FURNMART LIMITED
AND ITS SUBSIDIARIES

ANNUAL REPORT
2022

NOTE PAGE

CORPORATE INFORMATION

Directorate

J T Mynhardt
T L J Mynhardt
D S le Roux*
E Odendaal*
F B Lebala
J P McLoughlin*
S Venkataramani^
L G Waldeck*
L J Mynhardt (Alternative)

(*South African)
(^Indian)

Bankers

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

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 Auditors

PricewaterhouseCoopers Inc.
Plot 50371
Fairground Office Park
Gaborone, Botswana
(P. O. Box 294, Gaborone, Botswana)

Corporate Law

Neill Armstrong
P. O. Box 45701, Riverwalk,
Gaborone, Botswana
Tel: +267 395 2797
Fax: +267 397 2353

Advisor 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 HomeCorp 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 ultimate holding company.

SHARE CAPITAL

The issued share capital of the company is 501 222 174 (2021: 501 222 174) shares.

DIVIDEND

A gross interim dividend of 3.01 thebe per share was declared and paid to the shareholders registered as at 6th May 2022. (2021 : In July 2021 a gross final dividend of 23.94 thebe per share, was declared and paid)

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* ¶
L J Mynhardt (Alternative)
F B Lebala ¶
JP McLoughlin* #
S Venkataramani^ ¶
L G Waldeck* #

* South African, ^Indian ¶ Non-Executive
# Independent, non-executive

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:

J T Mynhardt
L G Waldeck
E Odendaal

DIRECTORS' INTERESTS

The aggregate number of shares directly held by the directors was Nil at 31 July 2022 and Nil at 31 July 2021. Directors indirectly held 462 105 610 shares at 31 July 2022 and 462 102 464 shares at 31 July 2021.

DIRECTORS' REMUNERATION

The non-executive directors, except the chairman and deputy chairman, are paid for meetings attended and these fees amounted to P 892 000 (2021: P697 000) for the year. Other directors including those on contract to the Group from Cash Bazaar Holdings Pty Ltd, a related company, earned remuneration of P 5 121 423 (2021: 4 585 821) from the Group.

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 *	2(4)		
FB Lebala	3(4)		
JP McLoughlin	4(4)	4(4)	4(4)
TLJ Mynhardt	4(4)	2(4) #	2(4)
DS le Roux	4(4)	4(4) #	4(4)
E Odendaal	4(4)		
S Venkataramani	4(4)	4(4)	4(4)
LG Waldeck	4(4)	4(4)	4(4)
LJ Mynhardt*	2(4)		

(The number in brackets represents the number of meetings held during the office of the member)
By Invitation
* 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 has been prepared in accordance with International Financial Reporting Standards and in the manner required by Botswana Companies Act (2003) and the Group's policies and procedures.

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 2023 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 14 to 55 on 28th October 2022.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events that occurred between the year end and the date these financial statements were approved.

On behalf of the Board

D S le Roux
Managing Director

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.

Daniel Servaas le Roux (Managing Director [B. Com (Hons- UJ) (Financial Management), M. Com (Business Management), ACMA])

Serniel le Roux has more than 26 years' experience in the furniture retail industry and joined the Furnmart Group in 2011. His experience includes statutory reporting, financial accounting, management accounting, treasury, micro-lending, and general management. Serniel has extensive knowledge of Southern African furniture retail markets. He was appointed as Managing Director in July 2016.

Fact Badzile Lebala (Non-Executive Director)

Fact Lebala left the Botswana Police Force after 28 years of service with the rank of Superintendent of Police and was awarded the Police Medal for Long Service and Good Conduct. During this career he was Commanding Officer for all the major Police Districts in Botswana and was attached to Scotland Yard in London for nine months. He has retired from the CBH Group after serving as a director in the group for over 28 years. He continues to be a board member in Furnmart Limited.

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 26 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.

Subbarao Venkataramani (Non-Executive Director [B. Com, ACA, ACS])

Subbarao Venkataramani qualified as a Chartered Accountant in 1978. He has more than 42 years of experience in financial management, treasury, and accounting as head of finance in various listed companies. He joined Furnmart in May 1998 as Group Financial Manager. He became Chief Financial Officer of Furnmart Group in 2007. He was fully involved in the implementation of Argility Furniture Retail operations and information systems and involved in the issue and listing of rights shares and bonds. He was appointed as the Finance Director on 15 August 2011, and he continued till 12 July 2016 when he relinquished his position as head of finance. He continues to be a board member in Furnmart Limited. He is also overseeing the microlending activities of CBH Group.

Eric Odendaal (Non-Executive Director)

Eric Odendaal joined Furnmart in August 1997 as Group Operations Manager. He has overseen the expansion of the business in Botswana and RSA and was fully involved in the opening of Home Corp Stores in both these countries. He has more than 43 years of experience in the furniture retail industry. He retired in 2019 and continues to be a non-executive director.

CORPORATE GOVERNANCE

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 Board has reviewed the principles of the King III Code of Corporate Governance; and are addressing any shortcomings identified, which process is ongoing.

However, the following principles have not been complied with, for reasons stated below:

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. The Board is considering the appointment of a Lead Independent Director.
2.18	Majority of non-executive directors should be independent	Only two of the seven non-executive directors are independent. However, they are all 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.
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.
9.1.3	No integrated report	The Board believes that the publication of an integrated report will compromise the Group's competitive advantage and not be in the best interests of the company.
2.20	Induction and ongoing training through formal processes.	Even though no formal training is conducted, all directors have many years of experience in the retail industry. Any changes in legislation are discussed at board and committee level.

The following are being formalised and/or nearing completion: for adoption at the April 2023 board meeting:

Recommended Practice (RP)	Details	Comment
2.27 & RP2.25.1	A remuneration policy, aligned to the strategy and linked to individual performance, should be adopted.	The shareholders must approve this policy at an AGM.
RP4.3.3	A Chief Risk Officer (CRO) should be appointed and regularly feed back to the RACC and/or board.	The company will identify and appoint a CRO in due course.
8.2 & RP8.5.3 & RP8.6.1	The board should identify all its important stakeholder groupings and formulate a policy to manage relations, including communication and dispute resolution.	A Stakeholder relations policy is being developed, for approval by the board - incorporating communication and dispute resolution.
RP1.2.6	The company should adopt a policy and participate in corporate social responsibilty (CSR) activities, in the communities in which it operates.	A CSR policy to be developed and the board to ensure management implements measurable corporate citizenship policies.

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:

The RACC comprises of three non-executive directors, two of which 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 at least 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, four meetings were held and there was full attendance from committee members. Neither the RACC nor the external auditor considered it necessary to meet without the invitees, during the year under review.

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:**
  - Reviewing and monitoring the group's overall system of internal control;
  - Monitoring compliance with the Companies Act and King Code on Corporate Governance and other applicable legislation;
  - Monitoring the group's compliance with taxation legislation;
  - Monitoring the group's compliance with and response to changes in other legislation affecting the group;
  - Monitoring 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.

- **External audit:**
  - Recommend appointment of auditor;
  - Be satisfied with auditor's independence, especially where non-audit services are performed;
  - Agree principles with external auditor, 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;
  - Consider the need for, extent of and oversee any internal audit.

- **Governance**
  - The committee has placed on its agenda and strives to conform to best practice in governance, guided by King III. The board is kept informed on all relevant matters. The committee engages with the Botswana Accounting Oversight Authority (BAOA), to find ways to continuously improve.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT (CONTINUED)

Going concern

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

- Adequacy of cash as evidenced by cash flow projections;
- Budget for the year ending 31 July 2023;
- 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 receivables and 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 both internally and externally by the 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.

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

Annual report

Following the committee's review of the 2022 annual financial statement, 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 at 31 July 2022 and the results of operations and cash flows, for the year then ended.

Jerome McLoughlin
Chairman – RACC

Independent auditor's report

To the Shareholders of Furnmart Limited

Our opinion

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 (the "Company") and its subsidiaries (together the "Group") as at 31 July 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Furnmart Limited's consolidated and separate financial statements set out on pages 14 to 55 comprise:

- the consolidated and separate statements of financial position as at 31 July 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

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Country Senior Partner: R Binedell
Partners: A S Edirisinghe, I D Molebatsi, S K K Wijesena

Our audit approach

Overview

Overall group materiality

- *Overall group materiality: BWP4,111,000, which represents 5% of consolidated profit before tax.*

Group audit scope

- *The Group consists of four subsidiaries, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and three of its subsidiaries. Limited audit procedures were performed with respect to the fourth subsidiary.*

Key Audit Matters

- *Allowance for expected credit losses on trade*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*BWP 4,111,000*
How we determined it	*5% of consolidated profit before tax*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit- oriented companies operating in this industry.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and four subsidiaries, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and three of its trading subsidiaries, as these were considered to be financially significant components. With respect to the the fourth subsidiary, which was not considered financially significant, we performed limited audit procedures with respect to two financial statement line items only.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we need to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

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.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	*How our audit addressed the key audit matter*
Allowance for expected credit losses on trade receivables At 31 July 2022, the Group recognised net trade receivables from customers of BWP535,645,000, after recognising an allowance for expected credit losses (the "ECL allowance") of BWP213,634,000.	We performed the following audit procedures on the ECL allowance: • We assessed the accounting policies relating to the determination of the ECL

Key audit matter	*How our audit addressed the key audit matter*

The Group developed a model for calculation of the ECL allowance by applying the general approach under IFRS 9 - Financial Instruments (“IFRS 9”) and – accordingly - measures the ECL allowance at an amount equal to the lifetime expected credit losses (“ECL’s”) of all trade receivables.
 	
Lifetime ECL’s are based on probability weighted cash flows considering a range of possible outcomes and discounting these cash flows at the original effective interest rate.
 	
In determining the ECL allowance, the following key judgements were applied by the Group:
• Determining criteria for transition events, which are used to summarise individual trade receivables into population states, and to predict the likelihood of trade receivables transitioning between such population states (transition rates);
• Establishing payment behaviour for population states, allowing for prediction of future payment behaviour of trade receivables;
• Establishing segments of similar receivables for the purposes of measuring the ECL allowance on a collective basis; and
• Establishing the number and relative weightings of forward-looking scenarios such as GDP outlook, interest rate and inflation rate forecasts for each type of product/market and the ECL allowance.
 	
We considered the ECL allowance on trade receivables to be a matter of most significance to the current year audit due to the significant judgement and estimation applied by management in determining the ECL allowance.
	allowance with reference to the requirements of IFRS 9 and application thereof in the Group's industry. We identified no significant deviations from IFRS 9 and industry practice;
	
	• We utilised our actuarial expertise to assess the appropriateness of the model used by the Group with reference to the requirements of IFRS 9, and to assess whether the Group's model was consistently applied to all trade receivable portfolios. We noted no matters requiring further consideration in regard to the model used, and we noted no significant inconsistencies regarding the manner with which the model was applied across the trade receivable portfolios;
	
	• For a sample of trade receivables, we agreed the underlying information with respect to individual trade receivables, as well as portfolios of trade receivables utilised in the model, to the relevant accounting records and underlying documents. No material differences were noted;
	
	• Utilising our actuarial expertise we performed the following procedures:
	  o Based on underlying information for individual trade receivables, we recomputed key judgemental inputs used by management in the model, including:
	    ▪ the portfolio segmentation applied;
	    ▪ the transition rates applied; and
	    ▪ the predicted payment behaviour by population state.
	  Based on our procedures performed, we did not identify

Key audit matter	*How our audit addressed the key audit matter*
Refer to the following disclosures in the consolidated financial statements for detail: • Summary of significant accounting policies note 9 "Financial Instruments" and note 14 "Trade Receivables"; Critical accounting estimates and judgements "Impairment losses on trade receivables"; • Financial risk management note (b) "Credit risk – Impairment of trade receivables"; and • Note 13 "Trade receivables".	any significant exceptions; ○ We independently calculated the ECL allowance (before forward-looking information) for each trade receivables portfolio and compared our results to those of the Group. We did not identify any significant differences; and ○ We performed an independent assessment of the impact of forward-looking information on the ECL allowance by applying available information such as Gross Domestic Product and Consumer Price Index outlooks to the ECL calculation, in order to independently determine a range of adjusted coverage percentages unique to each portfolio and each population state. We compared the additional ECL allowance determined based on these adjusted coverage rates, to the Group's forward-looking adjustments and found that the Group's adjustments were not materially outside our range of independent expectations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Furnmart Limited and its Subsidiaries Annual Financial Statements for the year ended 31 July 2022", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Furnmart Limited and its subsidiaries Annual Report 2022", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will 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 that we 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 of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 the 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 scepticism throughout the audit. We also:

- 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's and the 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's and the 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/or 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 financial statements. We are responsible for the direction, supervision and performance of the group 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.

PricewaterhouseCoopers | **31 October 2022**
Firm of Certified Auditors | **Gaborone**
Practicing Member: Rudi Binedell (CAP003 2022)

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 July 2022

			GROUP		COMPANY
	Note	**2022**	**2021**	**2022**	**2021**
		P'000	**P'000**	**P'000**	**P'000**
Revenue	**2**	**1 361 161**	**1 341 688**	**68 235**	**570 787**
Merchandise sales	2	997 455	974 968	-	-
Ancillary services	2	187 661	190 338	-	-
Effective interest income received	2	176 045	176 382	37 661	28 274
Administrative fees received	2	-	-	30 574	29 982
Dividend income – gross	2	-	-	-	512 531
Cost of merchandise sold	3	(668 216)	(630 220)	-	-
Selling and distribution costs	3	(485 704)	(464 240)	-	-
Impairment costs - trade receivables	3	(70 138)	(7 843)	-	-
Impairment costs – other receivables	3	-	-	(3 200)	-
Administrative expenses	3	(50 015)	(47 668)	(27 585)	(26 792)
Other income	3	46 708	71 850	3 399	32 238
Operating profit		**133 796**	**263 567**	**40 849**	**576 233**
Finance income	4	5 195	8 333	3 854	3 595
Finance costs	4	(56 747)	(58 096)	(12 318)	(14 559)
Share of loss from associate	10	(10)	(20)	-	-
Profit before income tax		**82 234**	**213 784**	**32 385**	**565 269**
Tax expense					
Levied as income tax	5	(17 616)	(42 184)	(8 045)	(9 309)
Levied as withholding tax on dividends from subsidiaries		-	(40 697)	-	(40 697)
Profit for the year		**64 618**	**130 903**	**24 340**	**515 263**
Other comprehensive income – items that may subsequently be reclassified to profit/ (loss):					
Currency translation differences		503	17 654		
Total comprehensive income for the year		**65 121**	**148 557**	**24 340**	**515 263**
Earnings per share (thebe) – basic	6	12.89	26.12		
– diluted	6	12.89	26.12		

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
At 31 July 2022

	Note	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
ASSETS					
Non-current assets					
Right of use asset	8.1	448 726	510 675	-	-
Property, plant and equipment	8	76 013	77 007	853	900
Intangible assets	8	4 507	5 853	4 507	5 853
Capital work in progress	8.2	-	-	-	-
Investment in associate	10.1	91	101	-	-
Investment in subsidiaries – equity	10.2	-	-	198 604	198 604
Loans to subsidiaries	10.2	-	-	145 805	144 935
Cell captive assets	11	31 978	29 092	-	-
Deferred income tax	9	26 751	16 902	-	-
		588 066	**639 630**	**349 769**	**350 292**
Current assets					
Inventories	12	272 576	253 383	-	-
Trade receivables	13	535 645	488 028	-	-
Other receivables	14	96 202	80 980	439 310	518 315
Income tax receivable	25	3 065	2 496	-	-
Cash and cash equivalents	15	74 212	164 057	1 520	24 152
		981 700	**988 944**	**440 830**	**542 467**
Total assets		**1 569 766**	**1 628 574**	**790 599**	**892 759**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	128 474	128 474	128 474	128 474
Currency translation reserve		(36 276)	(36 779)	-	-
Retained earnings		555 649	506 131	502 858	493 618
Total equity		**647 847**	**597 826**	**631 332**	**622 092**
Non-current liabilities					
Borrowings	17	160 726	165 718	150 000	150 000
Lease liabilities	20	453 632	502 391	-	-
Deferred income tax	9	741	143	741	143
		615 099	**668 252**	**150 741**	**150 143**
Current liabilities					
Borrowings	17	34 954	32 731	602	-
Lease liabilities	20	111 491	100 956	-	-
Trade and other payables	18	137 413	205 998	4 882	117 594
Income tax payable	25	8 009	8 775	842	530
Accruals	19	14 953	14 036	2 200	2 400
		306 820	**362 496**	**8 526**	**120 524**
Total liabilities		**921 919**	**1 030 748**	**159 267**	**270 667**
Total equity and liabilities		**1 569 766**	**1 628 574**	**790 599**	**892 759**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 July 2022

GROUP

	Share capital	Currency translation reserve	Retained earnings	Total
	P'000	P'000	P'000	P'000
Balance as at 01 August 2020	**128 474**	**(54 433)**	**625 245**	**699 286**
Total comprehensive income for the year	-	17 654	130 903	148 557
Transactions with owners				
Dividends paid - final 2020 (note 7)	-	-	(130 017)	(130 017)
Dividends paid - final 2021 (note 7)	-	-	(120 000)	(120 000)
Balance at 31 July 2021	**128 474**	**(36 779)**	**506 131**	**597 826**
Balance as at 01 August 2021	**128 474**	**(36 779)**	**506 131**	**597 826**
Total comprehensive income for the year	-	503	64 618	65 121
Transactions with owners				
Dividends paid – Interim 2022 (note 7)	-	-	(15 100)	(15 100)
Balance at 31 July 2022	**128 474**	**(36 276)**	**555 649**	**647 847**

COMPANY	Share capital P'000	Retained earnings P'000	Total P'000
Balance at 01 August 2020	**128 474**	**228 372**	**356 846**
Dividends paid - final 2020 (note 7)	-	(130 017)	(130 017)
Dividends paid - final 2021 (note 7)	-	(120 000)	(120 000)
Total comprehensive income for the year	-	515 263	515 263
Balance at 31 July 2021	**128 474**	**493 618**	**622 092**
Balance at 01 August 2021	**128 474**	**493 618**	**622 092**
Dividend paid - Interim 2022 (note 7)	-	(15 100)	(15 100)
Total comprehensive income for the year	-	24 340	24 340
Balance at 31 July 2022	**128 474**	**502 858**	**631 332**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
For the year ended 31 July 2022

	Note	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
Operating activities:					
Cash generated from/ (utilised in) operations	21	204 676	206 620	118 373	(304 409)
Income tax paid (net)	25	(28 141)	(39 047)	(7 135)	(681)
Net cash generated from/(utilised in) operating activities		**176 535**	**167 573**	**111 238**	**(305 090)**
Investing activities:					
Purchase of property, plant, equipment and intangibles	8	(25 138)	(26 430)	(312)	(4 573)
Proceeds on disposal of property, plant, equipment		1 795	3 972	348	103
Dividend received on investments in subsidiaries - gross	22(vi)	-	-	-	512 531
Withholding tax on intercompany dividend		-	-	-	(40 697)
Investment in cell captive assets (net)	11	(2 886)	18 231	-	-
Interest received	4	5 195	8 333	3 854	3 595
Net cash (utilised in)/generated from investing activities		**(21 034)**	**4 106**	**3 890**	**470 959**
Financing activities:					
Repayments on borrowings		(6 487)	(5 731)	-	-
Lease payments	20	(99 696)	(94 219)	-	-
Interest paid	4	(15 932)	(14 382)	(12 318)	(14 559)
Dividends paid	7	(126 044)	(139 073)	(126 044)	(139 073)
Net cash utilised in financing activities		**(248 159)**	**(253 405)**	**(138 362)**	**(153 632)**
Net (decrease)/ increase in cash and cash equivalents		(92 658)	(81 726)	(23 234)	12 237
Cash and cash equivalents at beginning of year		138 250	199 601	24 152	11 915
Exchange (loss)/gain on cash and cash equivalents		(906)	20 375	-	-
Cash and cash equivalents at end of year	**15**	**44 686**	**138 250**	**918**	**24 152**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT 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 16 to 57 on 26 October 2022.

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 HomeCorp 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 International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS 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 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in the "Critical accounting estimates and judgements" section of the annual financial statements.
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

Standards and amendments to the existing standards and interpretation effective 1 August 2021 and adopted by the Group

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 The amendments apply a "directly related cost approach".
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. BASIS OF PREPARATION
ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and applied prospectively.
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity
The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.
In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.
The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37. The amendment is effective for annual reporting periods beginning on or after 1 January 2022at the acquisition date.

STANDARDS ISSUED BUT NOT YET EFFECTIVE
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

Definition of Accounting Estimates – Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. BASIS OF PREPARATION (CONTINUED)
ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require amendments.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The standard replaces IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

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 an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group did not early adopt the standard.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The standard is effective for reporting periods beginning on or after 1 January 2023.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The standard is effective for reporting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT 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 ASSETS

The Group has entered into 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 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. In one of these, the Group has no recapitalisation obligation and there is no 'insurance contract' as there is no transfer of risk and the arrangement is more akin to a profit sharing arrangement. On the other, the group has a recapitalisation obligation in the event the cell captive became insolvent. The group continually assesses the cell captive status and where warranted a provision is recognised. In both these instances, the group is the beneficiary. On this basis, where the cell captive is financially sound and has surplus cash, the Group recognises its right to receive cash as cell captive assets. Obligations attached to the contract include:

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 finance income are classified as financing and other services. Delivery charges are classified as ancillary services.

Company
Interest Income
Interest income is recognised over time on the time apportionment basis, taking into account the effective interest yield on underlying balances. When a loan and receivable is 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
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. All work in progress assets are capitalised when the project is completed.

Depreciation on assets is calculated using the straight line method 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
Intangibles	6 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9. FINANCIAL INSTRUMENTS (CONTINUED)

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. 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 at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost consists of trade receivables, other receivables and cash and cash equivalents.

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.

ii) Financial assets at fair value through OCI
Financial assets at fair value through OCI are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. Financial assets at fair value through OCI are subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received from financial assets at fair value through OCI equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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

- the assets 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.

Financial assets at fair value through profit or loss are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets and issued for management of short-term currency exposures. Financial assets at fair value through profit or loss are recorded and measured in the statement of financial position at fair value. Gains and losses arising from changes in fair value are recognised in profit or loss. Interest or income is recognised in the profit or loss when the contract comes to an end or when the right to payment has been established.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9. FINANCIAL INSTRUMENTS (CONTINUED)

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, customer deposits, 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.

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, customer deposits 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, customer deposits, cash collateral and trade and other payables.

Borrowings and deposits from customers
Borrowings and customer deposits 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 Financials 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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 noncurrent 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 (IFRS16)

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

11 ACCOUNTING FOR LEASES (CONTINUED)

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.

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 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)

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 lower of 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 SHARE 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 yearend 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:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
20 FOREIGN CURRENCY TRANSLATION (CONTINUED)

- 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.
- 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, such as paid leave and bonuses) 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 60m 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 and loan receivables. Instalment sale and loan receivables, which are included in trade receivable, 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
For the year ended 31 July 2022
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 general 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 applied judgement in determining the interest rate implicit in its 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 both long term debt and 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
For the year ended 31 July 2022

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

6 RECOGNITION OF REVENUE AND ALLOCATION OF CONTRACT PRICE

The Group operates a chain of retail stores, selling a range of furniture and electronic equipment. Revenue from the same is recognised when a group entity 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. Other revenue streams are paid have the same credit terms as Merchandise sales.

Customer protection plan income is recognised on a straight line bases over the debt repayment period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

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) 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	
		2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
Amount subject to foreign currency rate risk					
Namibian Dollar	- Net investment in foreign operations	130 621	132 969	109 870	96 867
	- Imports of merchandise	(35 632)	(26 363)	-	-
South African Rand	- Net investment in foreign operations	138 528	243 837	79 567	81 682
	- Imports of merchandise	(72 016)	(58 448)	-	-
Amount subject to cash flow interest rate risk					
In South Africa		16 155	22 641	-	-
In Botswana		-	-	145 805	144 935

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

Exchange rate sensitivities

5% Pula to Namibian dollar	6 306	5 330	5 232	4 613
5% Pula to South African rand	7 406	9 269	3 789	3 890
Interest rate sensitivities				
1% change in Botswana interest rates	-	-	1 458	1 449
1% change in South African interest rates	162	226	-	-

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
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

The financial assets of the Group which are subject to credit risk consist mainly of cash resources and debtors. 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 2022.

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 contact ability 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	
	2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
Cell captive assets	31 978	29 092	-	-
Trade receivables – Net of Unearned, before ECL	749 279	701 111	-	-
Other receivables	83 067	75 093	439 310	518 315
Investment in subsidiary - debt	-	-	145 805	144 935
Cash and cash equivalents	74 212	164 057	1 520	24 152
	938 536	**969 353**	**586 635**	**687 402**

Other receivables, cell captive 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.

Cell captive 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 ("cell captives") 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 cell captives to remit funds on a regular basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (continued)

Impairment of trade receivables

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 Furnmart Stores: -
  - 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

- 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.
- Events (nt) is defined as the number of events observed during statement “t”.
- Transition Rate (rt) is defined as the factor solving the equation below.

$$nt = Et \times rt$$

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (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 HomeCorp.
- 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 2022 and 31 July 2021 was determined as follows for trade receivables:

31-Jul-22						
Arrear days	**Current**	**+30days**	**+60days**	**+90days**	**+120days**	
Effective ECL Rate	**A**	**B**	**C**	**D**	**9-S**	**Total**
Furnmart	9%	22%	29%	36%	71%	23%
HomeCorp	9%	19%	25%	32%	69%	14%
Country ECL range	6% to 12%	17% to 32%	23% to 38%	30% to 44%	60% to 83%	
Gross carrying amount – trade receivables						
	P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
Furnmart	586 858	61 433	39 884	29 588	155 785	873 548
HomeCorp	74 035	4 015	2 006	1 292	6 699	88 047
	660 893	**65 448**	**41 890**	**30 880**	**162 484**	**961 595**
State ratio - Gross	69%	7%	4%	3%	17%	100%
Country state range	59% to 87%	4% to 9%	2% to 6%	1% to 5%	6% to 25%	
Loss allowance						
Furnmart	55 062	13 730	11 443	10 696	109 973	200 904
HomeCorp	6 417	775	501	416	4 621	12 730
	61 479	**14 505**	**11 944**	**11 112**	**114 594**	**213 634**

NOTES TO THE FINANCIAL STATEMENTS
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FINANCIAL RISK MANAGEMENT (continued)

31-Jul-21						
Arrear days						
Effective ECL Rate	**A**	**B**	**C**	**D**	**9-S**	**Total**
Furnmart	6%	18%	24%	31%	76%	24%
HomeCorp	10%	9%	21%	30%	77%	20%
Country ECL range	1% to 10%	14% to 28%	20% to 30%	27% to 39%	67% to 95%	
Gross carrying amount – trade receivables						
	P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
Furnmart	509 027	59 048	34 979	27 692	183 010	813 756
HomeCorp	60 989	3 648	2 027	1 314	11 509	79 487
	570 016	**62 696**	**37 006**	**29 006**	**194 519**	**893 243**
State ratio - Gross	64%	7%	4%	3%	22%	100%
Country State range	57% to 80%	5% to 8%	4% to 6%	2% to 4%	16% to 31%	
Loss allowance						
Furnmart	30 499	10 649	8 509	8 608	139 035	197 300
HomeCorp	5 819	321	433	398	8 812	15 783
	36 318	**10 970**	**8 942**	**9 006**	**147 847**	**213 083**

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

	GROUP	
	2022	**2021**
	P'000	**P'000**
Opening balance	**213 083**	**266 954**
Write-offs during the period	(42 039)	(45 719)
Increase/ (decrease) in receivable loss allowance recognised during the period	34 514	(33 028)
Exchange movement on translation of foreign subsidiaries	8 076	17 968
Unwinding of discount on the ECL of stage 3 balances	-	6 908
Closing balance at 31 July (note 13)	**213 634**	**213 083**

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. They do not warrant any impairment assessment to be conducted. Cell captive assets are equivalent to cash and cash equivalents. Accordingly, no impairment is conducted on such assets.

Impairment losses on trade receivables and cell captive assets 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 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. Management has based judgments relating to the effects of COVID -19 on statistical analysis of the loan receivable book during the past period of distress due to COVID -19 and modelling it against forward looking information ("FLI"). Establishing the number and relative weightings of forward looking scenarios for each type of product/market and the associated ECL, establishing portfolios of similar trade receivables for the purposes of measuring ECL on a collective basis were key judgements applied by the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (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 loans to 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 inter-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 general impairment 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
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (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 2022					
Borrowings	33 775	4 249	15 118	-	53 142
Bond	6 150	6 150	182 800	-	195 100
Trade and other payables	137 413	-	-	-	137 413
Lease liabilities	73 849	73 849	422 881	137 252	707 831
	251 187	**84 248**	**620 799**	**137 252**	**1 093 486**
31 July 2021					
Borrowings	30 412	3 623	17 202	-	51 237
Bond	6 150	6 150	195 100	-	207 400
Trade and other payables	205 998	-	-	-	205 998
Lease liabilities	68 964	68 964	518 535	146 287	802 750
	311 524	**78 737**	**730 837**	**146 287**	**1 267 385**

COMPANY	Less than 6 Months P'000	6-12 months P'000	Between 1-5years P'000	Total P'000
31 July 2022				
Borrowings	602	-	-	602
Bond	6 150	6 150	182 800	195 100
Trade and other payables	4 882	-	-	4 882
	11 634	**6 150**	**182 800**	**200 584**
31 July 2021				
Bond	6 150	6 150	195 100	207 400
Trade and other payables	117 594	-	-	117 594
	123 744	**6 150**	**195 100**	**324 994**

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 management

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

FINANCIAL RISK MANAGEMENT (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 2022 and 2021 were as follows:

	GROUP		COMPANY	
	2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
Total borrowings	195 680	198 449	150 602	150 000
Less: Cash and cash equivalents	(74 212)	(164 057)	(1 520)	(24 152)
Net debt	121 468	34 392	149 082	125 848
Total equity	647 922	597 826	634 533	622 092
Total capital employed	769 390	632 218	783 615	747 940
Gearing ratio	**16%**	**5%**	**19%**	**17%**

f) Financial instruments by category

	GROUP		COMPANY	
	2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
Financial assets by category				
Amortised cost				
- Other receivables	96 202	75 093	439 310	518 297
- Investment in subsidiary - debt	-	-	145 805	144 935
- Trade receivables	535 645	488 028	-	-
- Cash and cash equivalent	74 212	164 057	1 520	24 152
- Cell captive assets	31 978	29 092	-	-
Total	**738 037**	**756 270**	**586 635**	**687 384**
Financial liabilities by category				
Amortised cost				
Borrowings	195 680	198 449	150 602	150 000
Trade and other payables	152 366	109 090	7 082	9 050
Lease liabilities	565 123	603 347	-	-
Total	**913 169**	**910 886**	**157 684**	**159 050**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

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

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 2022 is as follows:

Year ended 31 July 2022	**Retail P'000**	**Financial Services P'000**	**Unallocated P'000**	**Total P'000**
Total revenue	**997 455**	**363 706**	**-**	**1 361 161**
Depreciation	(111 999)	-	-	(111 999)
Impairment and write off of trade receivables	-	(70 138)	-	(70 138)
Other costs	(921 524)	(162 622)	(7 790)	(1 091 936)
Other income	35 570	8 234	2 904	46 708
Operating profit	**(498)**	**139 180**	**(4 886)**	**133 796**
Finance income				5 195
Finance cost				(56 747)
Share of loss from associate				(10)
Profit before tax				**82 234**
Income tax expense				(17 616)
Profit after income tax				**64 618**
Total assets	**975 301**	**567 623**	**26 842**	**1 569 766**
Total liabilities	**702 537**	**195 680**	**23 702**	**921 919**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

1. Segment information (continued)

Year ended 31 July 2021	Retail P'000	Financial Services P'000	Unallocated P'000	Total P'000
Total revenue	**974 968**	**366 720**	**-**	**1 341 688**
Depreciation	(113 519)	-	-	(113 519)
Impairment and write off of trade receivables	-	(7 843)	-	(7 843)
Other costs	(845 056)	(175 894)	(7 659)	(1 028 609)
Other Income	33 895	6 237	31 718	71 850
Operating profit	**50 288**	**189 220**	**24 059**	**263 567**
Finance income				8 333
Finance cost				(58 096)
Share of loss from associate				(20)
Profit before tax				**213 784**
Income tax expense				(42 184)
Withholding tax on dividends from subsidiaries				(40 697)
Profit after income tax				**130 903**
Total assets	**1 094 451**	**517 120**	**17 003**	**1 628 574**
Total liabilities	**805 409**	**198 449**	**26 890**	**1 030 748**

2. Revenue

	GROUP		COMPANY	
	2022 P'000	2021 P'000	2022 P'000	2021 P'000
Merchandise sales	997 455	974 968	-	-
Ancillary services	187 661	190 338	-	-
Effective interest income	176 045	176 382	-	-
Interest income – subsidiaries (note 22 v)	-	-	37 661	28 274
Administration fees – subsidiaries (note 22 i)	-	-	30 574	29 982
Dividend income – subsidiaries (note 22 vi)	-	-	-	512 531
	1 361 161	**1 341 688**	**68 235**	**570 787**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

		GROUP		COMPANY	
		2022	**2021**	**2022**	**2021**
		P'000	**P'000**	**P'000**	**P'000**
3.	**Expenses by category**				
	Cost of merchandise sold	668 216	630 220	-	-
	Auditor's remuneration	1 943	2 326	127	141
	Managerial services (including directors) (paid to related company) (note 22(i))	5 780	5 235	5 780	5 235
	Depreciation on property, plant and equipment (note 8)	27 150	29 268	1 525	2 040
	Depreciation on right of use assets (note 8.1)	84 849	84 251	-	-
	Rentals and rates	9 983	10 367	484	477
	Repairs and maintenance	4 421	4 336	27	37
	Marketing and advertising	26 592	21 808	-	-
	Professional and other service fees	5 065	3 651	723	470
	Travel and transport	27 334	20 827	403	145
	Branch and office administration expenses	37 227	38 825	634	374
	Staff costs - Salaries and wages	246 304	233 463	16 151	15 889
	Staff costs - Leave and other contractual benefits (note 19)	2 419	4 931	1 049	1 353
	Computerisation charges	22 249	19 861	317	257
	Security charges	7 208	6 843	12	13
	Bank charges	16 083	15 857	97	150
	Other expenses	11 112	10 059	256	211
	Total cost of sales, distribution costs and administrative expenses	**1 203 935**	**1 142 128**	**27 585**	**26 792**
	Employee costs				
	Salary – Basic	184 713	171 961	13 509	13 039
	Commissions	33 464	35 260	-	-
	Bonus	14 444	13 566	1 919	2 130
	Medical aid - company contributions	1 516	1 487	328	333
	Leave and other contractual benefits	2 419	4 931	1 049	1 353
	Post-employment benefits-Pension-Defined contribution plan	12 167	11 189	395	387
		248 723	**238 394**	**17 200**	**17 242**
	Impairment costs - Receivables				
	Impairment of trade receivables (note 13)	34 514	(33 028)	-	-
	Write offs (net of recoveries)	35 624	40 871	-	-
	Impairment of other receivables	-	-	3 200	-
		70 138	**7 843**	**3 200**	**-**
	Other income				
	Profit/ (loss) on sale of property, plant and equipment	1 125	567	168	(27)
	Service fees (note 22(i))	4 175	3 206	1 468	545
	Interest on staff loans	87	108	-	-
	Income from cell captive (note 11)	35 407	32 809	-	-
	Exchange gain	2 904	31 718	1 761	31 717
	Sundry income	3 010	3 442	2	3
		46 708	**71 850**	**3 399**	**32 238**
4.	**Finance income and costs**				
	Interest income - Bank deposit	1 407	4 721	81	145
	Related party (note 22(ix))	3 788	3 612	3 773	3 450
	Finance income	**5 195**	**8 333**	**3 854**	**3 595**
	Interest expense - Bank overdraft	1 518	338	18	15
	- Related party loans (note 22 (viii))	-	-	-	2 244
	- Bank borrowings	2 018	1 743	-	-
	- Interest on right to use asset leases (note 20)	40 815	43 714	-	-
	- Bond	12 300	12 300	12 300	12 300
	- Others	96	1	-	-
	Finance costs	**56 747**	**58 096**	**12 318**	**14 559**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
5. Income tax expense				
Current income tax (note 25)	26 805	37 310	7 447	3 258
Add: Net deferred tax (credit) / charge for the year (note 9)	(9 189)	4 874	598	6 051
Tax charge to the Statement of Comprehensive Income	**17 616**	**42 184**	**8 045**	**9 309**
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	**82 234**	**213 784**	**32 385**	**565 269**
Tax calculated at domestic tax rates applicable (rate 15%)	12 335	32 067	4 858	84 790
Income not subject to income tax	(24)	(420)	(16)	(76 879)
Permanent difference for expenses not tax deductible	-	-	480	-
Adjustment for current tax of prior period	1 689	(1 012)	1 694	610
Effect of rates in non IFSC entities	3 616	11 549	1 029	788
	17 616	**42 184**	**8 045**	**9 309**

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 P 175 608 825 (2021: P165 422 682) 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 2022 P'000	GROUP 2021 P'000
Net profit attributable to shareholders (P'000)	64 618	130 903
Weighted average number of shares in issue	501 222 174	501 222 174
Basic earnings per share (thebe)	12.89	26.12
Diluted earnings per share (thebe)	**12.89**	**26.12**

7. Dividend declared

For the year ended 31 July 2022, an interim dividend of P 15.1 m was declared (2021: Final P120.0m). [See note 18].

	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
Final dividend 2020: 25.94 thebe per share	-	130 017	-	130 017
Final dividend 2021: 23.94 thebe per share	-	120 000	-	120 000
Current year interim dividend 3.01 thebe per share	15 100	-	15 100	-
	15 100	**250 017**	**15 100**	**250 017**
Dividend Paid				
Final dividend 2020	-	130 017	-	130 017
Final dividend 2021	110 944	9 056	110 944	9 056
Current year interim dividend	15 100	-	15 100	-
	126 044	**139 073**	**126 044**	**139 073**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

8. Property, plant and equipment and intangibles

GROUP

	Freehold Land P'000	Building P'000	Motor and Vehicles P'000	Furniture Office Equipment P'000	Sub Total P'000	Intangibles P'000	Total P'000
Period ended 31 July 2022							
Opening net book amount	**10 865**	**22 475**	**19 387**	**24 280**	**77 007**	**5 853**	**82 860**
Exchange movement on translation of foreign subsidiaries	65	132	61	84	342	-	342
Additions	-	-	10 484	14 654	25 138		25 138
Disposals at cost	-	-	(10 616)	(515)	(11 131)	-	(11 131)
Depreciation on disposals	-	-	9 958	503	10 461	-	10 461
Depreciation and amortisation charge	-	(781)	(9 044)	(15 979)	(25 804)	(1 346)	(27 150)
Net book amount	**10 930**	**21 826**	**20 230**	**23 027**	**76 013**	**4 507**	**80 520**
AT 31 July 2022							
Cost	10 930	30 391	64 960	126 391	232 672	21 269	253 941
Accumulated depreciation	-	(8 565)	(44 730)	(103 364)	(156 659)	(16 762)	(173 421)
Net book amount	**10 930**	**21 826**	**20 230**	**23 027**	**76 013**	**4 507**	**80 520**
Period ended 31 July 2021							
Opening net book amount	**8 917**	**21 963**	**18 354**	**28 618**	**77 852**	**3 372**	**81 224**
Exchange movement on translation of foreign subsidiaries	1 948	1 267	940	4 859	9 014	-	9 014
Additions	-	-	8 552	13 549	22 101	4 329	26 430
Disposals at cost	-	-	(4 664)	(9 331)	(13 995)	-	(13 995)
Depreciation on disposals	-	-	4 022	5 433	9 455	-	9 455
Depreciation and amortisation charge	-	(755)	(7 817)	(18 848)	(27 420)	(1 848)	(29 268)
Net book amount	**10 865**	**22 475**	**19 387**	**24 280**	**77 007**	**5 853**	**82 860**
AT 31 July 2021							
Cost	10 865	30 209	64 891	111 930	217 895	21 269	239 164
Accumulated depreciation	-	(7 734)	(45 504)	(87 650)	(140 888)	(15 416)	(156 304)
Net book amount	**10 865**	**22 475**	**19 387**	**24 280**	**77 007**	**5 853**	**82 860**

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 R 40 000 000.

NOTES TO THE FINANCIAL STATEMENTS
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8. Property, plant and equipment and intangibles (continued)

COMPANY

	Motor Vehicles P'000	Furniture and Office Equipment P'000	Sub Total P'000	Intangibles P'000	Total P'000
Period ended 31 July 2022					
Opening net book amount	**844**	**56**	**900**	**5 853**	**6 753**
Additions	249	63	312	-	312
Disposals at cost	(682)	-	(682)	-	(682)
Depreciation on disposals	502	-	502	-	502
Depreciation and amortisation charge	(156)	(23)	(179)	(1 346)	(1 525)
Net book amount	**757**	**96**	**853**	**4 507**	**5 360**
At 31 July 2022					
Cost	1 514	2 079	3 593	21 269	24 862
Accumulated depreciation	(757)	(1 983)	(2 740)	(16 762)	(19 502)
Net book amount	**757**	**96**	**853**	**4 507**	**5 360**
Period ended 31 July 2021					
Opening net book amount	**925**	**53**	**978**	**3 372**	**4 350**
Additions	214	30	244	4 329	4 573
Disposals at cost	(458)	-	(458)	-	(458)
Depreciation on disposals	328	-	328	-	328
Depreciation and amortisation charge	(165)	(27)	(192)	(1 848)	(2 040)
Net book amount	**844**	**56**	**900**	**5 853**	**6 753**
At 31 July 2021					
Cost	1 947	2 016	3 963	21 269	25 232
Accumulated depreciation	(1 103)	(1 960)	(3 063)	(15 416)	(18 479)
Net book amount	**844**	**56**	**900**	**5 853**	**6 753**

8.1 Right of use assets

	GROUP	
Cost	**2022 P'000**	**2021 P'000**
Balance as at 1 August	**679 533**	**615 942**
Additions during the year	35 878	32 630
Modifications during the year	(17 180)	-
Forex translation	2 070	30 961
Cost at 31 July	**700 301**	**679 533**
Accumulated depreciation		
Balance at 1 August	**(168 858)**	**(79 268)**
Charge for the year	(84 849)	(84 251)
Modification during the year	2 843	-
Forex translation	(711)	(5 339)
Balance at 31 July	**(251 575)**	**(168 858)**
Net book value at 31 July	**448 726**	**510 675**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

		GROUP	
		2022 P'000	2021 P'000
8.2	**Capital work in progress**		
	Period ended 31 July	-	3 040
	Exchange movement on translation of foreign subsidiaries	-	-
	Additions	-	-
	Transferred to PPE	-	(3 040)
	Closing balance	**-**	**-**

		GROUP		COMPANY	
		2022	2021	2022	2021
9.	**Deferred income tax**	**P'000**	**P'000**	**P'000**	**P'000**
	Deferred income tax assets	**26 751**	**16 902**	**-**	**-**
	Deferred income tax liabilities	**741**	**143**	**741**	**143**
	The movement on the **deferred tax asset** account is as follows:				
	Balance at the beginning of the year	**16 902**	**22 725**	**-**	**5 908**
	Statement of Comprehensive Income credit/ (charge) (note 5)	9 788	(6 137)	-	(5 908)
	Exchange movement on translation of foreign subsidiaries	61	314	-	-
	Balance at the end of year	**26 751**	**16 902**	**-**	**-**
	The movement on the **deferred tax liability** account is as follows:				
	Balance at the beginning of the year	**143**	**1 273**	**143**	**-**
	Statement of Comprehensive Income charge/ (credit) (note 5)	598	(1 263)	598	143
	Exchange movement on translation of foreign subsidiaries	-	133	-	-
	Balance at the end of year	**741**	**143**	**741**	**143**
	The deferred income tax asset arises from the following:				
	Accelerated tax depreciation	4 339	302	-	-
	Accelerated tax depreciation - Right of use assets	(96 890)	(102 446)	-	-
	Lease liabilities	123 307	121 514	-	-
	Deferred tax on tax losses	-	3 650	-	-
	Lease and other adjustments	(4 005)	(6 118)	-	-
		26 751	**16 902**	**-**	**-**

This **deferred tax asset** is expected to be recovered when it crystalises.

	GROUP 2022	GROUP 2021	COMPANY 2022	COMPANY 2021
The deferred income tax liability arises from the following:				
Accelerated tax depreciation	143	707	143	707
Lease and other adjustments	598	(564)	598	(564)
	741	**143**	**741**	**143**

This **deferred tax liability** is expected to be settled when it crystalises.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

10. Investment

	GROUP 2022 P'000	GROUP 2021 P'000
10.1 Investment in associate	**91**	**101**

Investment in associate includes equity investments of P25 (2021: P25) shares in United Impex Pty Ltd

	2022 P'000	2021 P'000
The movement during the year comprises:		
Balance at beginning of the year	101	121
Share of loss for the year	(10)	(20)
Balance at the end of year	**91**	**101**

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 2022 P'000	As at 31 July 2021 P'000
Assets		
Cash and cash equivalents	130	131
Other assets	324	434
	454	**565**
Liabilities		
Trade and other payables	(90)	(164)
Net assets	**364**	**401**
Loss before tax	(39)	(52)
Total comprehensive loss	**(39)**	**(52)**

	COMPANY 2022 P'000	COMPANY 2021 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
Investment in Furnmart (Pty) Ltd, South Africa (Debt)	30 411	30 230
Investment in Xtreme Discounters (Pty) Ltd, South Africa (Debt)	115 394	114 705
Total investment in subsidiaries	**344 409**	**343 539**

The investment in subsidiaries includes equity investment in Furniture Mart Pty Ltd, Botswana of P2 (2021: P2) shares and Furnmart (Pty) Ltd, South Africa of R 100 (2021: R100) shares.

The movement during the year comprises:

	2022 P'000	2021 P'000
Balance at the beginning of the year	**343 539**	**329 770**
Exchange profit arising from loans considered as part of investment	870	13 769
Total investment	**344 409**	**343 539**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

10.2 Investment in subsidiaries (continued)

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.

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

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

11. Cell captive assets

	GROUP	
	2022	**2021**
	P'000	**P'000**
Investment in cell captive assets	**31 978**	**29 092**

The movement is analysed as follows:

Balance at beginning of the year	**29 092**	**47 323**
Net income earned by Group (note 3)	35 407	32 809
Premium charges deposited - net of claims and costs	(32 521)	(51 040)
Balance at end of the year	**31 978**	**29 092**

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 some cell captive arrangements, which are unconsolidated structured entities. These are not consolidated as part of the Group as the relevant assets of the cell captive 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.

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.

The cell captive in Namibia does not have any recapitalization obligations and the maximum loss exposure of the Group is restricted to the carrying amount of the investment. In South Africa, the Group is obligated to recapitalise the cell captive 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 cell captive in South Africa and based on available cash reserves, 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 cell captive assets approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS
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		GROUP	
12.	**Inventories**	**2022 P'000**	**2021 P'000**
	Merchandise	**272 576**	**253 383**

Inventories exclude value of obsolescence amounting to P 10.1m (2021: P8.2m) for the stock carried at net realisable value less costs to sell and complete. The value written – off to bring inventory to its net realisable value (NRV) amount to P 1.9m (2021: P2.1m). The write-off is included in costs of sales. Inventories with a value of P 50.0m (2021: P50.0m) are held as collateral for borrowings as set out in note 17(d).

13. Trade receivables

	2022 P'000	2021 P'000
Trade receivables – gross	961 595	893 243
Unearned finance and other charges	(212 316)	(192 132)
	749 279	**701 111**
Amounts expected credit loss on originated trade receivables	(213 634)	(213 083)
Carrying amount approximate their fair values	**535 645**	**488 028**
Expected credit loss on originated trade receivables		
Opening balance	213 083	266 954
Write-offs during the period (Gross)	(42 039)	(45 719)
Increase/(Decrease) in receivable loss allowance recognised during the period(note3)	34 514	(33 028)
Exchange movement on translation of foreign subsidiaries	8 076	17 968
Unwinding of discount on the ECL of stage 3 balances	-	6 908
Closing balance at 31 July	**213 634**	**213 083**
Unearned finance and other charges		
Opening balance	192 132	201 212
Additions during the year	383 890	357 640
Effective interest income earned during the year (note 2)	(176 045)	(176 382)
Ancillary services income earned during the year (note 2)	(187 661)	(190 338)
Closing balance	**212 316**	**192 132**

		GROUP		COMPANY	
		2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
14.	**Other receivables**				
	Staff loans	235	253	-	-
	Advances and prepayments	4 331	3 706	-	18
	Indirect taxes paid in advance	8 804	2 181	-	-
	Sundry receivables	19 924	16 557	552	-
	Related companies (note 22(ii)) *	62 909	58 283	438 758	518 297
	The carrying amount approximate their fair values	**96 203**	**80 980**	**439 310**	**518 315**

* Related companies (Company) include Impairment Cost – other receivables of P 3.2 million in 2022 (2021: nil)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

		GROUP		COMPANY	
		2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
15.	**Cash and cash equivalents**				
	Bank balances	74 178	164 024	1 520	24 152
	Cash in hand	34	33	-	-
	Cash and bank balances	**74 212**	**164 057**	**1 520**	**24 152**
	For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:				
	Bank overdraft	(29 526)	(25 807)	(602)	-
	Cash and bank balances	74 212	164 057	1 520	24 152
	Net cash and cash equivalents approximate their fair values	**44 686**	**138 250**	**918**	**24 152**
16.	**Share capital**				
	Authorised and issued 501 222 174 (2021: 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	29 526	25 807	602	-
	Bank loan	5 428	6 924	-	-
		34 954	**32 731**	**602**	**-**
	Non-current				
	Bank loan	10 726	15 718	-	-
	Bond	150 000	150 000	150 000	150 000
		160 726	**165 718**	**150 000**	**150 000**
	Total Borrowings	**195 680**	**198 449**	**150 602**	**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**

The amortised cost of borrowings approximates their fair value.

Furnmart Limited, on 18 October 2013 issued the second tranche of P150m 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.

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17. Borrowings (continued)

The Group's banking facilities are as follows:

(a) Short term facility of N$ 57 m to finance working capital requirements with First National Bank of Namibia Limited at Namibian prime rate (currently 8.5% per annum). This facility is secured by cession of book debts and suretyship in the amount of N$60m from Furnmart Limited, Botswana. The outstanding balance as at 31 July 2022 is N$23 m (2021: N$ 34.2 m).
(b) Performance guarantee facility amounting to P15 m, Foreign exchange contract facility amounting to P 0.8 m and facility for Credit Card amounting to P 0.2 m with Rand Merchant Bank of Botswana secured by limited cession of book debts and suretyship of P 15 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 P30.0m at Botswana prime rate (currently at 6.26% per annum) less 1%. The outstanding balance as at 31 July 2022 is P11.98 m (2021: P nil).
(d) Payment guarantee facility amounting to R 20 m and USD 0.1m. These facilities are secured by stock of P 50 m and limited cession of book debts of P 60 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 USD 0.3 m with Absa Bank of Botswana Limited. The outstanding balance as at 31 July 2022 is P nil (2021: P nil)
(f) General banking facility by way of overdraft and/or letters of credit and/or forward exchange contract facility amounting to R6 m at Nedbank Limited at South Africa prime rate (currently 9% per annum). This facility is for Furnmart (Pty) Ltd. This is secured by a general notarial bond over stock limited to the facility of R 6 m, limited suretyship and mortgage bond over property at Erf13 Meadowdale, Gauteng Province, RSA. The outstanding balance as at 31 July 2022 is nil (2021: nil).
(g) The term loan facility of R10 m from Nedbank (for Xtreme Discounters Pty Limited, South Africa) has been settled. The outstanding balance as at Jul 22 is Nil (2021: R 1.60 m)
(h) Term loan facility of R 30.0 m from First Capital Bank, Botswana to Xtreme Discounters (Pty) Ltd at South African prime rate (currently 9% 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 of R151.8 m limited to R60 m. Moratorium on principal payments for the first twelve months, thereafter principal and interest to be served till the loan is fully serviced. The outstanding balance as at 31 July 2022 is R 21.51 m (2021: R 27.98 m)

	GROUP		COMPANY	
	2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
18. Trade and other payables				
Trade payables	80 185	50 801	-	-
Related companies (note 22(iii))	242	204	-	6
Other payables	45 952	40 020	-	6 644
Dividend	-	110 944	-	110 944
Advance receipts	11 034	4 029	4 882	-
The carrying amount approximate their fair values.	**137 413**	**205 998**	**4 882**	**117 594**
19. Accruals				
Opening balance	14 036	11 806	2 400	1 837
Charge for the year (note 3)	2 419	4 931	1 049	1 353
Paid during the year	(1 502)	(2 701)	(1 249)	(790)
Closing balance	**14 953**	**14 036**	**2 200**	**2 400**

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

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20. Lease liabilities (GROUP)

	Carrying Amount P '000	Addition P '000	Deletion/ Modification P '000	Interest Expense P '000	Cash Payment P '000	Forex translation P '000	Carrying Amount P'000
2022							
Lease liabilities	603 347	35 878	(17 002)	40 815	(99 696)	1 781	565 123
2021							
Lease liabilities	591 992	32 630	-	43 714	(94 219)	29 230	603 347

	2022 P'000	2021 P'000
The following are the amounts recognised in the profit or loss:		
Depreciation expense of right of use asset (note 3)	84 849	84 251
Interest expense on lease liabilities (note 4)	40 815	43 714
Expenses relating to short term leases (note 3)	9 983	10 367

	2022 P'000	2021 P'000
Total cash outflows for leases		
Lease liabilities	99 696	94 219
Short term leases	9 983	10 367
	109 679	**104 586**

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. Refer to the ageing of future lease payments as at 31 July 2022:

	2022 P'000	2021 P'000
Within one year	111 491	100 956
After one year but not more than five years	346 597	404 717
More than five years	107 035	97 674
Total	**565 123**	**603 347**

21. Cash generated / (utilised inform operations

	GROUP		COMPANY	
	2022 P'000	2021 P'000	2022 P'000	2021 P'000
Operating profit	**133 796**	**263 567**	**40 849**	**576 233**
Adjustment for:				
Non-cash items - exchange gains on translation	(870)	(13 499)	(870)	(13 770)
Dividend received (note 2)	-	-	-	(512 531)
Depreciation and amortisation (note 8)	27 150	29 268	1 525	2 040
Right of use asset depreciation (note 8.1)	84 849	84 251	-	-
(Profit)/loss on sale of property, plant and equipment (note 3)	(1 125)	(567)	(168)	27
Cash inflow before working capital changes	**243 800**	**363 020**	**41 336**	**51 999**
Changes in working capital				
- trade receivables, other receivables and prepayments	(59 957)	(91 103)	-	3
- related party receivables	(4 626)	(2 696)	79 005	(274 050)
- inventories	(20 082)	(78 511)	-	-
- trade and other payables and accruals (excluding dividend)	45 541	15 910	(1 968)	(82 361)
Cash generated from/ (utilised in) operations	**204 676**	**206 620**	**118 373**	**(304 409)**

NOTES TO THE FINANCIAL STATEMENTS
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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.

	GROUP		COMPANY	
	2022 P'000	**2021 P'000**	**2022 P'000**	**2021 P'000**
The following transactions were carried out with related parties:				
(i) Trade of goods and services				
- Interest paid (on lease liabilities) to related parties (NAP Ltd)	11 408	12 674	-	-
- Transport charges paid to Panda Plant Pty Ltd, Botswana	3 770	2 851	-	-
- Fees paid to Cash Bazaar Holdings Pty Ltd for managerial services rendered by directors and other senior staff #	5 780	5 235	5 780	5 235
Service fees received from (note 3)				
- Cash Bazaar Holdings Pty Ltd, Botswana	253	253	253	253
- Afritec Pty Ltd, Botswana	3 922	2 953	1 215	292
Total service fees received	**4 175**	**3 206**	**1 468**	**545**
Administration fees (note 2)				
- Xtreme Discounters (Pty) Ltd, South Africa	-	-	7 257	6 724
- Furn Mart (Pty) Ltd, Namibia	-	-	8 346	8 127
- Furniture Mart Pty Ltd, Botswana	-	-	14 971	15 131
Total administration fees received	**-**	**-**	**30 574**	**29 982**

Some of the Group's directors and executives are employed as executives of Cash Bazaar Holdings Pty Ltd, and perform managerial and oversight duties at various entities throughout the Furnmart Group of companies, for which Cash Bazaar Holdings Pty Ltd charges the company based on an agreed formula. Cash Bazaar Holdings Pty Ltd, Afritec Pty Ltd, Nafprop Pty Ltd, New African Properties Ltd, Panda Plant Pty Ltd and Sandton Indaba (Pty) Ltd share common directors with Furnmart Limited.

	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
(ii) Receivables from related parties (note 14)				
Afritec Pty Ltd	2 774	1 193	2 774	1 193
Xtreme Discounters (Pty) Ltd, South Africa	-	-	58 714	90 811
Furn Mart (Pty) Ltd, Namibia	-	-	109 870	96 867
Furnmart (Pty) Ltd, South Africa	-	-	2 689	44 569
Nafprop Pty Limited, Botswana	-	64	-	64
Cash Bazaar Holdings Pty Ltd, Botswana	59 968	56 875	59 968	56 875
Furniture Mart Pty Ltd, Botswana #	-	-	204 743	227 918
Starting Right Investments Two Two Zero (Pty) Ltd, Namibia	167	151	-	-
	62 909	**58 283**	**438 758**	**518 297**

The impairment of intra-group receivables of P 3.20 m (as per Note 3 and 14) is included in the balance for the year 2022. (2021: nil)

	GROUP 2022 P'000	GROUP 2021 P'000	COMPANY 2022 P'000	COMPANY 2021 P'000
(iii) Payable to related parties (note 18)				
Cash Bazaar Pty Ltd, Botswana	-	6	-	6
Panda Plant Pty Ltd, Botswana	242	198	-	-
	242	**204**	**-**	**6**
(iv) Lease liability payable to related parties (NAP Ltd)	**196 788**	**215 642**	**-**	**-**
(v) Interest income (note 2)				
Furn Mart (Pty) Ltd, Namibia (@ 18% per annum on monthly balance)	-	-	13 541	11 711
Xtreme Discounters (Pty) Ltd, South Africa (@ SA prime +5% per annum on the loan balance)	-	-	14 366	13 362
Furnmart (Pty) Ltd, South Africa (@ SA prime +1.25% per annum on the loan balance)	-	-	2 648	2 414
Furniture Mart Pty Ltd, Botswana	-	-	7 106	787
- Short term loan/intercompany balances are unsecured and payable on demand and attract interest at prime rate, less 2%.				
	-	**-**	**37 661**	**28 274**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

22.	**Related party transactions and balances (continued)**	**GROUP**		**COMPANY**	
		2022	**2021**	**2022**	**2021**
		P'000	**P'000**	**P'000**	**P'000**
(vi)	**Dividend income - gross (note 2)**				
	Furniture Mart Pty Ltd, Botswana	-	-	-	417 000
	Furn Mart Pty Ltd, Namibia	-	-	-	95 531
		-	**-**	**-**	**512 531**
(vii)	**Interest receivable from related parties (included in total receivables)**				
	Furn Mart (Pty) Ltd, Namibia	-	-	34 931	30 397
	Xtreme Discounters (Pty) Ltd, South Africa	-	-	46 272	45 648
	Furnmart (Pty) Ltd, South Africa	-	-	3 081	5 820
		-	**-**	**84 284**	**81 865**
(viii)	**Interest expense (note 4)**				
	Furniture Mart Pty Ltd, Botswana				
	(BW prime -2% per annum on the average loan balance)	-	-	-	2 244
		-	**-**	**-**	**2 244**
(ix)	**Other interest income (note 4)**				
	Cash Bazaar Holdings Pty Ltd, Botswana				
	(@ BW prime +1% per annum on the loan balance)	3 773	3 450	3 773	3 450
	Starting Right Two Two Zero (Pty) Ltd, Namibia				
	(@ Namibia prime +1.5%)	15	-	-	-
	The Sandton Indaba (Pty) Ltd, South Africa				
	(@ SA prime +1.75% per annum on the loan balance)	-	162	-	-
		3 788	**3 612**	**3 773**	**3 450**

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, SA & Furnmart (Pty) Limited, SA:
   - Long term debt with no fixed repayment term.
3. The Sandton Indaba (Pty) Ltd, South Africa
   - Short term loan payable on demand.
4. Starting Right Investments Two Two Zero (Pty) Ltd, Namibia
   - Short term loan payable on demand
5. Trade receivable from Afritec Pty Limited and Nafprop Pty Limited are trade balances payable within 30 days

		GROUP		**COMPANY**	
		2022	**2021**	**2022**	**2021**
		P'000	**P'000**	**P'000**	**P'000**
23.	**Capital and loan commitments**				
	Capital expenditure authorised but not contracted for	37 389	36 661	761	631
	Financing commitments to customers	2 362	2 839	-	-

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 2022: P 1.03m (2021: P5.53m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2022

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	P'000	**P'000**	**P'000**	**P'000**
25. Income tax paid				
Balance brought forward (net)	6 279	8 016	530	(2 047)
Charge for the year (note 5)	26 805	37 310	7 447	3 258
Balance carried forward (net)	(4 943)	(6 279)	(842)	(530)
Net income tax paid	**28 141**	**39 047**	**7 135**	**681**

26. Going Concern

The Directors are of the view that the company remains a going concern 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's ability to continue operating as a going concern.

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the company for the year ended 31 July 2022 will be held in the Board Room, Furnmart Limited, Plot 20573/4 Magochanyama Road, Gaborone at 15.00 hrs on 25 January 2023, 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 2022.

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) J T Mynhardt
   ii) L G Waldeck
   iii) E Odendaal

   Biographical information of the directors to be re-elected is set out on pages 6A of the 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 2022 (page 5).

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 42).

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

28 October 2022

PROXY FORM

I/We____

Of____

Being the registered holder/s of__________________________________ ordinary shares in the Company, at the close of business on Friday, 20th January 2023, 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 Wednesday, 25 January 2023, 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 2022			
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 J T Mynhardt			
	ii L G Waldeck			
	iii E Odendaal			
4	To consider and ratify the directors' remuneration for the year ended 31 July 2022 (page 5).			
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 42).			

PROXY FORM

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 initialled. Any alteration or correction made on this form must be signed, not initialled, 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.