Finish Furnish Limited

Report & Financial Statements

31 December 2023

Company registration number: C 76264

Contents

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2023.

Principal activity

Finish Furnish Limited (the company) was incorporated on 4 July 2016. The company's principal activity is to import and retail ceramic tiles, sanitaryware, and furniture.

Results

During the year under review, the company posted a loss after taxation amounted to € 379,656 (2022: € 693,637).

Directors

The following have served as directors of the company during the year under review:

Francis Agius
Duncan Micallef

In accordance with the Articles of Association, the present directors are to remain in office until such time as they resign or are otherwise removed.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap. 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap. 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Francis Agius
Director

Duncan Micallef
Director

Registered address:
CF Business Centre, Level 1
Triq Gort
Paceville, San Giljan
STJ 9023
Malta

26 April 2024

Income statement

	Notes	2023	2022
		€	€
Revenue	6	4,329,005	3,469,785
Cost of sales		(3,059,570)	(2,585,158)
Gross profit		**1,269,435**	**884,627**
Administrative expenses		(1,755,325)	(1,824,657)
Operating loss		**(485,890)**	**(940,030)**
Finance costs	7	(42,815)	(53,597)
Other non-operating income		36,535	15,114
Loss before tax	8	**(492,170)**	**(978,513)**
Tax income	10	112,514	284,876
Loss for the year		**(379,656)**	**(693,637)**

Statement of financial position

	Notes	2023	2022
		€	€
Assets			
Non-current			
Plant and equipment	11	503,179	625,877
Right-of-use assets	12	505,034	286,692
Deferred tax asset	13	341,198	341,198
		1,349,411	**1,253,767**
Current			
Inventories	14	1,727,365	1,822,245
Trade and other receivables	15	2,000,614	3,112,644
Cash and cash equivalents	16	2,737	100,786
		3,730,716	**5,035,675**
Total assets		**5,080,127**	**6,289,442**

Statement of financial position – continued

	Notes	2023	2022
		€	€
Equity			
Share capital	17	1,200	1,200
Shareholders' contribution		1,965,749	1,965,749
Accumulated losses		(3,159,338)	(2,779,682)
Total deficit		**(1,192,389)**	**(812,733)**
Liabilities			
Non-current			
Lease liabilities	19	455,609	197,177
		455,609	**197,177**
Current			
Borrowings	18	414,145	388,504
Lease liabilities	19	67,162	84,200
Trade and other payables	20	5,335,600	6,432,294
		5,816,907	**6,904,998**
Total liabilities		**6,272,516**	**7,102,175**
Total equity and liabilities		**5,080,127**	**6,289,442**

The financial statements on pages 4 to 26 were approved by the board of directors, authorised for issue on 26 April 2024 and signed by:

Francis Agius
Director

Duncan Micallef
Director

Statement of changes in equity

	Share capital	Shareholder's contribution	Accumulated losses	Total deficit
	€	€	€	€
At 1 January 2022	1,200	1,965,749	(2,086,045)	(119,096)
Loss for the year	-	-	(693,637)	(693,637)
At 31 December 2022	**1,200**	**1,965,749**	**(2,779,682)**	**(812,733)**
At 1 January 2023	1,200	1,965,749	(2,779,682)	(812,733)
Loss for the year	-	-	(379,656)	(379,656)
At 31 December 2023	**1,200**	**1,965,749**	**(3,159,338)**	**(1,192,389)**

Statement of cash flows

	Notes	2023	2022
		€	€
Operating activities			
Operating loss before tax		(492,170)	(978,513)
Adjustments	21	292,786	369,808
Changes in working capital	21	222,730	838,058
Net cash flows generated from operating activities		**23,346**	**229,353**
Investing activity			
Purchase of plant and equipment		(23,168)	(40,574)
Cash used in investing activity		**(23,168)**	**(40,574)**
Financing activities			
Repayment of bank borrowings		-	(43,088)
Interest paid on bank borrowings		(19,746)	(21,098)
Repayment of lease liabilities		(88,011)	(159,692)
Interest paid on lease liabilities		(16,111)	(25,628)
Net cash used in financing activities		**(123,868)**	**(249,506)**
Net change in cash and cash equivalents		(123,690)	(60,727)
Cash and cash equivalents, beginning of year		(287,718)	(197,913)
Cash and cash equivalents, end of the year	16	**(411,408)**	**(258,640)**

Notes to the financial statements

1 Nature of operations

The principal activity of Finish Furnish Limited (the company) is to import and retail ceramic tiles, sanitaryware and furniture.

2 General information and statement of compliance with International Financial Reporting Standards (IFRSs)

Finish Furnish Limited, a private limited liability company, is incorporated and domiciled in Malta. The address of the company's registered office, which is also its principal place of business, is CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.

The financial statements of the company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap. 386.

The financial statements are presented in euro (€), which is also the company's functional currency. The amounts presented in the financial statements have been rounded to the nearest euro.

3 Going concern

The financial statements of the company have been drawn up on a going concern basis. As at 31 December 2023, the company had a working capital deficiency and net deficiency of € 2,086,191 (2022: € 1,869,323) and € 1,192,389 (2022: € 812,733), respectively. The directors have obtained assurances that the related parties and shareholders will not call for payment of the amounts due before third party balances are settled and that the parent company has given its assurance that it will maintain its current financial support to enable the company to meet its liabilities as they fall due and to continue its operations in the foreseeable future. On these bases, it is still appropriate to prepare the financial statements on a going concern basis.

4 New or revised standards or interpretations

4.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the company's financial results or position.

Standards and amendments that are effective for the first time in 2023 are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these financial statements and therefore no additional disclosures have been made.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the company.

Other standards and amendments that are not yet effective and have not been adopted early by the company include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the company's financial statements.

5 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the company's material accounting policies below and in the succeeding pages are appropriate.

5.1 Overall considerations and presentation of financial statements

The financial statements have been prepared using the material accounting policies and measurement bases summarised below and in the succeeding pages.

The accounting policies have been consistently applied by the company.

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The company did not have any items classified as 'other comprehensive income' and consequently, management has elected to present only an income statement.

5.2 Income and expense recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer. The company has generally concluded that it is the principal in its revenue recognition.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) is(are) satisfied

The company often enters into transactions involving a range of products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

Administrative expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

5.3 Borrowing costs

Borrowing costs primarily comprise interest on the company's borrowings. Borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

5.4 Employee benefits

Contributions toward the state pension in accordance with local legislation are recognised in the income statement when they are due.

5.5 Plant and equipment

The company's plant and equipment are classified into the following classes: building improvements, air conditioners, computer equipment and software, electrical equipment and plumbing, furniture, fixtures and fittings, motor vehicles, office equipment, and plant and machinery. Items of plant and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management. These are subsequently carried at acquisition cost less subsequent depreciation and impairment losses, if any.

Depreciation is provided at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

Building improvements	10%
Air conditioners	16.67%
Computer equipment and software	25%
Electrical equipment and plumbing	10%
Furniture, fixtures and fittings	10%
Motor vehicles	20%
Office equipment	25%
Plant and machinery	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Depreciation has been included within 'administrative expenses' in the income statement.

5.6 Leases

The company as a lessee

The company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company;
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the company has the right to direct the use of the identified asset throughout the period of use. The company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the company recognises a right of-use asset (ROUA) and a lease liability on the statement of financial position. The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

The company depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term. The company also assesses the ROUA for impairment when such indicators exist.

At lease commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The lease liability is reassessed when there is a change in the lease payments. The revised lease payments are discounted using the company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the ROUA. The exception being when the carrying amount of the ROUA has been reduced to zero. Then, any excess is recognised in the income statement.

On the statement of financial position, the company has opted to disclose the ROUA and lease liability as separate financial statement line items.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising ROUA and lease liability, the payments in relation to these are recognised as an expense within 'administrative expenses' as incurred in the income statement.

5.7 Impairment of plant and equipment and right-of-use asset

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses are recognised immediately in the income statement. Impairment losses for cash-generating units are charged pro-rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss that has been previously recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

5.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

• amortised cost,
• fair value through profit or loss (FVTPL), or
• fair value through other comprehensive income (FVOCI).

The company does not have any financial assets categorised as FVTPL and FVOCI in the years presented.

The classification is determined by both:

• the entity's business model for managing the financial asset; and
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the income statement are presented within 'finance costs', 'finance income' or 'other financial items'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents and trade and other receivables (except advances to suppliers and prepayments and advance deposits) fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'), and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings, lease liabilities and trade and other payables (except advances from customers and indirect taxation and social security payable).

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the income statement (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within 'finance costs' or 'finance income'.

5.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise demand deposits with banks. Bank overdrafts, which are repayable on demand and form an integral part of the company's cash management, are a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities in the statement of financial position.

5.10 Inventories

Inventories are stated as the lower of costs and net realisable value. Cost is determined by the weighted average cost method. Cost is the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

5.11 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised directly in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

5.12 Equity

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include the current and prior year results as disclosed in the income statement.

All transactions with owners are recorded separately within equity.

5.13 Provisions and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting period and adjusted to reflect the current best estimate of the management.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

5.14 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (Revised).

Significant management judgements

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Recognition of deferred tax asset

The extent to which deferred tax assets can be recognised is based on an assessment of the possibility of the company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits as uncertainties in various tax jurisdiction. Refer to note 13 for the composition of the company's deferred tax.

Determining whether an arrangement contains a lease

The company uses its judgement in determining whether an arrangement contains a lease, based on the substance of the arrangement and makes an assessment of whether it is dependent on the use of a specific asset or assets, conveys a right to use the asset and transfers substantially all the risk and rewards incidental to ownership to/from the company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 5.7). In 2022, the company did not recognise any impairment loss.

Useful lives and residual values of depreciable assets

Management reviews the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets to the company. The carrying amounts are analysed in note 11. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain fixed assets.

Inventories

Management estimates the net realisable value of inventories taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market driven changes that may reduce future selling prices.

Impairment of trade and other receivables

The company makes an allowance for doubtful debtors based on an assessment of the recoverability of receivables. Allowances are applied to receivables on a case by case basis where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debtors. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Leases- Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROUA in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

6 Revenue

	2023 €	2022 €
Revenue from sale of Casafini inventories	4,329,005	3,469,785

7 Finance costs

	2023	2022
	€	€
Interest expense on bank borrowings	358	3,010
Interest expense on bank overdraft	19,388	18,088
Interest expense on leasing arrangements	16,111	25,628
Bank charges	6,958	6,871
	42,815	**53,597**

8 Loss before tax

The loss before tax is stated after charging:

	2023	2022
	€	€
Auditor's remuneration	10,500	10,500
Directors' remuneration	-	15,461
Depreciation of plant and equipment	145,866	164,833
Amortisation of ROUA	111,063	158,249

9 Staff costs

9.1 Wages and salaries

Wages and salaries for the year consist of the following:

	2023	2022
	€	€
Salaries and wages	710,806	819,590
Employer's share of social security contributions	296,263	307,404
Salaries recharged from a related party	61,350	-
	1,068,419	**1,126,994**

9.2 Average number of employees

The average number of persons employed by the company during the year was 34 (2022: 40).

10 Tax income

The relationship between the expected tax income based on the effective tax rate of the company at 35% (2021: 35%) and the actual tax income recognised in the income statement can be reconciled as follows:

	2023	2022
	€	€
Loss before tax	(492,170)	(978,513)
Effective tax rate	35%	35%
Expected tax income	**172,259**	**342,479**
Adjustments for the tax effects of:		
- Non-deductible expenses	(779)	(548)
- Current year deferred tax not recognised	(613,761)	(554,796)
- Prior year deferred tax not recognised	554,795	497,741
Actual tax income, net		**284,876**
Comprising consideration for losses surrendered	**112,514**	**284,876**

11 Plant and equipment

The carrying amount of plant and equipment of the company can be analysed as follows:

	Building improvements €	Air conditioners €	Computer equipment and software €	Electrical equipment and plumbing €	Furniture, fixtures and fittings €	Motor vehicles €	Office equipment €	Plant and machinery €	Total €
Cost									
At 1 January 2022	220,581	11,344	185,508	30,683	556,532	129,932	3,345	44,600	1,182,525
Additions during the year	5,471	-	4,634	-	8,029	22,372	68	-	40,574
At 31 December 2022	**226,052**	**11,344**	**190,142**	**30,683**	**564,561**	**152,304**	**3,413**	**44,600**	**1,223,099**
Accumulated Depreciation									
At 1 January 2022	42,699	1,164	112,540	2,238	197,313	66,838	909	8,688	432,389
Depreciation for the year	22,516	1,891	42,798	4,001	56,429	29,300	847	7,051	164,833
At 31 December 2022	**65,215**	**3,055**	**155,338**	**6,239**	**253,742**	**96,138**	**1,756**	**15,739**	**597,222**
Carrying amounts									
At 31 December 2022	**160,837**	**8,289**	**34,804**	**24,444**	**310,819**	**56,166**	**1,657**	**28,861**	**625,877**
Cost									
At 1 January 2023	226,052	11,344	190,142	30,683	564,561	152,304	3,413	44,600	1,223,099
Additions during the year	-	-	592	1,300	4,750	16,526	-	-	23,168
At 31 December 2023	**226,052**	**11,344**	**190,734**	**31,983**	**569,311**	**168,830**	**3,413**	**44,600**	**1,246,267**
Accumulated Depreciation									
At 1 January 2023	65,215	3,055	155,338	6,239	253,742	96,138	1,756	15,739	597,222
Depreciation for the year	19,350	1,950	22,084	5,786	58,300	32,243	854	5,299	145,866
At 31 December 2023	**84,565**	**5,005**	**177,422**	**12,025**	**312,042**	**128,381**	**2,610**	**21,038**	**743,088**
Carrying amounts									
At 31 December 2023	**141,487**	**6,339**	**13,312**	**19,958**	**257,269**	**40,449**	**803**	**23,562**	**503,179**

12 Right-of-use of assets

The following table shows the carrying amounts of the ROUA recognised and the movements during the year.

	2023 €	2022 €
Cost		
At 1 January	931,231	705,445
Additions during the year	329,405	225,786
Expiration during the year	(650,493)	-
At 31 December	**610,143**	**931,231**
Accumulated amortisation		
At 1 January	644,539	486,290
Charge for the year	111,063	158,249
Expirations during the year	(650,493)	-
At 31 December	**105,109**	**644,539**
Carrying amounts		
At 31 December	**505,034**	**286,692**

The company has lease renting premises, showrooms and warehouse contracts for use in its operations as follows:

Lease contracts	Lease term	Commencement date	Location
Showroom	7.25 years	15/09/2016	Draper Place, Balzan Valley, Balzan
Kordin Warehouse	5 years	19/11/2018	KW6 Corradino Ind. Est. Paola
Garage 24	2 years	21/02/2021	Geo Dei Markese Mallia Tabone, Mosta
Garage 57	5 years	01/12/2019	Triq Hompesch, iz-Zurrieq
Zebbug Warehouse	10 years	01/11/2021	ACL Building, Mdina Road, Zebbug
Garage 22	6 years	01/12/2023	J.Micallef Storage Complex, Mqabba
Garage 23	6 years	01/12/2023	J.Micallef Storage Complex, Mqabba

The amortisation on ROUA were included in the income statement within 'administrative expenses'.

13 Deferred tax assets

Deferred taxes arising from temporary differences and deferred taxes recognised can be summarised as follows:

	2023 €	2022 €
Unutilised capital allowances	717,668	583,459
Losses carried forward	1,963,315	1,963,316
Tangible fixed assets	25,860	14,649
ROUA	21,610	(1,443)
Deferred tax not recognised	(1,753,603)	(1,585,131)
	974,850	**974,850**
Effective tax rate	35%	35%
Deferred tax asset	**341,198**	**341,198**

14 Inventories

	2023 €	2022 €
Stock for resale	1,817,775	1,926,012
Stock adjustments during the year	(90,410)	(103,767)
	1,727,365	**1,822,245**

15 Trade and other receivables

	2023 €	2022 €
Trade receivables - net	904,673	1,309,562
Amounts due from related parties	431,813	1,284,876
Amounts due from shareholders	19,898	19,898
Accrued income	304,812	50,689
Financial assets	**1,661,196**	**2,665,025**
Advances to suppliers	294,589	398,750
Prepayments and advance deposits	44,829	48,869
Total trade and other receivables	**2,000,614**	**3,112,644**

Financial assets are carried at their nominal value which is considered a reasonable approximation of fair value.

The amounts due from related parties and shareholders are unsecured, interest-free and are repayable on demand.

16 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023 €	2022 €
Cash at bank	2,737	100,786
Cash and cash equivalents in the statement of financial position	**2,737**	**100,786**
Bank overdrafts	(414,145)	(359,426)
Cash and cash equivalents in the statement of cash flows	**(411,408)**	**(258,640)**

The company did not have any restrictions on its cash and cash equivalents at the reporting date.

17 Share capital

The share capital of Finish Furnish Limited consists of ordinary shares with a par value of €1 each.

	2023 €	2022 €
Shares authorised, issued and fully paid at 31 December		
1,200 ordinary shares of € 1 each	**1,200**	**1,200**

18 Borrowings

	2023	2022
	€	€
Current		
Bank loan	-	29,078
Bank overdrafts	414,145	359,426
	414,145	**388,504**

On 31 December 2019, the company entered into an overdraft and loan facility agreement with Bank of Valleta to finance the working capital requirements in connection with the running of the new showroom in Birkirkara and to end finance for the refurbishment of the Birkirkara showroom and for the acquisition of the initial stock, respectively.

The overdraft facility is repayable on demand while the loan facility is to be repaid in full on 31 March 2023 through monthly instalments of € 3,841.35 each, inclusive of interest.

The overdraft and loan facilities are secured by general and special hypothec over the company's assets and guarantees provided by the company's shareholders.

The effective interest rates for bank borrowings as at the end of the financial reporting period is as follows:

	2023	2022
Bank overdraft	5.65%	5.65%
Bank loans	5.65%	5.65%

19 Lease liabilities

	2023	2022
	€	€
Opening balance	281,377	215,283
Additions	329,405	225,786
Interest	16,110	25,628
Payments	(104,121)	(185,320)
Closing balance	**522,771**	**281,377**
Non-current	455,609	197,177
Current	67,162	84,200
Total	**522,771**	**281,377**

The company's lease term expires on various expiration dates. The leases are included as a ROUA in the statement of financial position (see note 12).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December were as follows:

	Minimum lease payments			
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
31 December 2023				
Lease payments	94,055	472,221	60,638	626,914
Finance charges	(26,893)	(73,983)	(3,267)	(104,143)
Net present values	**67,162**	**398,238**	**57,371**	**522,771**

	Minimum lease payments			
	Not later than one year €	Later than one year but not later than five years €	Later than five years €	Total €
31 December 2022				
Lease payments	98,954	157,068	93,713	349,735
Finance charges	(14,754)	(45,832)	(7,772)	(68,358)
Net present values	**84,200**	**111,236**	**85,941**	**281,377**

20 Trade and other payables

	2023 €	2022 €
Trade payables	905,687	2,119,722
Amounts due to related parties	788,263	453,409
Accruals	35,441	68,075
Other payables	37,883	18,840
Financial liabilities	**1,767,274**	**2,660,046**
Advances from customers	2,472,534	3,112,888
Indirect taxation and social security payable	1,095,792	659,360
Total trade and other payables	**5,335,600**	**6,432,294**

Financial liabilities are carried at their nominal value which is considered a reasonable approximation of fair value.

The amounts due to related parties are unsecured, interest-free and are repayable on demand.

21 Cash flow adjustment and changes in working capital

The following non-cash flow adjustment and changes in working capital have been made to the loss before tax for the year to arrive at operating cash flow:

	2023 €	2022 €
Adjustment:		
Depreciation of plant, and equipment	111,063	164,833
Amortisation of ROUA	145,866	158,249
Interest expense	35,857	46,726
	292,786	**369,808**
Net changes in working capital:		
Changes in trade and other receivables	1,224,544	(2,084,033)
Changes in inventories	94,880	(189,856)
Changes in trade and other payables	(1,096,694)	3,111,947
	222,730	**838,058**

22 Related party disclosures

The company's related parties include the parent company and fellow subsidiary companies. In addition, related parties also include its key management personnel, ultimate beneficial owners and other companies under common control.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Transactions with related parties are generally effected on a cost-plus basis. Outstanding balances are usually settled in cash.

The company is a wholly owned subsidiary of CF Estates Ltd. (the "parent company") whose registered office is at CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.

CF Estates Ltd. is in turn fully owned by Joseph Portelli, Francis Agius, Clifton Cassar, Duncan Micallef and Stephen Falzon.

Amounts due from/to related parties are shown separately in notes 15 and 20, respectively.

22.1 Related party transactions

	2023 €	2022 €
Income from goods and services	916,076	400,236
Salaries recharged from related parties	61,350	-
Management fees	13,919	-

23 Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from both its operating, investing and financing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the company is exposed are described below. See also note 23.4 for a summary of the company's financial assets and liabilities by category.

23.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example by granting loans and receivables, placing deposits, etc.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	2023 €	2022 €
Classes of financial assets – carrying amounts			
Financial assets at amortised cost:			
- Trade and other receivables	15	1,661,196	2,665,025
- Cash and cash equivalents	16	2,737	100,786
		1,663,933	**2,765,811**

The company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

Credit risk with respect to receivables is internally contained as the receivable is due from the company's subsidiary with no past default experience and is considered a creditworthy counterparty. In view of this, management considers that the receivable from subsidiary is fully recoverable and not impaired.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. None of the company's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

23.2 Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise borrowings, lease liabilities and trade and other payables (see notes 18, 19 and 20). Prudent liquidity risk management includes maintaining sufficient cash and by monitoring the availability of an adequate amount of funding from its related companies to meet the company's obligations when they become due.

As at 31 December, the company's financial liabilities have contractual maturities which are summarised below.

31 December 2023	**Current**	**Non-current**	
	within 1 year	**2 to 5 years**	**later than 5 years**
	€	**€**	**€**
Borrowings	414,145	-	-
Lease liabilities	94,055	472,221	60,638
Trade and other payables	1,767,274	-	-
	2,275,474	**472,221**	**60,638**

31 December 2022	**Current**	**Non-current**	
	within 1 year	**2 to 5 years**	**later than 5 years**
	€	**€**	**€**
Borrowings	388,504	-	-
Lease liabilities	98,954	157,068	93,713
Trade and other payables	2,660,046	-	-
	3,147,504	**157,068**	**93,713**

The above amounts reflect the contractual undiscounted cash flows which may differ from the carrying amounts of liabilities at the reporting date.

23.3 Market risk

Foreign currency risk

The company transacts business mainly in euro and had no foreign currency denominated financial assets and liabilities at the end of the financial reporting period under review. Consequently, the company is not exposed to foreign currency risk.

23.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the company's financial assets and financial liabilities as recognised at the reporting date of the reporting period under review may also be categorised as follows. See note 5.8 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2023 €	2022 €
Current assets			
Financial assets at amortised cost:			
- Trade and other receivables	15	1,661,196	2,665,025
- Cash and cash equivalents	16	2,737	100,786
		1,663,933	**2,765,811**
Non-current liabilities			
Financial liabilities at amortised cost:			
- Lease liabilities	19	455,609	197,177
		455,609	**197,177**
Current liabilities			
Financial liabilities at amortised cost:			
- Borrowings	18	414,145	388,504
- Lease liabilities	19	67,162	84,200
- Trade and other payables	20	1,767,274	2,660,046
		2,248,581	**3,132,750**

24 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by maintaining an optimal capital structure to reduce the cost of capital.

The company is not subject to any externally imposed capital requirements.

The capital structure of the company consists of items presented within equity in the statement of financial position. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

25 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting year and the date of authorisation by the board.

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Independent auditor's report

To the shareholder of Finish Furnish Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Finish Furnish Limited (the company) set out on pages 4 to 26 which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report shown on pages 2 and 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of
GRANT THORNTON
Certified Public Accountants

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26 April 2024