Ltd, Namibia (@ Namibia prime +1.5%)	37	34	-	-
		1 128	**3 575**	**1 128**	**3 541**

The nature and terms of intercompany loans between Furnmart Limited and its subsidiaries and related parties are:

1. Furn Mart (Pty) Limited, Namibia; Furniture Mart Pty Limited, Botswana and Cash Bazaar Holdings Pty Ltd, Botswana: - Short term loan/intercompany balances are payable on demand.
2. Xtreme Discounters (Pty) Ltd, South Africa & Furnmart (Pty) Limited, South Africa:
   - Long term debt with no fixed repayment term.
3. Starting Right Investments Two Two Zero (Pty) Ltd, Namibia
   - Short term loan payable on demand
4. Receivable and payable balances with Afritec Pty Limited and Nafprop Pty Limited are trade accounts payable within 30 days.

Refer to note 28 for details regarding the restatements for Prior period errors.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

23. Capital and loan commitments

	GROUP		COMPANY	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Capital expenditure authorised but not contracted for	67 551	61 724	6 145	6 090

The capital expenditure and loan commitments will be funded from borrowings and internal sources.

24. Contingent liability

24.1 Legal action

The Group is party to a number of legal suits as at the financial year-end. The most significant of these relates to claims laid against the Group's Namibian subsidiary by a group of former employees. The Group does not anticipate any significant cash out-flow from these claims.

24.2 Guarantees

Company

The company has issued bank guarantees in the ordinary course of the business to various parties. The total amounts of such guarantees are 2024: P 1.35m (2023: P1.04m).

25. Income tax paid

	GROUP 2024 P'000	GROUP 2023 P'000	COMPANY 2024 P'000	COMPANY 2023 P'000
Balance brought forward (net)	3 529	4 944	(1 835)	842
Charge for the year (note 5)	31 798	22 680	7 030	5 925
Balance carried forward (net)	(4 251)	(3 529)	1 865	1 835
Net income tax paid	**31 076**	**24 095**	**7 060**	**8 602**

26. Going Concern

The Directors are of the view that the company and its subsidiaries remain going concerns and that there are no material uncertainties that would impact the annual financial statements as at the reporting date. A post balance sheet assessment has been conducted and nothing significant came to light that would hinder the company and its subsidiaries' ability to continue operating.

27. Events after the reporting period

Other than the facts and developments disclosed in these financial statements, there have been no material changes in the financial position of the Group or its affairs, between the year end and the date of approval of these financial statements. Refer to note 7 for dividend declared.

28. Correction of prior period errors

The Group had 255 active leases at its reporting date (2023:237). The Group implemented an automated lease management system during the current year to assist in the effective management of lease agreements. This lease management system automates the calculation of the lease liabilities and right-of-use assets balances based on the inputs at commencement of the leases derived from the underlying lease agreements. These balances were manually calculated in prior financial years, which resulted in errors identified and corrected retrospectively in accordance with IAS 8 in the current financial year.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

28. Correction of prior period errors (continued)

Description of errors

- Use of average rental payment instead of actual rental to calculate the right of use asset and lease liability amounts. The restated lease commitments were calculated using the actual rental amounts payable over the remaining period of the lease contracts.
- Rent concessions accounted using the practical expedient for the rent concessions occurring as a result of direct consequence of the COVID 19 pandemic. The principles of force majeure were applied to rent payments which in some cases were not accepted by the lessors.
- There were leases that were treated as short-term leases when they were supposed to be capitalised as right of use assets with the corresponding lease liability.

The impact of the above restatement on the financial statements of the prior years (2022 and 2023), are as follows:

Statement of Financial Position

			GROUP			GROUP
	2022 Previously reported closing P'000	**Adjustment P'000**	**2022 Restated closing P'000**	**2023 Previously reported closing P'000**	**Adjustment P'000**	**2023 Restated closing P'000**
Non-current assets						
Right of use assets	448 725	(56 913)	391 812	417 100	(51 246)	365 854
Deferred tax	26 751	(7 472)	19 279	32 775	(8 984)	23 791
Current assets						
Other receivables	96 202	(3 162)	93 040	66 360	(3 162)	63 198
Equity						
Retained earnings	(555 649)	(20 055)	(575 704)	(599 087)	(25 614)	(624 701)
Currency translation reserve	36 276	(6 139)	30 137	39 579	(2 055)	37 524
Non-current liabilities						
Lease liabilities	(453 632)	55 000	(398 632)	(424 073)	46 434	(377 639)
Current liabilities						
Lease liabilities	(111 491)	38 741	(72 750)	(125 449)	44 627	(80 822)
Balance	**(512 818)**	**-**	**(512 818)**	**(592 795)**	**-**	**(592 795)**

Statement of Comprehensive Income

		GROUP	
	2023 Previously reported closing P'000	**Adjustment P'000**	**2023 Restated closing P'000**
Depreciation	86 926	2 607	84 319
Finance costs	38 401	2 685	35 716
Rent	10 038	1 582	8 456
Profit before income tax	**74 610**	**6 874**	**81 484**
Tax	(16 135)	(1 315)	(17 450)
Profit after income tax	**58 475**	**5 559**	**64 034**
Other comprehensive loss	(3 303)	(4 084)	(7 387)
Total comprehensive income for the year	**55 172**	**1 475**	**56 647**

Equity adjustment (increase in accumulated profit)	**P'000**
Adjustment to opening balance 2023	(20 055)
Adjustment to closing balance 2023	(25 614)
Increase in PAT 2023	**5 559**

Minimum lease payments due	**2023 P'000**	**Movement P'000**	**2023 Restated P'000**
within one year	125 449	(44 627)	80 822
after one year	424 173	(46 534)	377 639
Present value of minimum lease payments	**549 622**	**(91 161)**	**458 461**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the company for the year ended 31 July 2024 will be held in the Board Room, Furnmart Limited, Plot 20573/4 Magochanyama Road, Gaborone at 15.00 hrs on 24th January 2025, for the following purposes:

1. To consider and adopt the annual financial statements, including the report of the auditor, for the year ended 31 July 2024.

2. To consider and ratify the dividends proposed by the directors.

3. To consider and individually elect the directors, who retire at the annual general meeting. In terms of the constitution of the company, being eligible, they offer themselves for re-election.

   i) JT Mynhardt
   ii) JP McLoughlin

   Biographical information of the directors to be re-elected is set out on page 5.1 of the Integrated Annual Report.

   The board has found the performance and attendance of the directors standing for re-election, to be satisfactory and supports their re-election.

4. To consider and ratify the directors' remuneration for the year ended 31 July 2024 (note 22(i), page 53).

5. To appoint Ernst & Young as auditor of the company for the ensuing year.

6. To approve the auditor's remuneration for the past audit (note 3, page 40).

7. To transact any other business, which may be transacted at an annual general meeting.

A member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his/her stead and the proxy so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's registered office at least 24 hours before the time fixed for the meeting.

By order of the Board

DPS Consulting Services Pty Ltd
Company Secretary

29 October 2024

FURNMART LIMITED AND ITS SUBSIDIARIES
(Registration Number BW00001719968)

PROXY FORM

I/We____

Of____

Being the registered holder/s of______________________________ ordinary shares in the company, at the close of business on Friday, 17th January 2025, hereby appoint:

____of______________________________

Or failing him/her;

____of______________________________

Or failing him/her the Chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the company to be held at 15:00 hrs on Friday, 24th January 2025, and at and adjournment thereof and to vote for or against the restrictions or to abstain from voting in respect of the shares registered in my /our name(s), in accordance with the following instructions:

Resolution number	Detail	In favour	Against	Abstain
1	To consider and adopt the annual financial statements, including the report of the auditor, for the year ended 31 July 2024			
2	To consider and ratify the dividends proposed by the directors.			
3	To consider and individually re-elect the directors, who retire at the annual general meeting. i JT Mynhardt			
	ii JP McLoughlin			
4	To consider and ratify the directors' remuneration for the year ended 31 July 2024.			
5	To appoint Ernst & Young as auditor of the Company for the ensuing year.			
6	To approve the auditor's remuneration for the past audit.			

FURNMART LIMITED AND ITS SUBSIDIARIES
(Registration Number BW00001719968)

PROXY FORM (Continued)

Signed this____ day of___________________

Full name:____

Signature:____

Assisted by (Guardian):____

A member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his/her stead and the proxy so appointed need not be a member of the company.

Registered office
Plot 28892 (Portion of plot 50370),
Twin Towers, Westwing-First floor,
Fairground Office Park, Gaborone
P. O. Box 1453, Gaborone, Botswana

INSTRUCTIONS ON SIGNING AND LODGING THIS PROXY FORM

1. This must be deposited at the Registered Office of the company not less than 24 (twenty four) hours before the time of the scheduled meeting.

2. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialed. Any alteration or correction made on this form must be signed, not initialed, by the signatory/signatories.

3. The Chairman of the meeting shall be entitled to decline to accept the authority of the signatory:
   a. Under a power of attorney; or
   b. On behalf of a company or any other entity;

   Unless such power of attorney or authority is deposited at the Registered Office of the company not less than 24 (twenty four) hours before the scheduled time for the meeting

4. The authority of a person signing as a Proxy in a representative capacity must be attached to the Proxy form unless the authority has previously been recorded by the Secretary.

5. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his proxy in the blank space(s) provided for that purpose.

6. When there are joint holders of shares and if more than one such joint holder is present in person or represented by proxy, then the person whose name stands first in the register in respect of such shares, or his/her Proxy, as the case may be, shall alone be entitled to vote in respect thereof.

7. The completion and lodging of this Proxy shall not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any Proxy appointed in terms hereof should such signatory wish to do so.

8. The Chairman of the meeting may reject or accept my Proxy form which is completed and/or submitted other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

9. If the shareholding is not indicated on the Proxy form, the Proxy will be deemed to be authorised to vote the total shareholding.

10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, applicable, unless relevant documents establishing his/her capacity are produced or have previously been registered.