RSM IFRS Listed Practical Limited

Company Number 01234567

Annual Report - 31 December 2024

IAS1(51)(a)

RSM IFRS Listed Practical Limited

Company Number 01234567

Annual Report - 31 December 2024

General information

The financial statements cover RSM IFRS Listed Practical Limited as a consolidated entity consisting of RSM IFRS Listed Practical Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Internationaland currency units, which is RSM IFRS Listed Practical Limited's functional and presentation currency.

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

Registered office

10th Floor
Universal Administration Building
12 Highland Street
Cityville

Principal place of business

5th Floor
RSM Business Centre
247 Edward Street
Cityville

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Computer manufacturing
- Computer retailing
- Computer distribution

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2025. The directors have the power to amend and reissue the financial statements.

RSM IFRS Listed Practical Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

RSM

	Note	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Revenue	4	466,748	435,341
Share of profits of associates accounted for using the equity method	5	3,211	2,661
Other income	6	692	1,692
Interest revenue calculated using the effective interest method		1,087	543
Net gain on derecognition of financial assets at amortised cost		50	-
Expenses			
Changes in inventories		(3,523)	(782)
Raw materials and consumables used		(127,025)	(121,050)
Employee benefits expense		(225,150)	(218,728)
Depreciation and amortisation expense	7	(52,276)	(52,411)
Impairment of goodwill	7	(500)	-
Impairment of receivables		(491)	(432)
Net fair value loss on investment properties	7	(600)	-
Other expenses		(4,513)	(4,252)
Finance costs	7	(18,930)	(21,092)
Profit before income tax expense		38,780	21,490
Income tax expense	8	(10,875)	(5,741)
Profit after income tax expense for the year		27,905	15,749
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	1,400
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		35	-
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		-	(2)
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(7)	(18)
Foreign currency translation		(257)	(218)
Other comprehensive income for the year, net of tax		(232)	1,155
Total comprehensive income for the year		27,673	16,904
Profit for the year is attributable to:			
Non-controlling interest		142	229
Owners of RSM IFRS Listed Practical Limited	42	27,763	15,520
		27,905	15,749
Total comprehensive income for the year is attributable to:			
Non-controlling interest		142	369
Owners of RSM IFRS Listed Practical Limited		27,531	16,535
		27,673	16,904

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

		Cents	Cents
Basic earnings per share	59	18.90	11.01
Diluted earnings per share	59	18.90	11.01

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

	Note	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Assets			
Current assets			
Cash and cash equivalents	9	26,136	5,524
Trade and other receivables	10	13,349	12,354
Contract assets	11	2,617	2,144
Inventories	12	39,525	43,048
Financial assets at fair value through profit or loss	13	360	-
Other	14	3,935	3,444
		85,922	66,514
Non-current assets classified as held for sale	15	6,000	-
Total current assets		91,922	66,514
Non-current assets			
Receivables	16	145	145
Investments accounted for using the equity method	17	34,192	30,981
Financial assets at fair value through other comprehensive income	18	170	-
Investment properties	19	46,900	47,500
Property, plant and equipment	20	117,139	128,883
Right-of-use assets	21	305,485	332,116
Intangibles	22	12,170	11,616
Deferred tax	23	15,574	12,561
Other	24	2,308	2,405
Total non-current assets		534,083	566,207
Total assets		626,005	632,721
Liabilities			
Current liabilities			
Trade and other payables	25	20,004	17,306
Contract liabilities	26	2,269	2,135
Borrowings	27	4,500	3,273
Lease liabilities	28	22,072	20,905
Derivative financial instruments	29	122	107
Income tax	30	6,701	2,351
Employee benefits	31	8,352	8,143
Provisions	32	3,494	2,837
Other	33	2,130	1,869
		69,644	58,926
Liabilities directly associated with assets classified as held for sale	34	4,000	-
Total current liabilities		73,644	58,926
Non-current liabilities			
Borrowings	35	19,000	19,000
Lease liabilities	36	301,714	322,745
Deferred tax	37	4,665	4,333
Employee benefits	38	11,149	10,854
Provisions	39	1,475	1,070
Total non-current liabilities		338,003	358,002
Total liabilities		411,647	416,928
Net assets		214,358	215,793

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

	Note	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Equity			
Issued capital	40	182,953	182,678
Reserves	41	3,276	3,508
Retained profits	42	10,766	12,386
Equity attributable to the owners of RSM IFRS Listed Practical Limited		196,995	198,572
Non-controlling interest	43	17,363	17,221
Total equity		214,358	215,793

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

RSM IFRS Listed Practical Limited
Statement of changes in equity
For the year ended 31 December 2024

Consolidated	Issued capital CU'000	Reserves CU'000	Retained profits CU'000	Non-controlling interest CU'000	Total equity CU'000
Balance at 1 January 2023	104,922	2,493	14,482	16,852	138,749
Profit after income tax expense for the year	-	-	15,520	229	15,749
Other comprehensive income for the year, net of tax	-	1,015	-	140	1,155
Total comprehensive income for the year	-	1,015	15,520	369	16,904
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 40)	77,756	-	-	-	77,756
Dividends paid (note 44)	-	-	(17,616)	-	(17,616)
Balance at 31 December 2023	182,678	3,508	12,386	17,221	215,793

Consolidated	Issued capital CU'000	Reserves CU'000	Retained profits CU'000	Non-controlling interest CU'000	Total equity CU'000
Balance at 1 January 2024	182,678	3,508	12,386	17,221	215,793
Profit after income tax expense for the year	-	-	27,763	142	27,905
Other comprehensive income for the year, net of tax	-	(232)	-	-	(232)
Total comprehensive income for the year	-	(232)	27,763	142	27,673
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 40)	25	-	-	-	25
Share-based payments (note 60)	250	-	-	-	250
Dividends paid (note 44)	-	-	(29,383)	-	(29,383)
Balance at 31 December 2024	182,953	3,276	10,766	17,363	214,358

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

	Note	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Cash flows from operating activities			
Receipts from customers		508,040	474,832
Payments to suppliers and employees		(401,934)	(390,936)
		106,106	83,896
Interest received		1,084	540
Other revenue		3,964	3,358
Interest and other finance costs paid		(18,845)	(21,030)
Income taxes paid		(9,142)	(8,461)
Net cash from operating activities		83,167	58,303
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	52	(8,072)	(155)
Payments for investments		(510)	-
Payments for property, plant and equipment		(6,215)	(3,048)
Proceeds from sale of investments		80	-
Proceeds from sale of property, plant and equipment		1,511	250
Proceeds from release of security deposits		155	-
Net cash used in investing activities		(13,051)	(2,953)
Cash flows from financing activities			
Proceeds from issue of shares		25	78,750
Proceeds from borrowings		12,000	-
Share issue transaction costs		-	(1,420)
Dividends paid	44	(29,383)	(17,616)
Repayment of borrowings		(5,500)	(94,000)
Repayment of lease liabilities		(25,385)	(21,555)
Net cash used in financing activities		(48,243)	(55,841)
Net increase/(decrease) in cash and cash equivalents		21,873	(491)
Cash and cash equivalents at the beginning of the financial year		4,251	4,734
Effects of exchange rate changes on cash and cash equivalents		12	8
Cash and cash equivalents at the end of the financial year	9	26,136	4,251

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

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

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RSM IFRS Listed Practical Limited ('company' or 'parent entity') as at 31 December 2024 and the results of all subsidiaries for the year then ended. RSM IFRS Listed Practical Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Material accounting policy information (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Internationaland currency units, which is RSM IFRS Listed Practical Limited's functional and presentation currency.

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

Foreign operations
The assets and liabilities of foreign operations are translated into Internationaland currency units using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Internationaland currency units using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

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

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

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

Investment properties

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

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

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

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

Property, plant and equipment

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

Note 1. Material accounting policy information (continued)

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

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

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

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

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

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

Right-of-use assets

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

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

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

Intangible assets

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

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

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

Note 1. Material accounting policy information (continued)

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

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

Employee benefits

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

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

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

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Material accounting policy information (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Note 1. Material accounting policy information (continued)

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

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of RSM IFRS Listed Practical Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

Note 1. Material accounting policy information (continued)

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

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

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

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

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

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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

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

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

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

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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

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

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

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

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

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

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

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

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

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into three operating segments based on differences in products and services provided: computer manufacturing, computer retailing and computer distribution. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Other segments represent the investment property holdings and rental income of the consolidated entity.

Note 3. Operating segments (continued)

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Computer manufacturing	the manufacture and wholesaling of computers and components in Internationaland
Computer retailing	the retailing of computers and components predominately in Internationaland
Computer distribution	the freight and cartage of computers and components to customers in Internationaland

Intersegment transactions

Intersegment transactions were made at market rates. The computer retailing operating segment purchases finished goods from the computer manufacturing operating segment and pays for freight costs to the computer distribution operating segment. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 31 December 2024 approximately CU69,400,000 (2023: CU77,800,000) of the consolidated entity's external revenue was derived from sales to a major Internationaland retailer through the computer retailing and computer distribution operating segments.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2024	Computer manufacturing CU'000	Computer retailing CU'000	Computer distribution CU'000	Other segments CU'000	Total CU'000
Revenue					
Sales to external customers	26,465	432,893	3,696	-	463,054
Intersegment sales	200,017	-	8,905	-	208,922
Total sales revenue	226,482	432,893	12,601	-	671,976
Other revenue	-	-	-	3,694	3,694
Total segment revenue	226,482	432,893	12,601	3,694	675,670
Intersegment eliminations					(208,922)
Unallocated revenue:					
Interest revenue					1,087
Total revenue					467,835
EBITDA	13,181	91,985	3,609	124	108,899
Depreciation and amortisation					(52,276)
Interest revenue					1,087
Finance costs					(18,930)
Profit before income tax expense					38,780
Income tax expense					(10,875)
Profit after income tax expense					27,905
Material items include:					
Share of profits of associates	3,211	-	-	-	3,211
Write off of inventories	(212)	(326)	-	-	(538)
Net fair value loss on investment properties	-	-	-	(600)	(600)
Assets					
Segment assets	156,907	421,190	21,405	-	599,502
Intersegment eliminations					(16,652)
Unallocated assets:					
Cash and cash equivalents					18,551
Ordinary shares					530
Land and buildings					8,500
Deferred tax asset					15,574
Total assets					626,005
Total assets includes:					
Investments in associates	34,192	-	-	-	34,192
Acquisition of non-current assets	365	5,027	9,091	-	14,483
Liabilities					
Segment liabilities	41,390	359,682	6,861	-	407,933
Intersegment eliminations					(16,652)
Unallocated liabilities:					
Provision for income tax					6,701
Bank loans					9,000
Deferred tax liability					4,665
Total liabilities					411,647

Note 3. Operating segments (continued)

Consolidated - 2023	Computer manufacturing CU'000	Computer retailing CU'000	Computer distribution CU'000	Other segments CU'000	Total CU'000
Revenue					
Sales to external customers	24,339	403,776	3,868	-	431,983
Intersegment sales	191,423	-	2,808	-	194,231
Total sales revenue	215,762	403,776	6,676	-	626,214
Other revenue	-	-	-	3,358	3,358
Total segment revenue	215,762	403,776	6,676	3,358	629,572
Intersegment eliminations					(194,231)
Unallocated revenue:					
Interest revenue					543
Total revenue					435,884
EBITDA	11,835	79,356	1,232	2,027	94,450
Depreciation and amortisation					(52,411)
Interest revenue					543
Finance costs					(21,092)
Profit before income tax expense					21,490
Income tax expense					(5,741)
Profit after income tax expense					15,749
Material items include:					
Share of profits of associates	2,661	-	-	-	2,661
Write off of inventories	(45)	(67)	-	-	(112)
Assets					
Segment assets	169,272	450,244	8,539	-	628,055
Intersegment eliminations					(17,255)
Unallocated assets:					
Cash and cash equivalents					860
Land and buildings					8,500
Deferred tax asset					12,561
Total assets					632,721
Total assets includes:					
Investments in associates	30,981	-	-	-	30,981
Acquisition of non-current assets	230	4,436	716	-	5,382
Liabilities					
Segment liabilities	38,899	377,913	1,687	-	418,499
Intersegment eliminations					(17,255)
Unallocated liabilities:					
Provision for income tax					2,351
Bank loans					9,000
Deferred tax liability					4,333
Total liabilities					416,928

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2024 CU'000	2023 CU'000	2024 CU'000	2023 CU'000
Internationaland	424,034	399,416	179,882	192,376
Neighbourland	39,020	32,567	441	754
	463,054	431,983	180,323	193,130

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

	Consolidated	
	2024 CU'000	2023 CU'000
Revenue from contracts with customers		
Sale of goods	459,358	428,115
Rendering of services	3,696	3,868
	463,054	431,983
Other revenue		
Rent from investment properties	3,623	3,310
Other revenue	71	48
	3,694	3,358
Revenue	466,748	435,341

Note 4. Revenue (continued)

Disaggregation of revenue

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

Consolidated - 2024	Computer manufacturing CU'000	Computer retailing CU'000	Computer distribution CU'000	Total CU'000
Major product lines				
Laptops	13,395	360,009	3,292	376,696
Desktops	4,214	47,226	404	51,844
Components	8,856	25,658	-	34,514
	26,465	432,893	3,696	463,054
Geographical regions				
Internationaland	22,938	383,312	3,696	409,946
Neighbourland	2,293	36,727	-	39,020
Rest of the World	1,234	12,854	-	14,088
	26,465	432,893	3,696	463,054
Timing of revenue recognition				
Goods transferred at a point in time	26,465	432,893	-	459,358
Services transferred over time	-	-	3,696	3,696
	26,465	432,893	3,696	463,054

Consolidated - 2023	Computer manufacturing CU'000	Computer retailing CU'000	Computer distribution CU'000	Total CU'000
Major product lines				
Laptops	12,114	328,816	3,355	344,285
Desktops	4,842	53,566	513	58,921
Components	7,383	21,394	-	28,777
	24,339	403,776	3,868	431,983
Geographical regions				
Internationaland	21,614	363,978	3,868	389,460
Neighbourland	1,911	30,656	-	32,567
Rest of the World	814	9,142	-	9,956
	24,339	403,776	3,868	431,983
Timing of revenue recognition				
Goods transferred at a point in time	24,339	403,776	-	428,115
Services transferred over time	-	-	3,868	3,868
	24,339	403,776	3,868	431,983

Note 5. Share of profits of associates accounted for using the equity method

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Share of profit - associates	3,211	2,661

Note 6. Other income

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Net fair value gain on investment properties	-	1,500
Net gain on disposal of property, plant and equipment	422	192
Insurance recoveries	270	-
Other income	692	1,692

Note 7. Expenses

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	284,451	277,984
Depreciation		
Leasehold improvements	5,281	5,721
Plant and equipment	12,199	13,414
Buildings right-of-use assets	13,582	13,582
Plant and equipment right-of-use assets	18,570	17,468
Total depreciation	49,632	50,185
Amortisation		
Development	321	321
Patents and trademarks	32	32
Customer contracts	229	-
Software	22	22
Customer acquisition costs	1,288	1,164
Customer fulfilment costs	752	687
Total amortisation	2,644	2,226
Total depreciation and amortisation	52,276	52,411
Impairment		
Goodwill	500	-

Note 7. Expenses (continued)

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Finance costs		
Interest and finance charges paid/payable on borrowings	1,799	3,021
Interest and finance charges paid/payable on lease liabilities	17,046	18,009
Unwinding of the discount on provisions	85	62
Finance costs expensed	18,930	21,092
Net foreign exchange loss		
Net foreign exchange loss	13	6
Net fair value loss		
Net fair value loss on investment properties	600	-
Cash flow hedge ineffectiveness		
Cash flow hedge ineffectiveness	4	2
Leases		
Variable lease payments	1,167	1,098
Short-term lease payments	102	127
Low-value assets lease payments	135	119
	1,404	1,344
Superannuation expense		
Defined contribution superannuation expense	18,089	17,629
Share-based payments expense		
Share-based payments expense	253	1
Research costs		
Research costs	124	107
Write off of assets		
Inventories	538	112
Expenses on investment properties		
Direct operating expenses from property that generated rental income	61	59
Direct operating expenses from property that did not generate rental income	8	3
Total expenses on investment properties	69	62

Note 8. Income tax expense

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Income tax expense		
Current tax	13,595	7,896
Deferred tax - origination and reversal of temporary differences	(2,617)	(2,155)
Adjustment recognised for prior periods	(103)	-
Aggregate income tax expense	10,875	5,741
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 23)	(2,559)	(3,745)
Increase/(decrease) in deferred tax liabilities (note 37)	(58)	1,590
Deferred tax - origination and reversal of temporary differences	(2,617)	(2,155)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	38,780	21,490
Tax at the statutory tax rate of 30%	11,634	6,447
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	33	41
Impairment of goodwill	150	-
Share-based payments	75	-
Share of profits - associates	(963)	(798)
Sundry items	49	51
	10,978	5,741
Adjustment recognised for prior periods	(103)	-
Income tax expense	10,875	5,741

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 23)	(5)	(437)
Deferred tax liabilities (note 37)	15	600
	10	163

Note 9. Current assets - cash and cash equivalents

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Cash on hand	123	107
Cash at bank	14,113	5,017
Cash on deposit	11,900	400
	26,136	5,524

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

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Balances as above	26,136	5,524
Bank overdraft (note 27)	-	(1,273)
Balance as per statement of cash flows	26,136	4,251

Note 10. Current assets - trade and other receivables

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Trade receivables	14,344	13,181
Less: Allowance for expected credit losses	(1,062)	(874)
	13,282	12,307
Other receivables	60	43
Interest receivable	7	4
	13,349	12,354

Allowance for expected credit losses
The consolidated entity has recognised a loss of CU491,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2024.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2024 %	2023 %	2024 CU'000	2023 CU'000	2024 CU'000	2023 CU'000
Not overdue	2%	1%	7,334	6,793	147	68
0 to 3 months overdue	7%	5%	5,128	3,951	359	198
3 to 6 months overdue	14%	10%	1,353	1,762	189	176
Over 6 months overdue	50%	50%	734	863	367	432
			14,549	13,369	1,062	874

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the current environment. As a result, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue.

Note 10. Current assets - trade and other receivables (continued)

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

	Consolidated	
	2024 CU'000	2023 CU'000
Opening balance	874	659
Additional provisions recognised	491	432
Receivables written off during the year as uncollectable	(287)	(209)
Unused amounts reversed	(16)	(8)
Closing balance	1,062	874

Note 11. Current assets - contract assets

	Consolidated	
	2024 CU'000	2023 CU'000
Contract assets	2,617	2,144

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

	2024	2023
Opening balance	2,144	2,511
Additions	5,687	4,788
Cumulative catch-up adjustments	1,531	1,374
Transfer to trade receivables	(6,745)	(6,529)
Closing balance	2,617	2,144

Note 12. Current assets - inventories

	Consolidated	
	2024 CU'000	2023 CU'000
Raw materials	6,817	6,081
Work in progress	16,040	17,434
Finished goods	16,464	19,346
Stock in transit	204	187
	39,525	43,048

Note 13. Current assets - financial assets at fair value through profit or loss

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Listed ordinary shares - designated at fair value through profit or loss	82	-
Listed ordinary shares - held for trading	278	-
	360	-

Reconciliation

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

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Opening fair value	-	-
Additions	310	-
Revaluation increments	50	-
Closing fair value	360	-

Refer to note 46 for further information on fair value measurement.

Note 14. Current assets - other

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Prepayments	1,110	903
Security deposits	65	35
Customer acquisition costs	1,417	1,274
Customer fulfilment costs	672	614
Right of return assets	671	618
	3,935	3,444

Note 15. Current assets - non-current assets classified as held for sale

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Land	6,000	-

The vacant land situated at 22 Smith Street, Cityville is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements. The land is not allocated to an operating segment.

Note 16. Non-current assets - receivables

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Other receivables	145	145

Note 16. Non-current assets - receivables (continued)

The other receivables are due to be repaid by 31 December 2027 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 17. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2024 CU'000	2023 CU'000
Investment in associate	34,192	30,981

Refer to note 54 for further information on interests in associates.

Note 18. Non-current assets - financial assets at fair value through other comprehensive income

	Consolidated	
	2024 CU'000	2023 CU'000
Unlisted ordinary shares	170	-

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

Opening fair value	-	-
Additions	200	-
Disposals	(80)	-
Revaluation increments	50	-
Closing fair value	170	-

Refer to note 46 for further information on fair value measurement.

Note 19. Non-current assets - investment properties

	Consolidated	
	2024 CU'000	2023 CU'000
Investment properties - at independent valuation	46,900	47,500

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

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

Refer to note 46 for further information on fair value measurement.

Note 19. Non-current assets - investment properties (continued)

Lessor commitments

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	34,306	37,886

Note 20. Non-current assets - property, plant and equipment

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Land and buildings - at independent valuation	52,500	58,500
Leasehold improvements - at cost	33,585	27,185
Less: Accumulated depreciation	(18,401)	(13,120)
	15,184	14,065
Plant and equipment - at cost	105,607	100,362
Less: Accumulated depreciation	(56,152)	(44,044)
	49,455	56,318
	117,139	128,883

Reconciliations

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

Consolidated	Land and buildings CU'000	Leasehold improvements CU'000	Plant and equipment CU'000	Total CU'000
Balance at 1 January 2023	56,500	17,478	69,050	143,028
Additions	-	2,308	740	3,048
Disposals	-	-	(58)	(58)
Revaluation increments	2,000	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(19,135)
Balance at 31 December 2023	58,500	14,065	56,318	128,883
Additions	-	6,400	365	6,765
Additions through business combinations (note 52)	-	-	6,060	6,060
Classified as held for sale (note 15)	(6,000)	-	-	(6,000)
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 31 December 2024	52,500	15,184	49,455	117,139

Note 20. Non-current assets - property, plant and equipment (continued)

Refer to note 46 for further information on fair value measurement.

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

	Consolidated	
	2024	2023
	CU'000	CU'000
Land and buildings - at cost	46,000	52,000
Less: Accumulated depreciation	(1,059)	(1,007)
	44,941	50,993

Note 21. Non-current assets - right-of-use assets

	Consolidated	
	2024	2023
	CU'000	CU'000
Land and buildings - right-of-use	271,636	271,636
Less: Accumulated depreciation	(37,350)	(23,768)
	234,286	247,868
Plant and equipment - right-of-use	126,363	120,842
Less: Accumulated depreciation	(55,164)	(36,594)
	71,199	84,248
	305,485	332,116

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

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

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

Note 22. Non-current assets - intangibles

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Goodwill	9,908	9,500
Less: Impairment	(500)	-
	9,408	9,500
Development - at cost	3,208	3,208
Less: Accumulated amortisation	(1,605)	(1,284)
	1,603	1,924
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	96	128
Customer contracts - at cost	1,250	-
Less: Accumulated amortisation	(229)	-
	1,021	-
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	42	64
	12,170	11,616

Reconciliations

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

Consolidated	Goodwill CU'000	Development CU'000	Patents and trademarks CU'000	Customer contracts CU'000	Software CU'000	Total CU'000
Balance at 1 January 2023	9,500	2,245	160	-	86	11,991
Amortisation expense	-	(321)	(32)	-	(22)	(375)
Balance at 31 December 2023	9,500	1,924	128	-	64	11,616
Additions through business combinations (note 52)	408	-	-	1,250	-	1,658
Impairment of assets	(500)	-	-	-	-	(500)
Amortisation expense	-	(321)	(32)	(229)	(22)	(604)
Balance at 31 December 2024	9,408	1,603	96	1,021	42	12,170

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Computer retailing	8,700	9,200
Computer distribution	708	300
	9,408	9,500

Note 22. Non-current assets - intangibles (continued)

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:
- 18% (2023: 18%) pre-tax discount rate;
- 2% (2023: 5%) per annum projected revenue growth rate;
- 5% (2023: 8%) per annum increase in operating costs and overheads.

The discount rate of 18% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the computer retailing division.

Based on the above, an impairment charge of CU500,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the computer retailing division.

The following key assumptions were used in the discounted cash flow model for the computer distribution division:
- 17% (2023: 18%) pre-tax discount rate;
- 5% (2023: 5%) per annum projected revenue growth rate.

The discount rate of 17% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer distribution division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

There were no other key assumptions for the computer distribution division.

Based on the above, the recoverable amount of the computer distribution division exceeded the carrying amount by CU1,250,000.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
- Revenue would need to decrease by more than 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of computer distribution division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the computer retailing division's goodwill.

Note 23. Non-current assets - deferred tax

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	296	247
Property, plant and equipment	411	-
Contract liabilities	681	641
Employee benefits	5,850	5,699
Leases	5,899	3,853
Provision for legal claims	18	-
Provision for lease make good	512	321
Provision for warranties	961	851
Accrued expenses	343	278
Refund liabilities	296	283
	15,267	12,173
Amounts recognised in equity:		
Transaction costs on share issue	270	356
Derivative financial instruments	37	32
	307	388
Deferred tax asset	15,574	12,561
Movements:		
Opening balance	12,561	8,379
Credited to profit or loss (note 8)	2,559	3,745
Credited to equity (note 8)	5	437
Additions through business combinations (note 52)	449	-
Closing balance	15,574	12,561

Note 24. Non-current assets - other

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Security deposits	1,260	1,445
Customer acquisition costs	564	517
Customer fulfilment costs	484	443
	2,308	2,405

Note 25. Current liabilities - trade and other payables

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Trade payables	18,070	15,711
Other payables	1,934	1,595
	20,004	17,306

Refer to note 45 for further information on financial instruments.

Note 26. Current liabilities - contract liabilities

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Contract liabilities	2,269	2,135

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

	2024 CU'000	2023 CU'000
Opening balance	2,135	1,974
Payments received in advance	1,441	1,473
Cumulative catch-up adjustments	174	249
Transfer to revenue - included in the opening balance	(1,141)	(1,236)
Transfer to revenue - performance obligations satisfied in previous periods	(208)	(178)
Transfer to revenue - other balances	(132)	(147)
Closing balance	2,269	2,135

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was CU3,891,000 as at 31 December 2024 (CU3,507,000 as at 31 December 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Within 6 months	1,482	1,344
6 to 12 months	1,128	1,032
12 to 18 months	874	817
18 to 24 months	407	314
	3,891	3,507

Note 27. Current liabilities - borrowings

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Bank overdraft	-	1,273
Bank loans	4,500	2,000
	4,500	3,273

Refer to note 35 for further information on assets pledged as security and financing arrangements.

Refer to note 45 for further information on financial instruments.

Note 28. Current liabilities - lease liabilities

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Lease liability	22,072	20,905

Refer to note 45 for further information on financial instruments.

Note 29. Current liabilities - derivative financial instruments

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Forward foreign exchange contracts - cash flow hedges	122	107

Refer to note 45 for further information on financial instruments.

Refer to note 46 for further information on fair value measurement.

Note 30. Current liabilities - income tax

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Provision for income tax	6,701	2,351

Note 31. Current liabilities - employee benefits

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Employee benefits	8,352	8,143

Note 31. Current liabilities - employee benefits (continued)

Amounts not expected to be settled within the next 12 months

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

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

	Consolidated	
	2024 CU'000	2023 CU'000
Employee benefits obligation expected to be settled after 12 months	1,603	1,292

Note 32. Current liabilities - provisions

	Consolidated	
	2024 CU'000	2023 CU'000
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	3,494	2,837

Lease make good

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

Legal claims

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

Warranties

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

Movements in provisions

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

Consolidated - 2024	Lease make good CU'000	Legal claims CU'000	Warranties CU'000
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
Carrying amount at the end of the year	230	60	3,204

Note 33. Current liabilities - other

	Consolidated	
	2024	2023
	CU'000	CU'000
Accrued expenses	1,143	927
Refund liabilities	987	942
	2,130	1,869

Note 34. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2024	2023
	CU'000	CU'000
Bank loans	4,000	-

The liabilities identified above represents the bank loan secured over the vacant land currently for sale. Refer to note 15 for further information.

Note 35. Non-current liabilities - borrowings

	Consolidated	
	2024	2023
	CU'000	CU'000
Bank loans	19,000	19,000

Refer to note 45 for further information on financial instruments.

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

	Consolidated	
	2024	2023
	CU'000	CU'000
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273

Note 35. Non-current liabilities - borrowings (continued)

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

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

	Consolidated	
	2024 CU'000	2023 CU'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	25,000
	45,000	30,000
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	27,500	22,273
Unused at the reporting date		
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

Loan covenants
The bank loans are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

Note 36. Non-current liabilities - lease liabilities

	Consolidated	
	2024 CU'000	2023 CU'000
Lease liability	301,714	322,745

Refer to note 45 for further information on financial instruments.

Note 37. Non-current liabilities - deferred tax

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Financial assets at fair value through profit or loss	15	-
Prepayments	302	228
Development costs	481	577
Customer contracts	306	-
Net fair value gain on investment properties	270	450
Contract assets	184	89
Customer acquisition costs	594	537
Customer fulfilment costs	347	317
Right of return assets	201	185
	2,700	2,383
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,950	1,950
Revaluation of financial assets at fair value through other comprehensive income	15	-
	1,965	1,950
Deferred tax liability	4,665	4,333
Movements:		
Opening balance	4,333	2,143
Charged/(credited) to profit or loss (note 8)	(58)	1,590
Charged to equity (note 8)	15	600
Additions through business combinations (note 52)	375	-
Closing balance	4,665	4,333

Note 38. Non-current liabilities - employee benefits

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Employee benefits	11,149	10,854

Note 39. Non-current liabilities - provisions

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Lease make good	1,475	1,070

Lease make good

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

Note 39. Non-current liabilities - provisions (continued)

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

Consolidated - 2024	Lease make good CU'000
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	1,475

Note 40. Equity - issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 CU'000	2023 CU'000
Ordinary shares - fully paid	146,910,000	146,800,000	182,953	182,678

Movements in ordinary share capital

Details	Date	Shares	Issue price	CU'000
Balance	1 January 2023	111,800,000		104,922
Issue of shares	[date]	35,000,000	CU2.25	78,750
Share issue transaction costs, net of tax	[date]			(994)
Balance	31 December 2023	146,800,000		182,678
Issue of shares on the exercise of options	[date]	10,000	CU2.50	25
Issue of shares to key management personnel	[date]	100,000	CU2.50	250
Balance	31 December 2024	146,910,000		182,953

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

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

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

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

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

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

Note 40. Equity - issued capital (continued)

The capital risk management policy remains unchanged from the 31 December 2023 Annual Report.

Note 41. Equity - reserves

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Revaluation surplus reserve	4,095	4,095
Financial assets at fair value through other comprehensive income reserve	35	-
Foreign currency reserve	(769)	(512)
Hedging reserve - cash flow hedges	(85)	(75)
	3,276	3,508

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

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

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Internationaland currency units. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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

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

Consolidated	Revaluation surplus CU'000	Financial assets at fair value through OCI CU'000	Foreign currency CU'000	Hedging CU'000	Total CU'000
Balance at 1 January 2023	2,835	-	(294)	(48)	2,493
Revaluation - gross	1,800	-	-	(38)	1,762
Deferred tax	(540)	-	-	11	(529)
Foreign currency translation	-	-	(218)	-	(218)
Balance at 31 December 2023	4,095	-	(512)	(75)	3,508
Revaluation - gross	-	50	-	(15)	35
Deferred tax	-	(15)	-	5	(10)
Foreign currency translation	-	-	(257)	-	(257)
Balance at 31 December 2024	4,095	35	(769)	(85)	3,276

Note 42. Equity - retained profits

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Retained profits at the beginning of the financial year	12,386	14,482
Profit after income tax expense for the year	27,763	15,520
Dividends paid (note 44)	(29,383)	(17,616)
Retained profits at the end of the financial year	10,766	12,386

Note 43. Equity - non-controlling interest

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Issued capital	16,000	16,000
Reserves	455	455
Retained profits	908	766
	17,363	17,221

The non-controlling interest has a 10% (2023: 10%) equity holding in RSM Manufacturing Limited.

Note 44. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Final dividend for the year ended 31 December 2023 (2023: 31 December 2022) of 15 cents (2023: 8 cents) per ordinary share	22,037	11,744
Interim dividend for the year ended 31 December 2024 (2023: 31 December 2023) of 5 cents (2023: 4 cents) per ordinary share	7,346	5,872
	29,383	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2024 of 17 cents per ordinary share to be paid on [date], a total estimated distribution of CU24,975,000 based on the number of ordinary shares on issue as at [date].

Note 45. Financial instruments

Financial risk management objectives

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

Note 45. Financial instruments (continued)

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

Market risk

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

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

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

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

	Sell Internationaland currency units		Average exchange rates	
	2024 CU'000	2023 CU'000	2024	2023
Buy US dollars				
Maturity:				
0 - 3 months	121	89	0.9123	0.8132
3 - 6 months	34	23	0.9057	0.8294
Buy Euros				
Maturity:				
0 - 3 months	274	207	0.6342	0.5861
3 - 6 months	86	49	0.6355	0.6082
Buy Neighbourland dollars				
Maturity:				
0 - 3 months	182	163	1.2345	1.2643
3 - 6 months	107	71	1.2407	1.2847

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

	Assets		Liabilities	
Consolidated	2024 CU'000	2023 CU'000	2024 CU'000	2023 CU'000
US dollars	35	18	64	69
Euros	7	21	82	74
Neighbourland dollars	45	32	61	52
	87	71	207	195

Note 45. Financial instruments (continued)

The consolidated entity had net liabilities denominated in foreign currencies of CU120,000 (assets of CU87,000 less liabilities of CU207,000) as at 31 December 2024 (2023: CU124,000 (assets of CU71,000 less liabilities of CU195,000)). Based on this exposure, had the Internationaland currency unit weakened by 10%/strengthened by 5% (2023: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been CU12,000 lower/CU6,000 higher (2023: CU6,000 lower/CU6,000 higher) and equity would have been CU8,000 lower/CU4,000 higher (2023: CU4,000 lower/CU4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2024 was CU13,000 (2023: loss of CU6,000).

Price risk
The consolidated entity is not exposed to any significant price risk.

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

The consolidated entity's bank loans outstanding, totalling CU27,500,000 (2023: CU21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately CU180,000 (2023: CU140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2023: 100) basis points would have an adverse/favourable effect on profit before tax of CU275,000 (2023: CU210,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of CU8,500,000 (2023: CU2,000,000) are due during the year ending 31 December 2025 (2023: 31 December 2024).

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

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10, due to the current environment, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue.

The consolidated entity has a credit risk exposure with a major Internationaland retailer, which as at 31 December 2024 owed the consolidated entity CU10,680,000 (76% of trade receivables) (2023: CU9,510,000 (74% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2024. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

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

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

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

Note 45. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	17,500	7,727

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2023: 4 years).

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

Consolidated - 2024	Weighted average interest rate %	1 year or less CU'000	Between 1 and 2 years CU'000	Between 2 and 5 years CU'000	Over 5 years CU'000	Remaining contractual maturities CU'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	18,070	-	-	-	18,070
Other payables	-	1,934	-	-	-	1,934
Interest-bearing - fixed rate						
Bank loans	8.20%	10,407	9,710	10,931	-	31,048
Lease liability	5.03%	37,574	37,542	112,415	290,764	478,295
Total non-derivatives		67,985	47,252	123,346	290,764	529,347
Derivatives						
Forward foreign exchange contracts net settled	-	122	-	-	-	122
Total derivatives		122	-	-	-	122

Note 45. Financial instruments (continued)

Consolidated - 2023	Weighted average interest rate %	1 year or less CU'000	Between 1 and 2 years CU'000	Between 2 and 5 years CU'000	Over 5 years CU'000	Remaining contractual maturities CU'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	15,711	-	-	-	15,711
Other payables	-	1,595	-	-	-	1,595
Interest-bearing - variable						
Bank overdraft	12.80%	1,355	-	-	-	1,355
Interest-bearing - fixed rate						
Bank loans	8.20%	3,640	9,710	11,095	-	24,445
Lease liability	5.03%	37,107	37,574	112,523	328,200	515,404
Total non-derivatives		59,408	47,284	123,618	328,200	558,510
Derivatives						
Forward foreign exchange contracts net settled	-	107	-	-	-	107
Total derivatives		107	-	-	-	107

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

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

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

Consolidated	Nominal amount CU'000	Carrying amount CU'000	Change in fair value CU'000	Hedging reserve CU'000	Cost of reserve CU'000
Forward foreign exchange contracts for purchases at 31 December 2023	602	107	(9)	(75)	(20)
Forward foreign exchange contracts for purchases at 31 December 2024	804	122	4	(85)	(19)

Note 45. Financial instruments (continued)

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

Consolidated	Spot component CU'000	Value of options CU'000	Cost of reserve CU'000	Total CU'000
Balance at 1 January 2023	(76)	46	(18)	(48)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	29	(19)	1	11
Balance at 31 December 2023	(146)	91	(20)	(75)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	9	(4)	-	5
Balance at 31 December 2024	(165)	99	(19)	(85)

Note 46. Fair value measurement

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

Consolidated - 2024	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Assets				
Ordinary shares at fair value through profit or loss	360	-	-	360
Ordinary shares at fair value through other comprehensive income	-	-	170	170
Investment properties	-	-	46,900	46,900
Land and buildings	-	-	58,500	58,500
Total assets	360	-	105,570	105,930
Liabilities				
Forward foreign exchange contracts	-	122	-	122
Total liabilities	-	122	-	122

Note 46. Fair value measurement (continued)

Consolidated - 2023	Level 1 CU'000	Level 2 CU'000	Level 3 CU'000	Total CU'000
Assets				
Investment properties	-	-	47,500	47,500
Land and buildings	-	-	58,500	58,500
Total assets	-	-	106,000	106,000
Liabilities				
Forward foreign exchange contracts	-	107	-	107
Total liabilities	-	107	-	107

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

There were no transfers between levels during the financial year.

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

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

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

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

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2023 based on independent assessments by a member of the Internationaland Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

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

Note 46. Fair value measurement (continued)

Level 3 assets and liabilities

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

Consolidated	Ordinary shares at fair value through OCI CU'000	Investment properties CU'000	Land and buildings CU'000	Total CU'000
Balance at 1 January 2023	-	46,000	56,500	102,500
Gains recognised in profit or loss	-	1,500	-	1,500
Gains recognised in other comprehensive income	-	-	2,000	2,000
Balance at 31 December 2023	-	47,500	58,500	106,000
Losses recognised in profit or loss	-	(600)	-	(600)
Gains recognised in other comprehensive income	50	-	-	50
Additions	200	-	-	200
Disposals	(80)	-	-	(80)
Balance at 31 December 2024	170	46,900	58,500	105,570

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

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

Note 47. Key management personnel disclosures

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

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Short-term employee benefits	1,618	1,498
Post-employment benefits	107	101
Long-term benefits	10	25
Share-based payments	253	1
	1,988	1,625

Note 48. Contingent assets

RSM Manufacturing Limited, a subsidiary, will be paid a success premium of up to CU3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

RSM Manufacturing Limited, a subsidiary, has an outstanding insurance claim with respect to inventory that was damaged in the Cityville floods that occurred during the financial year. An assessment is currently being undertaken by the insurer as to whether it was the cause of a flood or rising waters, which will affect the payout. Because the insurance proceeds are not virtually certain, no asset has been recognised within these financial statements. The inventory of approximately CU400,000 has been written off during the current financial year.

Note 49. Contingent liabilities

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

The consolidated entity has given bank guarantees as at 31 December 2024 of CU3,105,000 (2023: CU2,844,000) to various landlords.

Note 50. Commitments

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Investment properties	170	170
Property, plant and equipment	1,165	1,145
Intangible assets	160	-

Note 51. Related party transactions

Parent entity
RSM IFRS Listed Practical Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 53.

Note 51. Related party transactions (continued)

Associates
Interests in associates are set out in note 54.

Key management personnel
Disclosures relating to key management personnel are set out in note 47.

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

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Payment for goods and services:		
Payment for services from associate	3,397	3,235
Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)	81	68

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

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Current payables:		
Trade payables to associate	361	346
Trade payables to BE Promotions Limited (director-related entity of Brad Example)	7	6

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

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

Note 52. Business combinations

On [date] RSM Logistics Limited, a subsidiary of RSM IFRS Listed Practical Limited, acquired 100% of the ordinary shares of RSM CompCarrier Limited (formerly known as CompCarrier Limited) for the total consideration transferred of CU8,230,000. This is a freight business and operates in the computer distribution division of the consolidated entity. It was acquired to better utilise the existing computer distribution division administrative function. The goodwill of CU408,000 represents the expected synergies from merging this business with the computer distribution division and eliminating third party freight costs. The acquired business contributed revenues of CU5,428,000 and profit after tax of CU670,000 to the consolidated entity for the period from [date] to 31 December 2024. If the acquisition occurred on 1 January 2024, the full year contributions would have been revenues of CU5,901,000 and profit after tax of CU729,000. The values identified in relation to the acquisition of CompCarrier are final as at 31 December 2024.

Details of the acquisition are as follows:

	Fair value CU'000
Cash and cash equivalents	3
Trade receivables	822
Prepayments	106
Plant and equipment	6,060
Customer contracts	1,250
Deferred tax asset	449
Trade payables	(364)
Deferred tax liability	(375)
Employee benefits	(129)
Net assets acquired	7,822
Goodwill	408
Acquisition-date fair value of the total consideration transferred	8,230
Representing:	
Cash paid or payable to vendor	8,230
Acquisition costs expensed to profit or loss	182
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,230
Less: cash and cash equivalents	(3)
Less: payments made in prior periods	(155)
Net cash used	8,072

The fair value of trade receivables is CU822,000. The gross contractual amount for trade receivables due is CU874,000, of which CU52,000 is not expected to be collected.

Note 53. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
RSM Retailing Limited	Internationaland	100.00%	100.00%
RSM Logistics Limited	Internationaland	100.00%	100.00%
RSM CompCarrier Limited	Internationaland	100.00%	-
RSM Retailing International Limited	Neighbourland	100.00%	100.00%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest 2024 %	Ownership interest 2023 %	Ownership interest 2024 %	Ownership interest 2023 %
RSM Manufacturing Limited *	Internationaland	Computer manufacturing	90.00%	90.00%	10.00%	10.00%

* the non-controlling interests hold 25% of the voting rights of RSM Manufacturing Limited

Note 53. Interests in subsidiaries (continued)

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	RSM Manufacturing Limited	
	2024 CU'000	2023 CU'000
Summarised statement of financial position		
Current assets	48,800	50,443
Non-current assets	163,318	162,342
Total assets	212,118	212,785
Current liabilities	25,735	22,452
Non-current liabilities	18,183	23,047
Total liabilities	43,918	45,499
Net assets	168,200	167,286
Summarised statement of profit or loss and other comprehensive income		
Revenue	231,564	219,870
Expenses	(229,506)	(216,649)
Profit before income tax expense	2,058	3,221
Income tax expense	(644)	(935)
Profit after income tax expense	1,414	2,286
Other comprehensive income	-	1,400
Total comprehensive income	1,414	3,686
Statement of cash flows		
Net cash from operating activities	9,262	12,284
Net cash used in investing activities	(7,962)	(11,212)
Net cash used in financing activities	(2,500)	(500)
Net increase/(decrease) in cash and cash equivalents	(1,200)	572
Other financial information		
Profit attributable to non-controlling interests	142	229
Accumulated non-controlling interests at the end of reporting period	17,363	17,221

Significant restrictions

RSM Manufacturing Limited cannot move its manufacturing location without the prior consent of the non-controlling interests.

Note 54. Interests in associates

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

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Compdesign Partnership	Internationaland	35.00%	35.00%

Summarised financial information

	Compdesign Partnership 2024 CU'000	Compdesign Partnership 2023 CU'000
Summarised statement of financial position		
Current assets	28,994	26,806
Non-current assets	205,203	198,240
Total assets	234,197	225,046
Current liabilities	19,440	16,486
Non-current liabilities	117,066	120,043
Total liabilities	136,506	136,529
Net assets	97,691	88,517
Summarised statement of profit or loss and other comprehensive income		
Revenue	109,706	97,951
Expenses	(96,601)	(87,089)
Profit before income tax	13,105	10,862
Income tax expense	(3,931)	(3,259)
Profit after income tax	9,174	7,603
Other comprehensive income	-	-
Total comprehensive income	9,174	7,603
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	30,981	28,320
Share of profit after income tax	3,211	2,661
Closing carrying amount	34,192	30,981

Contingent liabilities

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Share of bank guarantees	276	266

Note 54. Interests in associates (continued)

Commitments

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Committed at the reporting date but not recognised as liabilities, payable:		
Share of capital commitments	175	74

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

Note 55. Events after the reporting period

Apart from the dividend declared as disclosed in note 44, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 56. Non-cash investing and financing activities

	Consolidated 2024 CU'000	Consolidated 2023 CU'000
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
Shares issued under employee share plan	250	-
	6,321	6,228

Note 57. Changes in liabilities arising from financing activities

Consolidated	Bank loans CU'000	Lease liability CU'000	Total CU'000
Balance at 1 January 2023	115,000	358,977	473,977
Net cash used in financing activities	(94,000)	(21,555)	(115,555)
Acquisition of leases	-	6,228	6,228
Balance at 31 December 2023	21,000	343,650	364,650
Net cash from/(used in) financing activities	6,500	(25,385)	(18,885)
Acquisition of leases	-	5,521	5,521
Balance at 31 December 2024	27,500	323,786	351,286

Note 58. Supplier finance arrangements

	At 1 January 2024	At 31 December 2024
Carrying amount of the financial liabilities that are part of supplier finance arrangements presented in trade and other payables (note 25)	CU1,850,000	CU2,145,000
Carrying amount of payments suppliers have already received from the finance providers offset in trade and other payables (note 25)	CU1,454,000	CU1,722,000
Range of payment due dates that are part of supplier finance arrangements	30 - 45 days after invoice date	30 - 45 days after invoice date
Range of payment due dates for comparable trade payables that are not part of supplier finance arrangements	14 - 45 days after invoice date	14 - 45 days after invoice date

Terms and conditions
The consolidated entity has established a supplier finance arrangement that is offered to some of the consolidated entity's key suppliers and participation in the arrangement is at the discretion of the supplier. Suppliers that participate in the supplier finance arrangement will receive early payment from an external finance provider for approved invoices where goods have been received. If suppliers choose to receive early payment, they pay a fee to the finance provider and the consolidated entity is not party to this arrangement. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the consolidated entity settles the original invoice by paying the finance provider in line with the original invoice due date. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The consolidated entity provides no security to the finance provider.

Note 59. Earnings per share

	Consolidated	
	2024 CU'000	2023 CU'000
Profit after income tax	27,905	15,749
Non-controlling interest	(142)	(229)
Profit after income tax attributable to the owners of RSM IFRS Listed Practical Limited	27,763	15,520
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	146,882,904	140,950,685
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	565	385
Weighted average number of ordinary shares used in calculating diluted earnings per share	146,883,469	140,951,070
	Cents	**Cents**
Basic earnings per share	18.90	11.01
Diluted earnings per share	18.90	11.01

Note 60. Share-based payments

On [date], 100,000 shares were issued to key management personnel at an issue price of CU2.50 per share and a total transactional value of CU250,000.

Note 60. Share-based payments (continued)

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2022	31/03/2024	CU2.50	10,000	-	(10,000)	-	-
01/04/2024	31/03/2028	CU3.00	-	17,500	-	-	17,500
			10,000	17,500	(10,000)	-	17,500
Weighted average exercise price			CU2.50	CU3.00	CU2.50	CU0.00	CU3.00

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2022	31/03/2024	CU2.50	10,000	-	-	-	10,000
			10,000	-	-	-	10,000
Weighted average exercise price			CU2.50	CU0.00	CU0.00	CU0.00	CU2.50

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2024 Number	2023 Number
01/04/2022	31/03/2024	-	10,000
		-	10,000

The weighted average share price during the financial year was CU2.66 (2023: CU2.34).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years (2023: 0.25 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/04/2024	31/03/2028	CU2.61	CU3.00	18.00%	4.75%	5.93%	CU0.489

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