OLYMPIA CAPITAL CORPORATION LIMITED
(Registration number BW00002007272)
CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

General Information

Country of incorporation and domicile	Botswana	
Nature of business and principal activities	Listed investment holding company which owns Kalahari Floor Tiles (Proprietary) Limited. Kalahari Floor Tiles (Proprietary) Limited is involved in the business of manufacturing Vinyl floor tiles, aluminium, PVC windows and cleaning chemicals.	
Directors	Alex Njoroge Kimani	
	Tebatso Tiraatso Lekalake	
	Robert Wahome Wanderi	
	Tengo Jabavu Rubadiri	
	Christopher Walter Obura	
	Patrick Matu Wamae	Appointed on 20 May 2021
Registered office	Plot 1278, Old Lobatse Road Gaborone Botswana	
Business address	Plot 51, 52 & 53 Mogoditshane Gaborone Botswana	
Postal address	P O Box 2166 Gaborone Botswana	
Bankers	First National Bank of Botswana Limited First National Bank of South Africa Stanbic Bank of Botswana Limited Access Bank Botswana Limited	
Auditors	Mazars Plot 139 Gaborone International Finance Park Gaborone	
Secretary	Pricewaterhousecoopers (Proprietary) Limited	

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Botswana to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's and company cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the ability of the company and its subsidiaries to continue as going concerns and the impact of Covid-19 pandemic on its business and have no reason to believe these businesses will not be going concerns in the year ahead

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 8.

The consolidated and separate annual financial statements set out on pages 9 to 59, which have been prepared on the going concern basis, were approved by the board of directors on 25 March 2022 and were signed on their behalf by:

Director

Director

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Gaborone International Finance Park
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Botswana

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Independent Auditor's Report

To the Shareholders of Olympia Capital Corporation Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of Olympia Capital Corporation Limited ("OCCL") (the group and company) set out on pages 9 to 59 , which comprise the consolidated and separate statement of financial position as at 31 December 2021, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements presents fairly, in all material respects, the consolidated and separate financial position of Olympia Capital Corporation Limited as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 34 to the separate annual financial statements, which indicates that the Company incurred a net loss of P1,295,491 (2020: P1,050,194) during the year ended 31 December 2021 and had accumulated losses of P33,753,706 (2020: P32,458,214) and, as of that date, the company's total liabilities exceed its total assets by P5,950,511 (2020: P4,655,019).

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As stated in Note 34, these events or conditions, along with other matters as set forth in Note 34, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill The Group's accounting policy in notes 1.2 and 5 of the consolidated financial statements states that goodwill with a carrying value of P1,284,488 (2020: P1,284,488) is measured at cost less any accumulated impairment loss. Goodwill arose when the Group assumed control of Kalahari Floor Tiles (Pty) Ltd (manufacturer of floor tiles and chemicals). The group assesses goodwill for impairment on an annual basis, or earlier when there are indicators of impairment in accordance with IFRS. The recoverable amount of the goodwill has been determined by management using the higher of fair value less cost to sell and value in use calculations in accordance with the requirements of IAS 36. In this instance, the recoverable amount was determined based on value in use, by using the discounted cash flow model. The valuation techniques applied by management involves a significant amount of estimation and judgement. The most significant estimates and assumptions used in determining the valuation of the recoverable amounts include among others: • Short – and long – term revenue growth; • Discount rates;	We performed the following substantive tests of detail on the impairment tests at the lowest level of cash generating units to which the goodwill has been allocated: • We tested the reliability of budgets and forecasts by comparing the actual results against the historical budgets and forecasts; • We tested whether the budgets and forecasts utilised to support the recovery of goodwill were approved by those charged with governance; • We tested reasonableness of assumptions used by management; • Testing the mathematical accuracy of the impairment assessment; and • We considered the appropriateness of disclosures in the consolidated financial statements Having performed our audit procedures and evaluated the outcomes thereof, we concluded that our audit procedures appropriately addressed the key audit matter.

• Capitalisation rates; • Net operating costs; • Working capital movement; and • Capital outlay The significance of the estimates and judgements involved, coupled with the high number of individual estimates performed, could result in a material misstatement, and therefore warranted specific audit focus. The disclosure associated with goodwill impairment assessment is set out in the financial statements in the following notes: • Critical accounting estimates and judgements, impairment of goodwill. • Note 5 Intangible assets.	

Emphasis of matter – COVID-19

In forming our opinion on the consolidated and separate financial statements, we draw attention to Note 38 to the financial statements that indicate the director's view on the impact of COVID-19 on the operations of the business.

Since the balance sheet date, the company has assessed the impact of COVID-19 on the financial statements and considered the potential impact on the business. Management will continue to assess the financial impact of COVID-19 and its impact on the group's financial condition. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for other information. The other information comprises the information included in the document titled “Olympia Capital Corporation Limited consolidated and separate annual financial statements for the year ended 31 December 2021”, which includes the Directors’ Responsibilities and Approval, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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

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

Mazars

25 March 2022

Mazars
Certified Auditors
Practicing member: Shashikumar Velambath
Membership number: 19980076

Gaborone

Statement of Financial Position as at 31 December 2021

		Group		Company	
Figures in Pula	**Notes**	**2021**	**2020**	**2021**	**2020**
Assets					
Non-Current Assets					
Property, plant and equipment	3	21,013,666	21,197,281	-	-
Investment property	4	14,187,000	14,187,000	-	-
Goodwill	5	1,284,488	1,284,488	-	-
Investments in subsidiaries	6	-	-	4,991,589	4,991,589
		36,485,154	**36,668,769**	**4,991,589**	**4,991,589**
Current Assets					
Inventories	7	13,190,294	9,811,823	-	-
Trade and other receivables	8	6,429,236	6,179,764	-	-
Other financial assets	9	160,000	-	-	-
Current tax receivable	28	575,654	723,592	-	-
Cash and cash equivalents	10	4,148,776	7,513,489	6,824	479,038
		24,503,960	**24,228,668**	**6,824**	**479,038**
Total Assets		**60,989,114**	**60,897,437**	**4,998,413**	**5,470,627**
Equity and Liabilities					
Equity					
Stated capital	11	27,803,195	27,803,195	27,803,195	27,803,195
Reserves	12	11,595,705	11,595,705	-	-
Retained Income/(Accumulated loss)		9,852,027	9,922,567	(33,753,706)	(32,458,214)
		49,250,927	**49,321,467**	**(5,950,511)**	**(4,655,019)**
Liabilities					
Non-Current Liabilities					
Borrowings	13	1,884,424	2,192,532	-	-
Deferred tax	14	3,436,154	3,436,154	-	-
		5,320,578	**5,628,686**	**-**	**-**
Current Liabilities					
Trade and other payables	15	4,011,657	5,131,197	9,956	84,410
Loans from related parties	16	-	-	10,938,968	9,976,317
Loans from shareholders	17	-	64,919	-	64,919
Borrowings	13	532,691	711,525	-	-
Bank overdraft	10	1,873,261	39,643	-	-
		6,417,609	**5,947,284**	**10,948,924**	**10,125,646**
Total Liabilities		**11,738,187**	**11,575,970**	**10,948,924**	**10,125,646**
Total Equity and Liabilities		**60,989,114**	**60,897,437**	**4,998,413**	**5,470,627**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Pula	**Notes**	**2021**	**2020**	**2021**	**2020**
Revenue	18	39,859,084	43,760,039	-	-
Cost of sales	19	(28,419,428)	(29,644,532)	-	-
Gross profit		**11,439,656**	**14,115,507**	**-**	**-**
Other operating income	20	1,370,533	1,022,859	-	-
Other operating gains (losses)	21	79,437	(5,165)	-	69,403
Movement in credit loss allowances	22	(8,601)	323,630	-	-
Other operating expenses		(12,401,834)	(12,181,952)	(1,298,334)	(1,119,597)
Operating profit (loss)	22	**479,191**	**3,274,879**	**(1,298,334)**	**(1,050,194)**
Investment income	23	71,937	278,884	2,843	-
Finance costs	24	(244,434)	(302,502)	-	-
Profit (loss) before taxation		**306,694**	**3,251,261**	**(1,295,491)**	**(1,050,194)**
Taxation	25	(254,588)	(661,983)	-	-
Profit (loss) for the year		**52,106**	**2,589,278**	**(1,295,491)**	**(1,050,194)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		-	2,238,185	-	-
Deferred tax relating to items that will not be reclassified		-	(492,401)	-	-
Total items that will not be reclassified to profit or loss	12	**-**	**1,745,784**	**-**	**-**
Other comprehensive income for the year net of taxation		**-**	**1,745,784**	**-**	**-**
Total comprehensive income (loss) for the year		**52,106**	**4,335,062**	**(1,295,491)**	**(1,050,194)**
Earnings/ (loss) per share (thebe)	26	**-**	**6**	**(2)**	**(2)**

Statement of Changes in Equity

Figures in Pula	Stated capital	Revaluation reserve	Retained income / (Accumulated losses)	Total equity
Group				
Balance at 01 January 2020	**11,358,203**	**9,849,920**	**7,333,289**	**28,541,412**
Profit for the year	-	-	2,589,278	2,589,278
Other comprehensive income	-	1,745,785	-	1,745,785
Total comprehensive income for the year	**-**	**1,745,785**	**2,589,278**	**4,335,063**
Issue of shares	16,444,992	-	-	16,444,992
Total contributions by and distributions to owners of company recognised directly in equity	**16,444,992**	**-**	**-**	**16,444,992**
Balance at 01 January 2021	**27,803,195**	**11,595,705**	**9,922,568**	**49,321,468**
Profit for the year	-	-	52,106	52,106
Total comprehensive income for the year	**-**	**-**	**52,106**	**52,106**
Business combinations	-	-	(122,647)	(122,647)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(122,647)**	**(122,647)**
Balance at 31 December 2021	**27,803,195**	**11,595,705**	**9,852,027**	**49,250,927**
Notes	11	12		
Company				
Balance at 01 January 2020	**11,358,203**	**-**	**(31,408,020)**	**(20,049,817)**
Loss for the year	-	-	(1,050,194)	(1,050,194)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**(1,050,194)**	**(1,050,194)**
Issue of shares	16,444,992	-	-	16,444,992
Total contributions by and distributions to owners of company recognised directly in equity	**16,444,992**	**-**	**-**	**16,444,992**
Balance at 01 January 2021	**27,803,195**	**-**	**(32,458,215)**	**(4,655,020)**
Loss for the year	-	-	(1,295,491)	(1,295,491)
Total comprehensive Loss for the year	**-**	**-**	**(1,295,491)**	**(1,295,491)**
Balance at 31 December 2021	**27,803,195**	**-**	**(33,753,706)**	**(5,950,511)**
Notes	11	12		

Statement of Cash Flows

		Group		Company	
Figures in Pula	**Notes**	**2021**	**2020**	**2021**	**2020**
Cash flows from operating activities					
Cash generated from/(used in) operations	27	(3,578,592)	3,627,422	(1,372,789)	(1,035,186)
Interest income		71,937	278,884	2,843	-
Finance costs		(244,434)	(302,502)	-	-
Tax paid	28	(106,650)	(523,844)	-	-
Net cash from operating activities		**(3,857,739)**	**3,079,960**	**(1,369,946)**	**(1,035,186)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(708,168)	(375,506)	-	-
Funds invested into other financial assets		(160,000)	-	-	-
Net cash from investing activities		**(868,168)**	**(375,506)**	**-**	**-**
Cash flows from financing activities					
Proceeds on share issue	11	-	16,444,992	-	16,444,992
Proceeds from loans from group companies		-	-	962,651	1,410,218
Repayment of borrowings		(486,942)	(2,715,374)	-	-
Repayment of shareholders loan		(64,919)	(16,410,389)	(64,919)	(16,410,389)
Payment on lease liabilities		-	(164,767)	-	-
Net cash from financing activities		**(551,861)**	**(2,845,538)**	**897,732**	**1,444,821**
Total cash movement for the year		**(5,277,768)**	**(141,084)**	**(472,214)**	**409,635**
Cash at the beginning of the year		7,473,846	8,006,725	479,038	-
Effect of exchange rate movement on cash balances		79,437	(391,795)	-	69,403
Total cash at end of the year	10	**2,275,515**	**7,473,846**	**6,824**	**479,038**

Accounting Policies

Corporate information

Olympia Capital Corporation Limited is a public limited company incorporated and domiciled in Botswana and listed on the Botswana Stock Exchange. The consolidated and separate annual financial statements comprise the company and its subsidiaries (collectively referred to as " the Group").

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act of Botswana.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated and separate annual financial statements incorporate the consolidated and separate annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

1.2 Consolidation (continued)

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

1.2 Consolidation (continued)

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in the relevant note in the consolidated and separate annual financial statements.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

1.5 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Buildings	Straight line	40-50 years
Plant and machinery	Straight line	6-7 years
Furniture and fixtures	Straight line	8-12 years
Motor vehicles	Straight line	3-5 years
Office equipment	Straight line	6-7 years
Loose tools	Straight line	8-12 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.5 Property, plant and equipment (continued)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and other rights	5 years

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or

1.7 Financial instruments (continued)

- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 31 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT, employee costs in advance and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

1.7 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any except for trade receivables that do not contain a significant financing component which are measured at the transaction price determined under IFRS 15.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 23).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 31).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, employee costs in advance and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.7 Financial instruments (continued)

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 22).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 31).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Borrowings and loans payable

Classification

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 24.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

1.7 Financial instruments (continued)

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 31).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 24).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 31).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

1.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value, and subsequently at amortised cost, using the effective interest rate method.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.8 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Any contingent rents are expensed in the period they are incurred.

1.9 Leases (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 22) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 24).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1.9 Leases (continued)

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 20).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the the group net investment in the lease. They are presented as lease receivables (note) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the group from the lessee, a party related to the lessee or a third party unrelated to the group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note 23).

1.9 Leases (continued)

The group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

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.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease up to the extent of the revaluation reserve available on the asset, where after additional decreases are recognised in profit or loss..

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

1.11 Impairment of assets (continued)

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase after any excess previously recognised in profit or loss has also been reversed.

1.12 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at no par value and classified as 'stated capital' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Severance benefits

Employees who are not members of an approved pension scheme or entitled to gratuities per their employee contracts, are entitled to severance benefits as regulated by the Botswana Employment Act. An accrual is recognised for the estimated liability for services rendered by the employees up to reporting date.

1.14 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of vinyl floor tiles and cleaning materials

1.14 Revenue from contracts with customers (continued)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Revenue is recognised using the five step model of revenue recognition as prescribed in IFRS 15 which are as follows:
i. Identify the sales contract between the buyer and the seller
ii. Identify the performance obligations in the sales contract
iii. Determine the transaction price
iv. Allocate the transaction price to the performance obligations in the contract
v. Recognise revenue

Sale of goods

For sales of vinyl floor tiles and cleaning chemicals, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.16 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate annual financial statements are presented in Pula which is the group functional and presentation currency.

1.16 Translation of foreign currencies (continued)

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• IFRS 16 Leases	01 June 2020	The impact of the standard is not material.
• Covid - 19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2022 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January 2022	Unlikely there will be a material impact
• IFRS 3 Business Combinations	01 January 2022	Unlikely there will be a material impact
• IFRS 9 Financial Instruments	01 January 2022	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023	Unlikely there will be a material impact
• IAS 12 Income Taxes	01 January 2023	Unlikely there will be a material impact
• IAS 16 Property, Plant and Equipment	01 January 2022	Unlikely there will be a material impact
• IAS 37 Provisions, Contingent Liabilities and Contingent Assets	01 January 2022	Unlikely there will be a material impact
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2099	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact

3. Property, plant and equipment

Group	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	3,339,855	-	3,339,855	3,339,855	-	3,339,855
Buildings	14,824,145	(420,341)	14,403,804	14,824,145	-	14,824,145
Plant and machinery	10,151,807	(8,628,451)	1,523,356	9,593,099	(8,384,327)	1,208,772
Furniture and fixtures	1,323,454	(676,657)	646,797	1,200,031	(599,676)	600,355
Motor vehicles	2,257,427	(1,816,332)	441,095	2,257,427	(1,734,527)	522,900
Office equipment	1,207,413	(856,035)	351,378	1,181,374	(807,878)	373,496
Loose tools	1,097,802	(790,421)	307,381	1,097,802	(770,044)	327,758
Total	**34,201,903**	**(13,188,237)**	**21,013,666**	**33,493,733**	**(12,296,452)**	**21,197,281**

Company	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	5,667	(5,667)	-	5,667	(5,667)	-

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Depreciation	Total
Land	3,339,855	-	-	3,339,855
Buildings	14,824,145	-	(420,341)	14,403,804
Plant and machinery	1,208,772	558,706	(244,122)	1,523,356
Furniture and fixtures	600,355	123,423	(76,981)	646,797
Motor vehicles	522,900	-	(81,805)	441,095
Office equipment	373,496	26,039	(48,157)	351,378
Loose tools	327,758	-	(20,377)	307,381
	21,197,281	**708,168**	**(891,783)**	**21,013,666**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Revaluations	Depreciation	Total
Land	2,934,282	-	405,573	-	3,339,855
Buildings	13,258,783	-	1,832,612	(267,250)	14,824,145
Plant and machinery	1,291,215	143,815	-	(226,258)	1,208,772
Furniture and fixtures	534,459	129,968	-	(64,072)	600,355
Motor vehicles	611,158	19,294	-	(107,552)	522,900
Office equipment	332,560	82,429	-	(41,493)	373,496
Loose tools	348,259	-	-	(20,501)	327,758
	19,310,716	**375,506**	**2,238,185**	**(727,126)**	**21,197,281**

3. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the overdraft facility in note 10:

	2021	2020	2021	2020
Tribal Lots 4 and 45 Mogoditshane (Fair Market Value)	4,350,000	4,350,000	-	-
BancABC overdraft facility of P2,230,000 consisting of an overdraft of P2,000,000 and Guarantees of P230,000 was secured by the following: (i) A first covering mortgage bond for P1,230,000 over Tribal Lots 44 and 45 Mogoditshane held. (ii) A second covering mortgage bond for P2,400,000 over Tribal Lots 44 and 45. (iii) Cession of insurance policy covering Tribal Lots 44 & 45 Mogoditshane Plot 10223 Gaborone-Section 4 and 5				
Plot 10223 Gaborone Section 4 and 5	6,340,000	6,340,000	-	-

Stanbic Bank Loan of P5,800,000

Revaluations

The group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 2 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value.

The fair value measurements as of 31 December 2020 were performed by Home Safe Properties, independent valuers not related to the group. Home Safe Properties are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The carrying value of the revalued assets under the cost model would have been:

	2020	2019	2020	2019
Land and buildings	3,209,243	3,374,608	-	-

4. Investment property

Group	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	14,187,000	-	14,187,000	14,187,000	-	14,187,000

4. Investment property (continued)

Reconciliation of investment property - Group - 2021

	Opening balance	Total
Investment property	14,187,000	14,187,000

Reconciliation of investment property - Group - 2020

	Opening balance	Fair value adjustments	Total
Investment property	13,800,368	386,632	14,187,000

Details of valuation

The effective date of the revaluations was 31 December 2021. Revaluations were performed by an independent valuer, S.L Sedie Bsc (Hons) MRICS MREIB, of Home Safe Properties. Home Safe Properties are not connected to the group and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Amounts recognised in profit and loss for the year

Rental income from investment property	1,117,521	775,148	-	-
Direct operating expenses from rental generating property	(204,974)	-	-	-
	912,547	**775,148**	**-**	**-**

5. Goodwill

Group	2021			2020		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	1,284,488	-	1,284,488	1,284,488	-	1,284,488

Reconciliation of goodwill - Group - 2021

	Opening balance	Total
Goodwill	1,284,488	1,284,488

Reconciliation of goodwill - Group - 2020

	Opening balance	Total
Goodwill	1,284,488	1,284,488

5. Goodwill (continued)

When testing for impairment during the year and assessing future income, management has considered the assumptions relating to the sustainable growth. In assessing sustainable growth, management has taken into consideration the on going economic uncertainty as a result of the Covid-19 pandemic, has had on the current year performance of the various CGU and the probable impact it will have on performance over the next 24 months. The estimation of pre-tax cash flows is sensitive to the periods for which forecasts are available and to assumptions regarding the long-term sustainable cash flows.

Management, in assessing sustainable cash flows, has considered the impact anticipated conservative consumer spending capacity could have on demand and as a result future cash flow forecasts have not only accounted for reduced income but has also factored increased operating costs in line with board approved budgets and strategies over the next 12 months and to manage working capital requirements in line with demand.

In terms of the Kalahari Floor Tiles goodwill, which has a carrying value of P1,284,488 an impairment of Pnil was identified. The recoverable amount of goodwill is based on value-in-use calculations. This calculation utilises expected pre-tax cash flows, market related growth for 4 years and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

6. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	Held by	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Kalahari Floor Tiles (Proprietary) Limited	Olympia Capital Corporation Limited	100.00 %	100.00 %	4,991,589	4,991,589
Gaborone Enterprises (Proprietary) Limited	Kalahari Floor Tiles (Proprietary) Limited	- %	100.00 %	-	-
				4,991,589	4,991,589

Subsidiaries for which control was lost during the year

The group lost control of subsidiary Gaborone Enterprises (Proprietary) Limited on 23 November 2021 through a merger with Kalahari Floor Tiles (Proprietary) Limited.

7. Inventories

Finished goods	11,424,926	8,348,812	-	-
Production supplies	1,765,368	1,463,011	-	-
	13,190,294	**9,811,823**	**-**	**-**
Inventory recognised as expense and included in cost of sales	23,809,455	21,933,965	-	-

8. Trade and other receivables

Financial instruments:				
Trade receivables	3,849,980	4,785,765	-	-
Expected credit loss allowance	(218,553)	(224,952)	-	-
Trade receivables at amortised cost	3,631,427	4,560,813	-	-
Deposits	6,882	18,882	-	-
Other receivables	847,147	147,949	-	-
Non-financial instruments:				
VAT	1,389,079	1,075,218	-	-
Employee costs in advance	115,333	267,354	-	-
Prepayments	439,368	109,548	-	-
Total trade and other receivables	**6,429,236**	**6,179,764**	**-**	**-**

Split between non-current and current portions

Current assets	6,429,236	6,179,764	-	-

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	4,485,456	4,727,649	-	-
Non-financial instruments	1,943,780	1,452,115	-	-
	6,429,236	**6,179,764**	**-**	**-**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

The average credit period on trade receivables is 30 days (2020: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2021	2021	2020	2020

8. Trade and other receivables (continued)

Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 0% (2020: 0%)	52,469	-	-	-
Less than 30 days past due: 1% (2020: 2.7%)	1,860,899	18,609	1,091,620	28,932
31 - 60 days past due: 1% (2020: 6.7%)	884,645	8,847	551,985	36,983
61 - 90 days past due: 2% (2020: 12.3%)	777,401	15,548	287,179	35,323
91 - 120 days past due: 5% (2020: 32.2%)	104,228	5,211	15,618	5,029
More than 120 days past due: 100% (2020: 4.2%)	170,338	170,338	2,839,363	118,684
Total	**3,849,980**	**218,553**	**4,785,765**	**224,951**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance in accordance with IFRS 9	**(224,952)**	**(595,248)**	**-**	**-**
Provision raised on new trade receivables	(218,553)	(224,951)	-	-
Provisions reversed on settled trade receivables	224,952	595,248	-	-
Closing balance	**(218,553)**	**(224,951)**	**-**	**-**

Exposure to currency risk

The group is exposed to currency risk related to trade receivables because certain wholesale transactions are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The currency in which the group deals primarily is the South African Rand.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Pula, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

Pula Amount				
Pula	1,989,840	2,804,690	-	-
Rand	2,495,616	1,877,816	-	-
	4,485,456	**4,682,506**	**-**	**-**
Foreign currency amount				
Rand	3,381,060	2,544,818	-	-
Pula per unit of foreign currency:				
Rand	1.355	1.355	-	-

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

8. Trade and other receivables (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to with regards to trade and other receivables. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated trade and other receivables and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
South African Rand 5% (2020: 5%)	(229,067)	229,067	(89,433)	89,433

9. Other financial assets

Held to maturity				
Metropolitan Multi Cash investment	160,000	-	-	-
Current assets				
Held to maturity	160,000	-	-	-

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current year.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,481	4,825	-	-
Bank balances	4,143,295	7,508,644	6,824	479,038
Bank overdraft	(1,873,261)	(39,623)	-	-
	2,275,515	**7,473,846**	**6,824**	**479,038**
Current assets	4,148,776	7,513,489	6,824	479,038
Current liabilities	(1,873,261)	(39,643)	-	-
	2,275,515	**7,473,846**	**6,824**	**479,038**
The total amount of undrawn facilities available for future operating activities and commitments	186,655	2,190,358	-	-

Tribal Lots 44 and 45 Mogoditshane were pledged as security for overdraft facilities of P2,230,000 (2020: P2,230,000) of the group. At year end the overdraft amounted to P1,813,261 (2020: P39,643).

	Group		Company	
Figures in Pula	2021	2020	2021	2020

10. Cash and cash equivalents (continued)

Exposure to currency risk

The group is exposed to currency risk related to certain bank accounts which are denominated in a foreign currency.

The net carrying amounts, in Pula, of cash and cash equivalents, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

Pula amount				
Pula	1,146,778	1,320,802	6,824	479,038
Rand	2,995,174	5,674,007	-	-
	4,141,952	**6,994,809**	**6,824**	**479,038**
Foreign currency amount				
Rand	4,057,861	7,689,420	-	-
Pula per unit of foreign currency:				
Rand	1.355	1.355	-	-

Foreign currency sensitivity analysis

The following analysis presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to with regards to cash and cash equivalents. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated cash and cash equivalents and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Rand 5% (2020: 5%)	274,920	(274,920)	384,471	(384,471)

11. Stated capital

Issued and paid up				
Issued and paid up 64,349,985 (2020: 64,349,985) Ordinary shares	27,803,195	27,803,195	27,803,195	27,803,195

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

12. Revaluation reserve

Revaluation reserve relates to the revaluation of land and buildings.

Balance at the beginning of the year	11,595,705	9,849,920	-	-
Movement during the year	-	1,745,785	-	-
	11,595,705	**11,595,705**	**-**	**-**

13. Borrowings

Held at amortised cost

Stanbic Bank Botswana Limited Loan	2,417,115	2,904,057	-	-

Split between non-current and current portions

Non-current liabilities	1,884,424	2,192,532	-	-
Current liabilities	532,691	711,525	-	-
	2,417,115	**2,904,057**	**-**	**-**

The loan was acquired to finance the acquisiton of property Block 8 Louieville Horizons. The amount is to be repaid in full no later than 30 April 2029. Repaid in 120 equal Instalments of BWP 75,050.58. Interest charged at 9.5% per annum above the bank's prime rate currently at 5.25%.

Security
1) Unlimited Suretyship by Olympia Capital Corporation Limited in favour of Kalahari Floor Tiles (Proprietary) Limited
2) First Sectional Covering Mortgage Bond over section 4 of Plot 10223, Gaborone amounting to P1,563,100.
3) First Sectional Covering Mortgage Bond over section 5 of Plot 10223, Gaborone amounting to P1,552,600.
4) Lien over finances assets.
5) Cession of rentals, unlimited suretyship by Michael Mato and Olympia Capital Corporation Limited.
6) Insurance over Section 4 and 5 of Plot 10223, Gaborone.

Exposure to liquidity risk

Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.

14. Deferred tax

Deferred tax liability

Property plant and equipment, investment property and other	(3,640,482)	(3,436,154)	-	-
Provisions	204,328	-	-	-
Total deferred tax liability	**(3,436,154)**	**(3,436,154)**	**-**	**-**
Deferred tax liability	(3,436,154)	(3,436,154)	-	-

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

14. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(3,436,154)	(2,809,760)	-	-
Taxable / (deductible) temporary difference on provisions	29,189	(29,189)	-	-
Reduction due to rate change	3,923	(3,923)	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	(577,291)	(49,103)	-	-
Deductible temporary difference on revaluation reserve	370,521	(370,521)	-	-
Taxable / (deductible) temporary difference movement on exchange gains or losses	(7,029)	7,029	-	-
Taxable / (deductible) temporary difference movement on investment property at fair value	180,687	(180,687)	-	-
	(3,436,154)	**(3,436,154)**	**-**	**-**

15. Trade and other payables

Financial instruments:				
Trade payables	2,642,538	3,595,613	9,956	84,410
Trade payables - related parties	31,742	-	-	-
Other payables	264,867	395,542	-	-
Accrued audit fees	93,789	132,460	-	-
Deposits received	19,536	48,000	-	-
Non-financial instruments:				
Payroll accruals	959,185	930,588	-	-
VAT	-	28,994	-	-
	4,011,657	**5,131,197**	**9,956**	**84,410**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	3,052,472	4,171,615	9,956	84,410
Non-financial instruments	959,185	959,582	-	-
	4,011,657	**5,131,197**	**9,956**	**84,410**

Exposure to currency risk

The group is exposed to currency risk related to trade payables because certain wholesale transactions are denominated in foreign currencies. The currency in which the group deals primarily is the South African Rand.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Pula, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

	Group		Company	
Figures in Pula	2021	2020	2021	2020

15. Trade and other payables (continued)

Pula Amount				
Pula	2,575,298	2,944,117	9,956	84,411
Rand	1,426,410	2,236,947	-	-
	4,001,708	**5,181,064**	**9,956**	**84,411**
Foreign currency amount				
Rand	1,932,500	3,031,512	-	-
Pula per unit of foreign currency:				
Rand	1.355	1.355	-	-

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to with regards to trade and other payables. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated trade and other payables and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
ZAR 5% (2020: 5 %)	130,927	(130,927)	205,385	(205,385)

Exposure to liquidity risk

Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

16. Loans from related parties

Subsidiaries				
Kalahari Floor Tiles (Proprietary) Limited	-	-	10,938,968	9,976,317

The loan is unsecured, carries no interest and does not have repayment terms.

Split between non-current and current portions

Current liabilities	-	-	10,938,968	9,976,317

The loan is unsecured, carries no interest and does not have repayment terms.

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

16. Loans from related parties (continued)

The loan has been subordinated until a time when the company has restored its solvency.

Fair value of group loans payable

Refer to note 31 Financial instruments and financial risk management and note 32 Fair value information for the for the fair value of group loans payable.

17. Loans from shareholders

Olympia Capital Holdings Limited	-	64,919	-	64,919

The loan is unsecured, interest free and has no fixed repayment terms.

Split between non-current and current portions

Current liabilities	-	64,919	-	64,919

Exposure to currency risk

The net carrying amounts, in Pula, of loans from shareholders are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

Pula amount				
Pula	-	(64,919)	-	(64,919)

The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount				
Kenya Shillings	-	(653,085)	-	653,085

Exchange rates

The following closing exchange rates were applied at reporting date:

Pula per unit of foreign currency:				
Kenya Shillings	-	10.060	-	10.060

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to with regards to loans from shareholders. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated loans payable and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

17. Loans from shareholders (continued)

Group	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 5% (2020: 5%)	-	-	3,074	(3,074)

Company	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 5% (2020: 0%)	-	-	3,074	(3,074)

18. Revenue

Revenue from contracts with customers				
Sale of goods	39,859,084	43,760,039	-	-

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Timing of revenue recognition

At a point in time				
Sale of goods	39,859,084	43,760,039	-	-

19. Cost of sales

Sale of goods	447,007	2,660,227	-	-
Inventories lost or written off	207,420	-	-	-
Manufactured goods:				
Raw materials consumed	23,809,455	21,933,965	-	-
Employee costs	5,861,647	6,405,082	-	-
Manufacturing expenses	(1,906,101)	(1,354,742)	-	-
	28,419,428	**29,644,532**	**-**	**-**

20. Other operating income

Rental income on investment property	1,183,655	1,015,992	-	-
Other income	186,878	6,867	-	-
	1,370,533	**1,022,859**	**-**	**-**

21. Other operating gains (losses)

Foreign exchange gains (losses)				
Net foreign exchange gains (losses)	79,437	(391,797)	-	69,403

		Group		Company	
Figures in Pula		**2021**	**2020**	**2021**	**2020**

21. Other operating gains (losses) (continued)

Fair value gains					
Investment property	4	-	386,632	-	-
Total other operating gains (losses)		**79,437**	**(5,165)**	**-**	**69,403**

22. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	154,577	224,454	63,920	67,200
Remuneration, other than to employees				
Administrative and managerial services	645,572	-	645,572	-
Consulting and professional services	442,387	867,744	318,005	790,073
Secretarial services	-	4,410	-	-
	1,087,959	**872,154**	**963,577**	**790,073**
Employee costs				
Salaries, wages, bonuses and other benefits	10,427,525	11,138,744	-	-
Total employee costs	**10,427,525**	**11,138,744**	**-**	**-**
Less: Employee costs included in cost of merchandise sold and inventories	(5,861,647)	(6,405,082)	-	-
Total employee costs expensed	**4,565,878**	**4,733,662**	**-**	**-**
Leases				
Short term leases	63,900	57,600	-	-
Total lease expenses	**63,900**	**57,600**	**-**	**-**
Depreciation and amortisation				
Depreciation of property, plant and equipment	891,783	727,126	-	-
Movement in credit loss allowances				
Trade and other receivables	8,601	(323,630)	-	-

23. Investment income

Interest income				
Investments in financial assets:				
Interest received	71,937	278,884	2,843	-

24. Finance costs

Borrowings	244,434	302,502	-	-

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

25. Taxation

Major components of the tax expense

Current				
Local income tax - current period	254,588	527,990	-	-
Deferred				
Originating and reversing temporary differences	-	133,993	-	-
	254,588	**661,983**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	306,694	3,251,261	(1,295,491)	(1,050,194)
Manufacturing tax at the applicable tax rate of 15% (2020: 15%) and 22% for other companies	243,376	646,164	(194,324)	(157,529)
Tax effect of adjustments on taxable income				
Effect of income subject to 22% tax rate	11,168	12,069	-	-
Donations	44	3,750	-	-
Tax losses for which deferred tax not recognised	-	-	194,324	157,529
	254,588	**661,983**	**-**	**-**
Deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised.	1,029,623	4,865,094	1,029,623	4,865,094

26. Earnings per Share

The calculation of basic earnings per share at the reporting date was based on the comprehensive income or loss attributable to ordinary shareholders and a weighted average number of ordinary shares calculated as follows:

Shares in issue of the beginning and end of year (number)				
Issued ordinary shares at 31 December	64,349,985	64,349,985	64,349,985	64,349,985
Earnings per share calculation				
Total comprehensive income attributable to the owners of the parent company (Pula)	52,106	2,589,279	(1,295,491)	(1,050,194)
Weighted average number of ordinary shares for the year ended 31 December	64,349,985	46,474,993	64,349,985	46,474,933
Weighted average number of ordinary shares	64,349,985	46,474,993	64,349,985	46,474,993
Basic earnings per share (Thebe)	**-**	**6**	**(2)**	**(2)**

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

27. Cash generated from/(used in) operations

Profit (loss) before taxation	306,694	3,251,261	(1,295,491)	(1,050,194)
Adjustments for:				
Depreciation	891,783	727,126	-	-
(Gains) losses on foreign exchange	(79,437)	391,797	-	(69,403)
Interest income	(71,937)	(278,884)	(2,843)	-
Finance costs	244,434	302,502	-	-
Fair value gains	-	(386,632)	-	-
Net impairments and movements in credit loss allowances	8,601	(323,630)	-	-
Loss on inventory write off	207,420	-	-	-
Changes in working capital:				
Inventories	(3,585,891)	(2,850,504)	-	-
Trade and other receivables	(258,073)	2,617,878	-	-
Trade and other payables	(1,242,186)	176,508	(74,455)	84,411
	(3,578,592)	**3,627,422**	**(1,372,789)**	**(1,035,186)**

28. Tax paid

Balance at beginning of the year	723,592	727,738	-	-
Current tax for the year recognised in profit or loss	(254,588)	(527,990)	-	-
Balance at end of the year	(575,654)	(723,592)	-	-
	(106,650)	**(523,844)**	**-**	**-**

29. Contingencies and guarantees

There is no reimbursement from any third parties for potential obligations of the group.

There are no known material contingent assets and/or liabilities for the group as at year end.

30. Related parties

Relationships	
Holding company	Olympia Capital Holdings Limited
Subsidiaries	Kalahari Floor Tiles (Proprietary) Limited Gaborone Enterprises (Proprietary) Limited Refer to note 6
Shareholder with significant influence	Mr. Michael Maina Matu (Deceased)
Managing Director	Mr. Alex Njoroge Kimani

Related party balances

Loan accounts - Owing (to) by related parties				
Kalahari Floor Tiles (Proprietary) Limited	-	-	10,938,924	9,976,317
Compensation to directors and other key management				
Short-term employee benefits	1,855,102	1,416,900	-	-

	Group		Company	
Figures in Pula	2021	2020	2021	2020

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	4,485,456	4,485,456	4,485,456
Cash and cash equivalents	10	4,148,776	4,148,776	4,148,776
Other		160,000	160,000	160,000
		8,794,232	**8,794,232**	**8,794,232**

Group - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	4,727,644	4,727,644	4,727,644
Cash and cash equivalents	10	7,513,489	7,513,489	7,513,489
		12,241,133	**12,241,133**	**12,241,133**

Company - 2021

	Notes	Amortised cost	Total	Fair value
Cash and cash equivalents	10	6,824	6,824	6,824

Company - 2020

	Notes	Amortised cost	Total	Fair value
Cash and cash equivalents	10	479,038	479,038	479,038

Categories of financial liabilities

Group - 2021

	Notes	Amortised cost	Total	Fair value
Trade and other payables	15	3,052,479	3,052,479	3,052,479
Borrowings	13	2,417,115	2,417,115	2,417,115
Bank overdraft	10	1,873,261	1,873,261	1,873,261
		7,342,855	**7,342,855**	**7,342,855**

31. Financial instruments and risk management (continued)

Group - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other payables	15	4,171,613	4,171,613	4,171,613
Loans from shareholders		64,919	64,919	64,919
Borrowings	13	2,904,057	2,904,057	2,904,057
Bank overdraft	10	39,642	39,642	39,642
		7,180,231	**7,180,231**	**7,180,231**

Company - 2021

	Notes	Amortised cost	Total	Fair value
Trade and other payables	15	9,956	9,956	10,000
Loans from related parties	16	10,938,924	10,938,924	11,513,264
		10,948,880	**10,948,880**	**11,523,264**

Company - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other payables	15	84,411	84,411	84,411
Loans from related parties	16	9,976,317	9,976,317	10,500,074
Loans from shareholders		64,919	64,919	64,919
		10,125,647	**10,125,647**	**10,649,404**

Capital risk management

The group's objective when managing capital (which includes stated capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The group's targeted gearing ratio is 20% – 50%.

		Group		Company	
Figures in Pula		**2021**	**2020**	**2021**	**2020**

31. Financial instruments and risk management (continued)

The capital structure and gearing ratio of the group at the reporting date was as follows:

Loans from related parties	16	-	-	10,938,968	9,976,317
Loans from shareholders	17	-	64,919	-	64,919
Borrowings	13	2,417,115	2,904,057	-	-
Trade and other payables	15	4,011,664	5,131,195	9,956	84,411
Total borrowings		**6,428,779**	**8,100,171**	**10,948,924**	**10,125,647**
Cash and cash equivalents	10	(2,275,515)	(7,473,846)	(6,824)	(479,038)
Net borrowings		**4,153,264**	**626,325**	**10,942,100**	**9,646,609**
Equity		49,250,923	49,321,467	(5,950,511)	(4,655,020)
Gearing ratio		8 %	1 %	(184)%	(207)%

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

31. Financial instruments and risk management (continued)

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other financial assets, IFRS 9 requires the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for financial assets.

The maximum exposure to credit risk is presented in the table below:

Group		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	8	4,704,009	(218,553)	4,485,456	4,952,596	(224,952)	4,727,644
Cash and cash equivalents	10	4,148,776	-	4,148,776	7,513,489	-	7,513,489
Other financial assets	37	160,000	-	160,000	-	-	-
		9,012,785	**(218,553)**	**8,794,232**	**12,466,085**	**(224,952)**	**12,241,133**

Company		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Cash and cash equivalents	10	6,824	-	6,824	479,038	-	479,038

Amounts are presented at amortised cost. The credit loss allowance is only shown for disclosure purposes.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**

31. Financial instruments and risk management (continued)

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2021

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	13	-	489,149	1,489,496	1,978,645	1,884,424
Current liabilities						
Trade and other payables	15	3,052,479	-	-	3,052,479	3,052,479
Borrowings	13	532,691	-	-	532,691	532,691
Bank overdraft	10	1,873,261	-	-	1,873,261	1,873,261
		(5,458,431)	**(489,149)**	**(1,489,496)**	**(7,437,076)**	**(7,342,855)**

Group - 2020

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	13	-	559,326	1,742,833	2,302,159	2,192,532
Current liabilities						
Trade and other payables		4,171,613	-	-	4,171,613	4,171,613
Borrowings	13	711,525	-	-	711,525	711,525
Bank overdraft	10	39,623	-	-	39,623	39,623
		(4,922,761)	**(559,326)**	**(1,742,833)**	**(7,224,920)**	**(7,115,293)**

Company - 2021

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables		9,956	9,956	9,956
Loans from group companies	16	10,938,968	10,938,968	10,938,968

	Group		Company	
Figures in Pula	2021	2020	2021	2020

31. Financial instruments and risk management (continued)

Company - 2020

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	15	84,411	84,411	84,411
Loans from group companies	16	9,976,317	9,976,317	9,976,317

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are Kenya Shillings and South African Rand.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Details of foreign currency risk exposure are contained in the relevant notes throughout these financial statements.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the group is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
Group		2021	2020	2021	2020
Liabilities					
Borrowings	13	9.50 %	8.25 %	2,412,679	2,904,057

	Group		Company	
Figures in Pula	2021	2020	2021	2020

31. Financial instruments and risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 31 December 2021, if the interest rate had been 1% per annum (2020: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been P 25,730 (2020: P 36,667) lower or higher.

32. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Property, plant and equipment	3				
Tribal Lot 44 and 45 Mogoditshane		3,880,000	3,880,000	-	-
Section 4 Plot 10223		2,870,000	2,870,000	-	-
Unit 4 Plot 10223 Broadhurst Industrial		3,000,000	3,000,000	-	-
Tribal Lot 51, 52 and 53		6,920,000	6,920,000	-	-
Total property, plant and equipment		**16,670,000**	**16,670,000**	**-**	**-**
Total		**16,670,000**	**-**	**-**	**-**

		Group		Company	
Figures in Pula		**2021**	**2020**	**2021**	**2020**

32. Fair value information (continued)

Level 3

Recurring fair value measurements

Assets	Notes				
Investment property	4				
Unit K4 LA 4978 Louieville		1,965,000	1,965,000	-	-
Plot 61818 Block 6 Gaborone		1,577,000	1,577,000	-	-
Section 19 Louieville Mogoditshane		635,000	635,000	-	-
Section 37 Louieville Mogoditshane		635,000	635,000	-	-
Section 37 Louieville Mogoditshane		700,000	700,000	-	-
LA 5020 KO Plot 36142 Louieville		6,800,000	6,800,000	-	-
Plot Lot 75783, Section No. 20, Setlhoa Office Park, Gaborone		1,875,000	1,875,000	-	-
Total investment property		**14,187,000**	**14,187,000**	**-**	**-**
Total		**14,187,000**	**30,857,000**	**-**	**-**

Reconciliation of assets and liabilities measured at level 3

	Notes	Opening balance	Gains (losses) recognised in profit (loss)	Closing balance
Group - 2021				
Investment property				
Unit K4 LA 4978-KO Louieville		1,965,000	-	1,965,000
Plot 61818 Block 6 Gaborone		1,577,000	-	1,577,000
Section 19 Louieville Mogoditshane		635,000	-	635,000
Section 37 Louieville Mogoditshane		635,000	-	635,000
Secton 10 Lot 43481 Francistown		700,000	-	700,000
LA 5020-KO Plot 36142 Louieville		6,800,000	-	6,800,000
Plot Lot 75783, Section No. 20, Setlhoa Office Park,Gaborone		1,875,000	-	1,875,000
Total investment property		**14,187,000**	**-**	**14,187,000**

32. Fair value information (continued)

Group - 2020

Assets

	Note(s)	Opening balance	Gains/losses recognised in profit or loss	Closing balance
Investment property	4			
Unit K4 LA 4978-KO Louieville		1,820,650	144,350	1,965,000
Plot 61818 Block 6 Gaborone		1,460,000	117,000	1,577,000
Section 19 Louieville Mogoditshane		590,000	45,000	635,000
Section 37 Louieville Mogoditshane		590,000	45,000	635,000
Section 10 Lot 43481 Francistown		700,000	-	700,000
LA 5020-KO Plot 36142 Louieville		6,840,475	(40,475)	6,800,000
Plot Lot 75783, Section No. 20, Setlhoa Office Park,Gaborone		1,799,243	75,757	1,875,000
Total investment property		**13,800,368**	**386,632**	**14,187,000**
Total		**13,800,368**	**386,632**	**14,187,000**

* Gains and losses recognised in profit or loss are included in Other income on the Statement of Comprehensive Income, except for gains and losses on financial assets and liabilities which have been included in fair value adjustments.

* Gains and losses recognised in other comprehensive income are included in Gains and losses on property revaluation.

Valuation techniques used to derive level 2 fair values

Land and buildings

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

No changes have been made to the valuation technique.

Description of valuation method and inputs of another class of level 2 fair values.

No changes have been made to the valuation technique.

Information about valuation techniques and inputs used to derive level 3 fair values

Investment property - commercial property for leasing

The calculation of the Market Value entails capitalisation of the rent passing or market rentals at capitalisation rate derived from the market comparables evidence and adjusted accordingly for the subject property.

	Weighted average range of probabilities	
	High	Low
Capitalisation rate (%)	12	15
Average rental rate per square metre	50	60
Average lease period (years)	2	5

32. Fair value information (continued)

Rental escalation (%)	8	10

It is unlikely that a variation in any input by a reasonably possible alternative amount will significantly impact the valuation.

Valuation processes applied by the Group

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.The valuation company provides the fair value of the Group's investment portfolio every year.

33. Events after the reporting period

The board is aware of the war that is going on between Russia and Ukraine and is also aware of the potential effect thereof on the global economy. However, the group does not deal directly with any of the affected countries hence it is not directly exposed.

The financial impact cannot be quantified at this stage due to the significant amount of uncertainty involved.

The directors are not aware of any other material events that occurred between the year end and the date of signing of the financial statements.

34. Going concern

We draw attention to the fact that at 31 December 2021, the company had accumulated losses of P (33,753,706) (2020: P (32,458,214) and that the company's total liabilities exceed its assets by P (5,950,511) (2020: P (4,655,019).These conditions give rise to a material uncertainty which may cast significant doubt about the company’s ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 16 of these consolidated and separate annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

35. Intangible assets

Group	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks	254,250	(254,250)	-	254,250	(254,250)	-

36. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2021

	Opening balance	Cash flows	Closing balance
Borrowings	2,904,057	(486,942)	2,417,115
Loans from shareholders	64,919	(64,919)	-
	2,968,976	**(551,861)**	**2,417,115**
Total liabilities from financing activities	**2,968,976**	**(551,861)**	**2,417,115**

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Cash flows	Closing balance
Borrowings	5,619,431	(2,715,374)	2,904,057
Loans from shareholders	16,475,308	(16,410,389)	64,919
Finance lease liabilities	164,767	(164,767)	-
	22,259,506	**(19,290,530)**	**2,968,976**
Total liabilities from financing activities	**22,259,506**	**(19,290,530)**	**2,968,976**

Reconciliation of liabilities arising from financing activities - Company - 2021

	Opening balance	Cash flows	Closing balance
Loans from shareholders	64,919	(64,919)	-
Loans from group companies	9,976,317	962,651	10,938,968
	10,041,236	**897,732**	**10,938,968**
Total liabilities from financing activities	**10,041,236**	**897,732**	**10,938,968**

Reconciliation of liabilities arising from financing activities - Company - 2020

	Opening balance	Cash flows	Closing balance
Loans from shareholders	16,475,308	(16,410,389)	64,919
Loans from group companies	8,566,099	1,410,218	9,976,317
	25,041,407	**(15,000,171)**	**10,041,236**
Total liabilities from financing activities	**25,041,407**	**(15,000,171)**	**10,041,236**

37. Commitments

Operating leases – as lessor (income)

Minimum lease payments due				
- first year	1,177,521	1,236,397	-	-
- second year	1,236,397	1,298,217	-	-
- third year	1,298,217	1,363,128	-	-
- fourth year	1,363,128	1,431,285	-	-
- fifth year	1,431,285	-	-	-
	6,506,548	**5,329,027**	**-**	**-**

	Group		Company	
Figures in Pula	2021	2020	2021	2020

38. Covid 19

The board is aware of the ever changing circumstances caused by the Covid-19 pandemic. There is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the group.

The group continue to be cautiously optimistic regarding its future performance. The group has adequate resources to keep the business afloat even in light of soaring supplier prices and supply chain disruptions. Though the extent of disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time. However current business indications point towards buoyant business activity. The arrival of vaccines and further opening up of various sectors in the region is also expected to boost business confidence.

Detailed Income Statement

	Group		Company	
Figures in Pula	**2021**	**2020**	**2021**	**2020**
Revenue				
Sale of goods	39,859,084	43,760,039	-	-
Cost of sales	**(28,419,428)**	**(29,644,532)**	**-**	**-**
Gross profit	**11,439,656**	**14,115,507**	**-**	**-**
Other operating income				
Rental income on investment property	1,183,655	1,015,992	-	-
Other income	186,878	6,867	-	-
	1,370,533	**1,022,859**	**-**	**-**
Other operating gains (losses)				
Foreign exchange gains (losses)	79,437	(391,797)	-	69,403
Fair value gains	-	386,632	-	-
	79,437	**(5,165)**	**-**	**69,403**
Movement in credit loss allowances	(8,601)	323,630	-	-
Expenses	**(12,401,834)**	**(12,181,952)**	**(1,298,334)**	**(1,119,597)**
Operating profit (loss)	**479,191**	**3,274,879**	**(1,298,334)**	**(1,050,194)**
Investment income	71,937	278,884	2,843	-
Finance costs	(244,434)	(302,502)	-	-
Profit (loss) before taxation	**306,694**	**3,251,261**	**(1,295,491)**	**(1,050,194)**
Taxation	(254,588)	(661,983)	-	-
Profit (loss) for the year	**52,106**	**2,589,278**	**(1,295,491)**	**(1,050,194)**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited