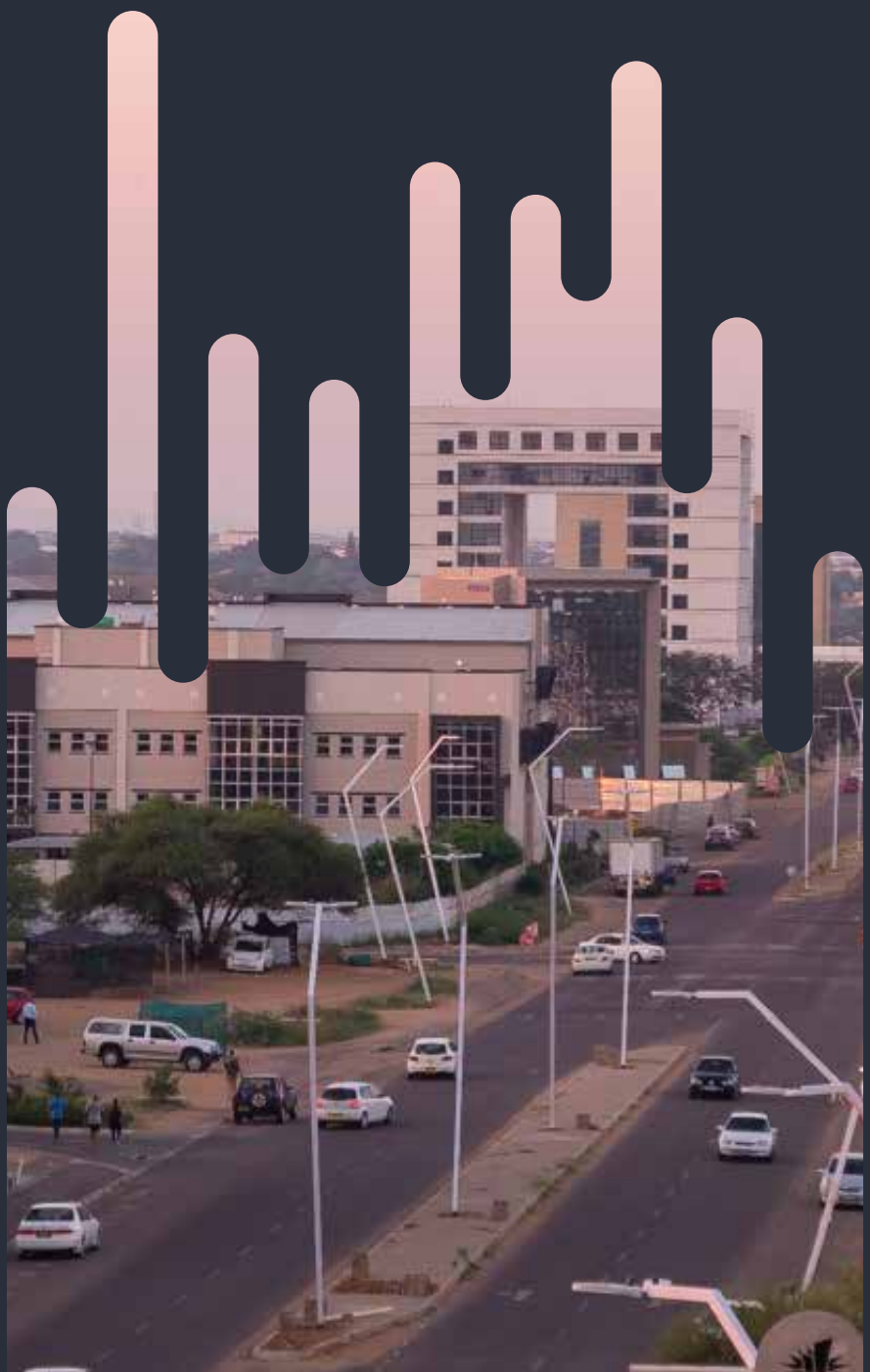
OLYMPIA
Capital

Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020



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 and Gaborone Enterprises (Proprietary) Limited. Kalahari 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 Date appointed: 26 March 2020 Michael Maina Wamae Matu (Deceased)
Registered office	Plot 1278, Old Lobatse Road Gaborone
Postal address	P O Box 2166, Gaborone
Bankers	First National Bank of Botswana Limited First National Bank of South Africa Stanbic Bank Botswana Limited Africa Banking Corporation of Botswana Limited
Auditors	Mazars Plot 139 Gaborone International Finance Park Gaborone
Secretary	Pricewaterhousecoopers Proprietary Limited

Contents

Statement of Corporate Governance

as at December 2020

Corporate governance deals with the way companies are led and managed, the role of the Board of Directors and a framework of internal controls. The Board of Olympia Capital Corporation Limited is committed to upholding high standards of Corporate Governance. The Board is accountable to the company's shareholders for good governance. and the statement set out below illustrates how the Corporate Governance Guidelines, are applied by the group.

Board of Directors

Composition of the Board is set out on page 1.

The Board consists of the Chairman, Dr. Christopher Obura, Chief Executive Officer, Mr. Michael M. Matu (to March 2020), Executive Director, Mr. Alex Kimani and Non-Executive Directors, Mrs. Tebatso Lekalake, Mr. Tengo Rubadiri and Mr. Robert Wanderi. All non-executive directors are independent of the management. All directors are subject to periodic retirement and re-appointment in accordance with the company's Articles of Association.

All the directors have access to the Company Secretary who is responsible for ensuring that Board Procedures are followed and that applicable laws and regulations are complied with. The directors' responsibilities are set out in the Statement of Directors' Responsibilities on page 5.

The board is of the opinion that there is a balance between independent executive and non-executive directors as set out in the company's Board Charter.

The Board meets regularly, at least four times a year, and has a formal schedule of matters reserved for it. The directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial operational, compliance and governance issues.

The Board has continued to adopt the best governance practices outlined in the King III - Corporate Governance Guidelines as part of its ongoing listings obligation. The Board members have wide range of skills and experience and each member brings an independent judgment and considerable knowledge to the Board discussions that ensures effective decision making. The Board is responsible for the long-term growth and profitability of the Olympia Group. The responsibilities of the Board members are outlined in the Board Charter. The Board is also assisted in the discharge of its responsibilities by the various Sub Committees.

Delegation of Authority

Board Sub Committees

The Board has three Sub Committees with specific delegated authorities. These are Board Audit Committee, Board Investment Committee, and Board Staff Nominations and Remuneration Committee. The Board Sub Committees assist the Board in discharging its responsibilities. These Sub Committees have clear defined roles and terms of reference and charters that have been approved by the Board. The Committees are chaired by non-executive directors.

Board Audit Committee

The committee acts as the liaison between the External Auditor, the Board and the Management. The committee strengthens the objectivity and independence of the auditor and acts on behalf of the Board in carrying out its responsibilities to the members and shareholders.

Board Investment Committee

The main responsibilities of this committee are to set limits for Management in capital expenditure, review the budgets, review the companies' procurement and disposal policies and make recommendations on all new investments proposals.

Board Staff Nominations and Remuneration Committee

The main responsibilities of this committee are to recommend to the Board on the recruitment, termination, promotion and other significant issues related to executive directors and general managers, review the adequacy of human resources policies and to monitor disputes and appeal procedures in the company.

Going Concern

The Board confirms that it is satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, the company continues to adopt the going concern basis when preparing the financial statements.

Communication with Shareholders

The company is committed to equitable treatment of its shareholders including the non-controlling and foreign shareholders and ensures that all its shareholders receive full and timely information about its performance through distribution of the annual report and financial statements and half year interim financial report and through compliance with the relevant continuing obligations under the BSE listings regulations. The company's results and notices are released on the BSE X-News, and relevant other press within the prescribed period at each half-year and year end.

Directors' Responsibilities and Approval

for the year ended 31 December 2020

The directors are required in terms of the Companies Act of Botswana 2003 (No. 32 of 2004) 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 groupís 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 groupís cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that the group has or had 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 (refer to note 35) 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 7 to 13.

The consolidated and separate annual financial statements set out on pages 14 to 69, which have been prepared on the going concern basis, were approved by the board of directors on 22 March 2021 and were signed on their behalf by:

Director

Director

Top Ten Shareholders & Shareholder Spread

as at December 2020

NAME	NUMBER OF SHARES HELD	PERCENTAGE %
OLYMPIA CAPITAL HOLDINGS LTD	38,874,690	60.41%
KAREN ENTERPRISES LIMITED	3,817,000	5.93%
SOUTH BOUND INVESTMENT LIMITED	3,575,000	5.56%
SUNNYSIDE INTERNATIONAL LIMITED	3,575,000	5.56%
KINGROSS HOLDINGS (PTY) LTD	3,108,235	4.83%
MATU MICHAEL MAINA WAMAE	2,977,492	4.63%
BOTSWANA PUBLIC OFFICERS PENSION FUND- FNB BOTSWANA NOMINEES	2,702,687	4.20%
LHG MALTA HOLDING LTD	2,074,447	3.22%
BDO STAFF PENSION FUND	1,031,632	1.60%
CENTRAL KENYA WHOLESALERS LIMITED	973,040	1.51%
	62,709,223	**97.45%**
OTHER SHAREHOLDERS	1,640,762	2.55%
TOTAL	**64,349,985**	**100.00%**

SHAREHOLDER SPREAD BY NUMBER OF SHARES

Range	Number of Shareholders	% of Shareholders	Total Shares	% Holding
<2,000	295	86%	78,343	0.1%
2,001-5,000	14	4%	48,863	0.1%
5,001-10,000	11	3%	95,681	0.1%
10,001-50,000	8	2%	189,540	0.3%
50,001-100,000	0	0%	-	0.0%
100,001-500,000	6	2%	1,612,233	2.5%
>500,000	11	3%	62,325,325	96.9%
Total	**345**	**100%**	**64,349,985**	**100.0%**

SHAREHOLDER SPREAD (PUBLIC/NON PUBLIC)

Category	Number of Shareholders	Total Shares	% Holding
Public Shareholders	340	11,400,060	18%
Non Public Shareholders	5	52,949,925	82%
Total	**345**	**64,349,985**	**100%**

Category	Number of Shareholders	% of Shareholders	Total Shares	% Holding
Non-Public shareholders	5	1%	52,949,925	82%
Public shareholders comprising of:				
Corporate bodies	8	2%	3,695,957	6%
Nominees companies	3	1%	2,703,004	4%
Private individuals	329	95%	5,001,099	8%
	345	**100.00%**	**64,349,985**	**100.00%**

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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 14 to 69, which comprise the consolidated and separate statement of financial position as at 31 December 2020, 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 2020, 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 35 to the separate annual financial statements, which indicates that the Company incurred a net loss of P1,050,194 (2019: P1,846,945) during the year ended 31 December 2020 and an accumulated losses of P32,458,214 (2019: P31,408,020 and, as of that date, the company's total liabilities exceed its total assets by P4,655,019 (2019: P20,049,817). As stated in Note 35, these events or conditions, along with other matters as set forth in Note 35, 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.

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 (2019: 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 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 judgements and assumptions used in determining the valuation of the recoverable amounts include among others: • Short – and long – term revenue growth; • Discount rate; • Capitalisation rates; • Net operating costs; • Working capital movement; and • Capital outlay The significant of the estimates and judgements involved, coupled with the high number of individual estimates performed, could result in a material misstatement, and therefore warrant specific audit focus.	We performed substantive tests of detail on the lowest level of cash generating unites to which the goodwill have been allocated. We performed the following substantive procedures: • Testing the reliability of budgets and forecasts by comparing the actual results against the historical budgets and forecasts; • Testing whether the budgets and forecasts utilised to support the recovery of goodwill were approved by those charged with governance; and • Testing the mathematical accuracy of the impairment assessment. Having performed our audit procedures and evaluated the outcomes we concluded that our audit procedures appropriately address the key audit matter.

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	
Valuation of investment property and land and buildings under property, plant and equipment The Group's accounting policy in notes 1.4 & 1.5 states that investment property and property, plant and equipment is measured at fair value. The carrying value of investment properties and land and buildings at 31 December 2020 was P14,187,000 (2019: P13,800,368) and P18,164,000 (2019:P16,193,065) respectively. The property valuations take into account property-specific information such as the current tenancy agreements and rental income. Assumptions are made for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. The valuation of the Group's property involves significant judgements made by the external valuation experts and management, particularly those around the selection of valuations models and the inputs to those models, current market conditions and its rental levels. The significance of the valuations at year end, estimates and judgements involved, including the fact that only a small percentage difference in an individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus. The disclosure associated with valuation assessment of investment property and land and buildings is set out in the financial statements in the following notes: • Critical accounting estimates and judgements, Investment property and Property, plant and equipment • Note 3 Property, plant and equipment • Note 4 investment property	We tested the valuation reports for all the properties selected where management relied on externally generated valuation reports and confirmed that the valuation approach for each was in accordance with external market information and suitable for use in determining the carrying value for the purpose of the consolidated financial statements. We performed the substantive tests of details to assess whether the fair value of investment property and land and buildings is reasonable. These include the following: • Assessing the competence, capability, objectivity and integrity of the management's expert used; • testing the key assumptions used in the determination of the fair value in the valuation reports (external and directors' valuation reports), including analysing the accuracy of the rental income in the calculations compared to the actual results and comparing discount rates used to available industry data for existing investment properties. Having performed our audit procedures and evaluated the outcomes we concluded that our audit procedures appropriately address the key audit matter.

Impact of the outbreak of Covid-19 on the consolidated and separate financial statements In December 2019, a novel strain of coronavirus (COVID 19) was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The potential impact of COVID-19 is causing widespread disruption to normal patterns of business activity across the world. Governments of various countries the group is operating in declared a "State of Emergency" where most non-essential businesses were closed to curb the spread of COVID 19 and in some instances, re-opened. As a result of this, numerous sectors of the economy are suffering damage and the long-term economic and business consequences remain unknown. Impacts such as sales and production disruptions, supply-chain interruptions, negative impacts on customers, volatility in the equity and debt markets, reduced revenue and cash flows, cash out flow through donations to the State COVID 19 fund and other economic consequences have been observed. Whilst the situation is still evolving, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate. The disclosure associated with COVID-19 is set out in the financial statements on the following notes: • Note 34 – Events after reporting period Due to the impact of COVID-19 and the uncertainty surrounding the final impact of COVID-19 on the group, it was judged to be a key audit matter.	As part of the audit work performed, we have evaluated the impact COVID-19 has had on the Group's business operations, as well as its ability to continue as a going concern in the foreseeable future. Our audit procedures included the following: • Obtaining an understanding of the impact of COVID-19 on the OCCL Group including any current and potential future disruption to operations, forced closures by government and impact on demand, through discussions with the client, the review of budget forecasts for the next 12 months as well as staying abreast of notable events announced by the media and the government; • Evaluating OCCL's relationship with its banks and whether the Group had any difficulty renewing or extending its available facilities by inspecting correspondence between OCCL and its financial services provider and reviewing the existing debt structure and facilities currently available; • Evaluating further mitigating actions that management has adopted and could extend further to maintain sufficient levels of liquidity such as making use of relief options made available to the group companies by their respective governments; and • Examining management's assessment, which included, inter alia the following: - Making enquiries of management to understand the period of assessment considered by them on how COVID-19 had an impact on operations; - Evaluating the key assumptions in the assessment prepared by management and assessed the reasonableness of the assumptions used given the information existing at the date of the audit procedures; - Examining the cash flow forecasts and evaluated whether management's conclusion regarding going concern is appropriate; and - Evaluating the adequacy and appropriateness of management's disclosure in respect of COVID-19 implications, disclosures within principal risks and uncertainties and going concern.

	disclosures within principal risks and uncertainties and going concern. Based on the work performed, we are satisfied that the Directors' appropriately applied the going concern assumption in the consolidated financial statements and the matter has been appropriately reflected in the annual financial statements.

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 2020", 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

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

Date: 26th March 2021
Gaborone

Statement of Financial Position

as at December 2020

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Assets					
Non-Current Assets					
Property, plant and equipment	3	21,197,281	19,310,716	-	-
Investment property	4	14,187,000	13,800,368	-	-
Intangible assets	5	1,284,488	1,284,488	-	-
Investments in subsidiaries	6	-	-	4,991,589	4,991,589
		36,668,769	**34,395,572**	**4,991,589**	**4,991,589**
Current Assets					
Inventories	7	9,811,823	6,961,320	-	-
Trade and other receivables	8	6,179,764	8,474,012	-	-
Current tax receivable		723,592	727,738	-	-
Cash and cash equivalents	9	7,513,489	8,482,420	479,038	-
		24,228,668	24,645,490	479,038	-
Total Assets		**60,897,437**	**59,041,062**	**5,470,627**	**4,991,589**
Equity and Liabilities					
Equity					
Stated capital	10	27,803,195	11,358,203	27,803,195	11,358,203
Reserves		11,595,705	9,849,920	-	-
Retained Income/(Accumulated losses)		9,922,568	7,333,288	(32,458,214)	(31,408,020)
		49,321,468	**28,541,411**	**(4,655,019)**	**(20,049,817)**
Liabilities					
Non-Current Liabilities					
Borrowings	11	2,192,532	5,233,465	-	-
Lease liabilities	12&13	-	100,224	-	-
Deferred tax	14	3,436,154	2,809,760	-	-
		5,628,686	**8,143,449**	**-**	**-**
Current Liabilities					
Trade and other payables	15	5,109,869	4,944,023	84,410	-
Loans from group companies	16	-	-	9,976,317	8,566,098
Loans from shareholders	17	64,919	16,475,308	64,919	16,475,308
Borrowings	11	711,525	385,966	-	-
Lease liabilities	12&13	-	64,543	-	-
Current tax payable		21,328	10,666	-	-
Bank overdraft	9	39,642	475,696	-	-
		5,947,283	**22,356,202**	**10,125,646**	**25,041,406**
Total Liabilities		**11,575,969**	**30,499,651**	**10,125,646**	**25,041,406**
Total Equity and Liabilities		**60,897,437**	**59,041,062**	**5,470,627**	**4,991,589**

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Revenue	19	43,760,038	44,892,339	-	-
Cost of sales	20	(29,644,532)	(29,046,450)	-	-
Gross profit		**14,115,506**	**15,845,889**	**-**	**-**
Other operating income	21	1,022,859	1,192,767	-	-
Other operating gains (losses)	22	(5,165)	1,248,929	69,403	-
Movement in credit loss allowances	23	323,630	(290,560)	-	-
Other operating expenses		(12,181,950)	(13,462,832)	(1,119,597)	(548,382)
Operating profit (loss)	**23**	**3,274,880**	**4,534,193**	**(1,050,194)**	**(548,382)**
Investment income	24	278,884	312,216	-	-
Finance costs	25	(302,502)	(1,601,352)	-	(1,298,563)
Profit (loss) before taxation		**3,251,262**	**3,245,057**	**(1,050,194)**	**(1,846,945)**
Taxation	26	(661,983)	(774,688)	-	-
Profit (loss) for the year		**2,589,279**	**2,470,369**	**(1,050,194)**	**(1,846,945)**
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		**1,745,784**	**-**	**-**	**-**
Other comprehensive income for the year net of taxation		**1,745,784**	**-**	**-**	**-**
Total comprehensive income (loss) for the year		**4,335,063**	**2,470,369**	**(1,050,194)**	**(1,846,945)**
Earnings/ (loss) per share (thebe)	**27**	**6**	**9**	**(2)**	**(6)**

Statement of Changes in Equity

for the year ended 31 December 2020

Figures in Pula	Stated capital	Revaluation reserve	Retained income / (Accumulated losses)	Total equity
Group				
Balance at 01 January 2019	**11,358,203**	**9,849,920**	**4,862,919**	**26,071,042**
Profit for the year	-	-	2,470,369	2,470,369
Total comprehensive income for the year	**-**	**-**	**2,470,369**	**2,470,369**
Balance at 01 January 2020	**11,358,203**	**9,849,920**	**7,333,289**	**28,541,412**
Profit for the year	-	-	2,589,279	2,589,279
Other comprehensive income	-	1,745,785	-	1,745,785
Total comprehensive income for the year	**-**	**1,745,785**	**2,589,279**	**4,335,064**
Issue of shares	16,444,992	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**16,444,992**	**-**	**-**	**6,444,992**
Balance at 31 December 2020	**27,803,195**	**11,595,705**	**9,922,568**	**49,321,468**
Notes	10	18		
Company				
Balance at 01 January 2019	**11,358,203**	**-**	**(29,561,075)**	**(18,202,872)**
Loss for the year	-	-	(1,846,945)	(1,846,945)
Total comprehensive Loss for the year	**-**	**-**	**(1,846,945)**	**(1,846,945)**
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 31 December 2020	**27,803,195**	**-**	**(32,458,214)**	**(4,655,019)**
Notes	10	18		

Statement of Cash Flows

for the year ended 31 December 2020

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Cash flows from operating activities					
Cash (used in)/generated from operations	28	3,616,762	5,736,115	(1,035,186)	(548,382)
Interest income		278,884	312,216	-	-
Finance costs		(302,502)	(1,601,352)	-	(1,298,563)
Tax paid	29	(513,182)	(489,999)	-	-
Net cash from operating activities		**3,079,962**	**3,956,980**	**(1,035,186)**	**(1,846,945)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(375,506)	(547,838)	-	-
Purchase of investment property	4	-	(7,640,368)	-	-
Net cash from investing activities		**(375,506)**	**(8,188,206)**	**-**	**-**
Cash flows from financing activities					
Proceeds on share issue	10	16,444,992	-	16,444,992	-
Movement in loans from group companies		-	-	1,410,218	655,678
Net movement on borrowings		(2,715,374)	5,619,431	-	-
Movement on shareholders loan		(16,410,389)	1,191,266	(16,410,389)	1,191,266
Payment on lease liabilities		(164,767)	(58,218)	-	-
Net cash from financing activities		**(2,845,538)**	**6,752,479**	**1,444,821**	**1,846,944**
Total cash movement for the year		**(141,082)**	**2,521,253**	**409,635**	**-**
Cash at the beginning of the year		8,006,724	5,439,261	-	-
Effect of exchange rate movement on cash balances		(391,795)	46,210	69,403	-
Total cash at end of the year	**9**	**7,473,847**	**8,006,724**	**479,038**	**-**

Accounting Policies

for the year ended 31 December 2020

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 Pulas, 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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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.

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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.

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:

Lease classification

The group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the consolidated and separate annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 groupís 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.

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 net profit or loss for the period in which it arises.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

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.

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.

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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. 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	Indefinate
Buildings	Straight line	40 years
Plant and machinery	Straight line	6 7 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6 7 years
Computer equipment	Straight line	4 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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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.

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

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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
- 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 32 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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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

Loans receivable at amortised cost

Classification

Loans to group companies, loans to shareholders, loans to directors, managers and employees are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans 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 these loans.

Recognition and measurement

Loans receivable 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.

The amortised cost is the amount recognised on the loan 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.

Loans denominated in foreign currencies

When a loan receivable is 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 22).

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 32).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 32).

Derecognition

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

Accounting Policies

for the year ended 31 December 2020 **(continues)**

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT 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.

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.

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.

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 22).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 32).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT 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.

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 32).

Derecognition

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

Borrowings and loans from related parties

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 25.)
Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

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 22).

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 32).

Derecognition

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

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 25).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 32 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 22).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 32).

Derecognition

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

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

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

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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.

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.

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).

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 control the use of an identified asset for a period of time in exchange for consideration.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight line basis over the lease term.

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

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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 to sell 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.

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.

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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.

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 par value and classified as 'stated capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' 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

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.

Accounting Policies

for the year ended 31 December 2020 **(continues)**

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

Accounting Policies

for the year ended 31 December 2020 **(continues)**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pulas, 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 Pulas 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	**Note(s)**	**2020**	**2019**	**2020**	**2019**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 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:
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the standard is not material.
• Definition of a business Amendments to IFRS 3	01 January 2020	The impact of the standard is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the financial statements
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 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 groupís accounting periods beginning on or after 01 January 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non Current Amendment to IAS 1	01 January 2022	Unlikely there will be a material impact
• Covid 19 Related Rent Concessions Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

3. Property, plant and equipment

Group	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	2,934,282	-	2,934,282	2,934,282	-	2,934,282
Buildings	15,229,718	-	15,229,718	14,253,891	(995,108)	13,258,783
Plant and machinery	9,593,099	(8,384,327)	1,208,772	9,449,284	(8,158,069)	1,291,215
Furniture and fixtures	1,200,031	(599,676)	600,355	1,070,064	(535,605)	534,459
Motor vehicles	2,257,427	(1,734,527)	522,900	2,238,133	(1,626,975)	611,158
Office equipment	1,181,374	(807,878)	373,496	1,098,945	(766,385)	332,560
Machinery spares	1,097,802	(770,044)	327,758	1,097,802	(749,543)	348,259
Total	**33,493,733**	**(12,296,452)**	**21,197,281**	**32,142,401**	**(12,831,685)**	**19,310,716**

Company	2020			2019		
	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 - 2020)					
	Opening balance	Additions	Revaluations	Depreciation	Total
Land	2,934,282	-	-	-	2,934,282
Buildings	13,258,783	-	2,238,185	(267,250)	15,229,718
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
Machinery spares	348,259	-	-	(20,501)	327,758
	19,310,716	**375,506**	**2,238,185**	**(727,126)**	**21,197,281**

Reconciliation of property, plant and equipment (Group - 2019)				
	Opening balance	Additions	Depreciation	Total
Land	2,934,282	-	-	2,934,282
Buildings	13,491,968	28,282	(261,467)	13,258,783
Plant and machinery	1,249,012	263,284	(221,081)	1,291,215
Furniture and fixtures	451,257	107,881	(24,679)	534,459
Motor vehicles	749,926	54,911	(193,679)	611,158
Office equipment	282,163	93,480	(43,083)	332,560
Machinery spares	362,311	-	(14,052)	348,259
	19,520,919	**547,838**	**(758,041)**	**19,310,716**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

3. Property, plant and equipment (continues)

Property, plant and equipment encumbered as security

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
The following assets have been encumbered as security for the overdraft facility in note 10:					
Tribal Lots 44 and 45 Mogoditshane (Fair Market Value)		4,350,000	3,880,000	-	-
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	5,870,000	-	-
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:

Land and buildings	3,374,608	3,465,814	-	-

Land and buildings under property plant and equipment consist of the following:
Tribal lot 44,45,51,52 and 53 Mogoditshane. These are on a grant lease for 50 years from the Kweneng Land Board.
Unit 4 Plot 10223 Broadhurst Industrial.
Unit 5 Plot 10223 Broadhurst Industrial.

Buildings held for capital appreciation and rentals to third parties under investment properties consist of the following:
LA 5020 KO Plot 36142 Louieville
Plot 61818 Block 6 Gaborone.
Section 19 Louieville Mogoditshane.
Section 37 Louieville Mogoditshane.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

4. Investment property

Group	2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	14,187,000	-	14,187,000	13,800,368	-	13,800,368

Reconciliation of investment property (Group - 2020)			
	Opening balance	Fair value adjustments	Total
Investment property	13,800,368	386,632	14,187,000

Reconciliation of investment property (Group - 2019)				
	Opening balance	Additions	Fair value adjustments	Total
Investment property	4,957,281	7,640,368	1,202,719	13,800,368

Details of valuation

The effective date of the revaluations was 31 December 2020. 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	775,148	513,745	-	-

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

5. Intangible assets

Group	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Goodwill	1,284,488	-	1,284,488	1,284,488	-	1,284,488
Patents, trademarks	254,250	(254,250)	-	254,250	(254,250)	-
Total	**1,538,738**	**(254,250)**	**1,284,488**	**1,538,738**	**(254,250)**	**1,284,488**

Reconciliation of intangible assets (Group - 2020)		
	Opening balance	Total
Goodwill	1,284,488	1,284,488

Reconciliation of intangible assets (Group - 2019)		
	Opening balance	Total
Goodwill	1,284,488	1,284,488

6. Interests in subsidiaries including consolidated structured entities

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 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
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%	100.00%	-	-
				4,991,589	**4,991,589**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

7. Inventories

Finished goods	8,348,812	5,871,650	-	-
Production supplies	1,463,011	1,089,670	-	-
	9,811,823	**6,961,320**	**-**	**-**
Inventory recognised as expense and included in cost of sales	21,933,965	23,617,424	-	-

8. Trade and other receivables

Financial instruments:				
Trade receivables	4,785,765	7,500,816	-	-
Expected credit loss allowance	(224,952)	(595,248)	-	-
Trade receivables at amortised cost	4,560,813	6,905,568	-	-
Deposits	18,882	33,459	-	-
Other receivables	147,954	111,709	-	-
Non financial instruments:				
VAT	1,075,218	528,229	-	-
Employee costs in advance	267,349	709,379	-	-
Prepayments	109,548	185,668	-	-
Total trade and other receivables	**6,179,764**	**8,474,012**	**-**	**-**
Split between non current and current portions				
Current assets	**6,179,764**	**8,474,012**	**-**	**-**
Financial instrument and non financial instrument components of trade and other receivables				
At amortised cost	4,727,649	7,050,736	-	-
Non financial instruments	1,452,115	1,423,276	-	-
	6,179,764	**8,474,012**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

8. Trade and other receivables (continues)

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.

The average credit period on trade receivables is 30 days (2019: 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. Trade receivables which have been written off are not subject to enforcement activities.

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	2020		2019	
Expected credit loss rate:	Estimated gross carrying amount at default	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due: 2.7% (2019: 1.6%)	1,091,620	28,932	3,036,938	48,591
31 60 days past due: 6.7% (2019: 3.6%)	551,985	36,983	1,503,139	54,113
61 90 days past due: 12.3% (2019: 9.4%)	287,179	35,323	323,372	30,397
91 120 days past due: 32.2% (2019: 18.3%)	15,618	5,029	76,470	13,994
More than 120 days past due: 4.2% (2019: 5.6%)	2,839,363	118,684	2,560,897	143,464
Total	**4,785,765**	**224,951**	**7,500,816**	**290,559**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

8. Trade and other receivables (continues)

Reconciliation of loss allowances

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

Opening balance in accordance with IFRS 9	(595,248)	(939,688)	-	-
Provision raised on new trade receivables	(224,951)	(290,560)	-	-
Provisions reversed on settled trade receivables	595,248	635,000	-	-
Closing balance	**(224,951)**	**(595,248)**	**-**	**-**

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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

8. Trade and other receivables (continues)

Pula Amount				
Pula	2,804,690	3,290,807	-	-
Rand	1,877,816	3,781,377	-	-
	4,682,506	**7,072,184**	**-**	**-**
Foreign currency amount				
Rand	2,544,818	5,121,874	-	-
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 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	2020		2019	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
South African Rand 5% (2019: 5%)	(89,433)	89,433	(179,999)	179,999

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

9. Cash and cash equivalents

Cash on hand	4,845	5,236	-	-
Bank balances	7,508,644	8,477,184	479,038	-
Bank overdraft	(39,642)	(475,696)	-	-
	7,473,847	**8,006,724**	**479,038**	**-**
Current assets	7,513,489	8,482,420	479,038	-
Current liabilities	(39,642)	(475,696)	-	-
	7,473,847	**8,006,724**	**479,038**	**-**
The total amount of undrawn facilities available for future operating activities and commitments	**2,190,358**	**1,760,691**	**-**	**-**

Tribal Lots 44 and 45 Mogoditshane were pledged as security for overdraft facilities of P2,230,000 (2019: P2,230,000) of the group. At year end the overdraft amounted to P39,642 (2019: P475,696).

Credit quality of cash at bank and short term deposits, excluding cash on hand
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
Stanbic Bank (not rated)	771,527	1,175,786	294,198	-
Banc ABC Botswana (not rated)	(2,811)	(468,775)	-	-
First National Bank Botswana Limited (not rated)	547,310	245,772	-	-
First National Bank South Africa (A1+)	5,673,957	7,019,057	-	-
	6,989,983	**7,971,840**	**294,198**	**-**

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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

9. Cash and cash equivalents (continues)

Pula amount				
Pula	1,320,802	987,667	479,038	-
Rand	5,674,007	7,019,057	-	-
	6,994,809	**8,006,724**	**479,038**	**-**
Foreign currency amount				
Rand	**7,689,420**	**9,507,310**	**-**	**-**
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	2020		2019	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Rand 5% (2019 5%)	384,471	(384,471)	475,366	(475,366)

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
10. Stated capital					
Issued and paid up					
Issued and paid up 64,349,985 (2019: 28,600,000) Ordinary shares at no par value		27,803,195	11,358,203	27,803,195	11,358,203
11. Borrowings					
Held at amortised cost					
Stanbic Bank Botswana Limited Loan		2,904,057	5,619,431	-	-
Split between non current and current portions					
Non current liabilities		2,192,532	5,233,465	-	-
Current liabilities		711,525	385,966	-	-
		2,904,057	**5,619,431**	**-**	**-**

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 3% 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.
3) First Sectional Covering Mortgage Bond over section 5 of Plot 10223, Gaborone.
4) Lien over finances assets Hino 300 LWB Turbo Diesel for P 435,000 dated 28 April 2017.
5) Cession of rentals.
6) Insurance over Section 4 and 5 of Plot 10223, Gaborone.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

12. Finance lease liabilities

Minimum lease payments due				
within one year	-	64,543	-	-
in second to fifth year inclusive	-	122,507	-	-
	-	**187,050**	**-**	**-**
less: future finance charges	-	(22,282)	-	-
Present value of minimum lease payments	**-**	**164,768**	**-**	**-**
Non current liabilities	-	100,224	-	-
Current liabilities	-	64,543	-	-
	-	**164,767**	**-**	**-**

It is group policy to lease certain motor vehicles and plant and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 10% (2019: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

13. Finance leases (group as lessee)

The group has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	-	64,543	-	-
Two to five years	-	122,507	-	-
	-	**187,050**	**-**	**-**
Less finance charges component	-	(22,283)	-	-
	-	**164,767**	**-**	**-**
Non current liabilities	-	100,224	-	-
Current liabilities	-	64,543	-	-
	-	**164,767**	**-**	**-**

14. Deferred tax

Deferred tax liability				
Property plant and equipment, investment property and other	(3,436,154)	(2,809,760)	-	-

The deferred tax liability relates to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(3,436,154)	(2,809,760)	-	-

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

14. Deferred tax (continues)

Reconciliation of deferred tax asset / (liability)				
At beginning of year	(2,809,760)	(2,374,789)	-	-
Taxable / (deductible) temporary difference on provisions	(29,189)	(86,529)	-	-
Reduction due to rate change	(3,923)	-	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	(49,103)	(54,242)	-	-
Deductible temporary difference in revaluation reserve	(370,521)	-	-	-
Taxable / (deductible) temporary difference on exchange gains or losses	7,029	(112,273)	-	-
Taxable / (deductible) temporary difference movement on investment property at fair value	(180,687)	(181,927)	-	-
	(3,436,154)	**(2,809,760)**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

15. Trade and other payables

Financial instruments:				
Trade payables	3,595,615	3,361,639	84,410	-
Other payables	589,499	1,483,052	-	-
Provision for severance pay	513,105	-	-	-
Payroll accruals	88,062	18,440	-	-
General provisions	246,594	-	-	-
Deposits received	48,000	61,350	-	-
Non financial instruments:				
VAT	28,994	19,542	-	-

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

At amortised cost	5,080,874	4,888,093	84,411	-
Non financial instruments	28,994	19,542	-	-
	5,109,868	**4,907,635**	**84,411**	**-**

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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

15. Trade and other payables (continues)

Pula	2,944,117	3,171,593	84,411	-
Rand	2,236,947	1,420,863	-	-
	5,181,064	**4,592,456**	**84,411**	**-**
Foreign currency amount				
Rand	3,031,512	1,850,860	-	-
Exchange rate used for conversion				
Rand	1.355	1.355	-	-

Exposure to liquidity risk

Refer to note 32 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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

16. Loans from group companies

Subsidiaries

Kalahari Floor Tiles (Proprietary) Limited	-	-	9,976,317	8,566,098

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

Split between non current and current portions

Current liabilities	-	-	9,976,317	8,566,098

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

17. Loans from shareholders

Olympia Capital Holdings Limited	64,919	16,475,308	64,919	16,475,308

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

Split between non current and current portions

Current liabilities	64,919	16,475,308	64,919	16,475,308

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	16,475,308	64,919	16,475,308

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

Foreign currency amount				
Kenya Shillings	653,085	226,608,039	653,085	226,608,039

Exchange rates

The following closing exchange rates were applied at reporting date:

Exchange rate used for conversion				
Kenya Shillings	10.060	13.750	10.060	13.750

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

17. Loans from shareholders (continues)

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	2020		2019	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 5% (2019 5%)	653,085	(653,085)	11,330,402	(11,330,402)

Company	2020		2019	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 0% (2019 5%)	653,085	(653,085)	11,330,402	(11,330,402)

Fair value of shareholder loans payable

The fair value of loans from shareholders approximates their carrying amounts.

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

18. Revaluation reserve

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

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

19. Revenue

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Sale of goods - Tiles	32,629,808	34,847,306	-	-
Sale of goods - Chemicals	9,804,760	8,274,057	-	-
Sale of goods - Aluminium	1,325,471	1,770,977	-	-
	43,760,039	**44,892,340**	**-**	**-**
Timing of revenue recognition				
At a point in time				
Sale of goods	42,434,568	43,121,362	-	-
Over time				
Aluminium products	1,325,470	1,770,977	-	-
Total revenue from contracts with customers	**43,760,038**	**44,892,339**	**-**	**-**

20. Cost of sales

Sale of goods	2,223,551	1,540,888	-	-
Manufactured goods:				
Raw materials consumed	15,813,597	15,896,115	-	-
Employee costs	6,405,082	6,670,416	-	-
Manufacturing expenses	5,202,302	4,939,031	-	-
	29,644,532	**29,046,450**	**-**	**-**

21. Other operating income

Rental income	1,015,992	513,745	-	-
Bad debts recovered	-	635,000	-	-
Other income	6,867	44,022	-	-
	1,022,859	**1,192,767**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

22. Other operating gains (losses)

Foreign exchange gains (losses)					
Net foreign exchange (losses) gains		(391,797)	46,210	69,403	-
Fair value gains					
Investment property	4	386,632	1,202,719	-	-
Total other operating gains (losses)		**(5,165)**	**1,248,929**	**69,403**	**-**

23. Operating profit (loss)

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

Auditor's remuneration external				
Audit fees	224,454	175,300	67,200	59,700
Remuneration, other than to employees				
Consulting and professional services	867,744	537,756	790,073	382,649
Secretarial services	4,410	4,302	-	-
	872,154	**542,058**	**790,073**	**382,649**
Employee costs				
Salaries, wages, bonuses and other benefits	11,138,744	12,664,725	-	-
Total employee costs	**11,138,744**	**12,664,725**	**-**	**-**
Less: Employee costs included in cost of merchandise sold and inventories	(6,405,082)	(6,670,416)	-	-
Total employee costs expensed	**4,733,662**	**5,994,309**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
23. Operating profit (loss) (continues)					
Leases					
Operating lease charges					
Premises		57,600	57,600	-	-
Depreciation and amortisation					
Depreciation of property, plant and equipment		727,126	758,041	-	-
24. Investment income					
Interest income					
Investments in financial assets:					
Interest received		278,884	312,216	-	-
25. Finance costs					
Current borrowings		302,502	302,789	-	-
Interest paid on shareholder's loan		-	1,298,563	-	1,298,563
Total finance costs		**302,502**	**1,601,352**	**-**	**1,298,563**
26. Taxation					
Major components of the tax expense					
Current					
Local income tax current period		527,990	339,717	-	-
Deferred					
Originating and reversing temporary differences		133,993	434,971	-	-
		661,983	**774,688**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

26. Taxation (continues)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	3,251,262	3,245,057	(1,050,194)	(1,846,945)
Manufacturing tax at the appropriate tax rate of 15% (2019: 15%) and 22% for other companies	646,164	740,470	(157,529)	(277,042)
Tax effect of adjustments on taxable income				
Effect of income subject to 22% tax rate	12,069	34,218	-	-
Donations	3,750	-	-	-
Tax losses for which deferred tax not recognised	-	-	157,529	277,042
	661,983	**774,688**	**-**	**-**
Deductible temporary differences and unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	4,865,094	6,703,363	4,865,094	6,703,363

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

27. 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 begining and end of year (number)				
Issued ordinary shares at 31 December	64,349,985	28,600,000	64,349,985	28,600,000
Earnings per share calculation				
Total comprehensive income attributable to the owners of the parent company (Pula)	2,589,279	2,470,366	(1,050,194)	(1,846,945)
Weighted average number of ordinary shares for the year ended 31 December	46,474,993	28,600,000	46,474,993	28,600,000
Weighted Average Number of dilutive options	0	0	0	0
Weighted Diluted Number of ordinary Shares	46,474,993	28,600,000	46,474,993	28,600,000
Basic Earnings Per Share(Thebe)	**6**	**9**	**(2)**	**(6)**
Diluted Earnings Per Share (Thebe)	**6**	**9**	**(2)**	**(6)**
Headline Earnings				
Profit attributable to ordinary equity holders of the parent entity	2,589,279	2,470,366	(1,050,194)	(1,846,945)
Less undeclared cumulative preference share dividends and relative taxation	0	0	0	0

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

27. Earnings per Share (continues)

IAS 33 earnings	**2,589,279**	**2,470,366**	**(1,050,194)**	**(1,846,945)**
Less IAS 16 gains on the disposal of land and buildings (3)				
Less IAS 16 gains on the disposal of plant and equipment (3)				
Less IAS 40 remasurements (Note 22)	(386,632)	(1,202,719)		
Total tax effects of adjustments	**85,059**	**264,598**	**0**	**0**
Headline earnings	2,287,706	1,532,245	(1,050,194)	(1,846,945)
Headline Earnings Per Share (Thebe)	**5**	**5**	**(2)**	**(6)**
Diluted Headline Earnings (Thebe)	**5**	**5**	**(2)**	**(6)**

28. Cash (used in)/generated from operations

Profit (loss) before taxation	3,251,262	3,245,057	(1,050,194)	(1,846,945)
Adjustments for:				
Depreciation and amortisation	727,126	758,041	-	-
Losses (gains) on foreign exchange	391,797	(46,210)	(69,403)	-
Interest income	(278,884)	(312,216)	-	-
Finance costs	302,502	1,601,352	-	1,298,563
Fair value gains	(386,632)	(1,202,719)	-	-
Net impairments and movements in credit loss allowances	(323,630)	290,560	-	-
Changes in working capital:				
Inventories	(2,850,503)	189,653	-	-
Trade and other receivables	2,617,878	226,416	-	-
Trade and other payables	165,846	986,181	84,411	-
	3,616,762	**5,736,115**	**(1,035,186)**	**(548,382)**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**

29. Tax paid

Balance at beginning of the year	717,072	566,790	-	-
Current tax for the year recognised in profit or loss	(527,990)	(339,717)	-	-
Balance at end of the year	(702,264)	(717,072)	-	-
	(513,182)	**(489,999)**	**-**	**-**

30. Contingencies and guarantees

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

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

31. 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				
Olympia Capital Holdings Limited	-	16,475,309	-	16,475,309
Kalahari Floor Tiles (Proprietary) Limited	-	-	9,976,317	8,566,098
Related party transactions				
Interest paid to (received from) related parties				
Olympia Capital Holdings Limited	-	1,298,563	-	1,298,563
Compensation to directors and other key management				
Short term employee benefits	1,416,900	3,841,600	-	-

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

32. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group 2020				
	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	4,727,649	4,727,649	4,727,649
Cash and cash equivalents	9	7,513,489	7,513,489	7,513,489
		12,241,138	**12,241,138**	**12,241,138**

Group 2019				
	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	7,050,736	7,050,736	7,050,736
Cash and cash equivalents	9	8,482,420	8,482,420	8,482,420
		15,533,156	**15,533,156**	**15,533,156**

Company 2020				
	Notes	Amortised cost	Total	Fair value
Cash and cash equivalents	9	479,038	479,038	479,038

Categories of financial liabilities

Group 2020				
	Notes	Amortised cost	Total	Fair value
Trade and other payables	15	5,080,874	5,080,874	-
Borrowings	11	2,904,057	2,904,057	-
Bank overdraft	9	39,642	39,642	39,642
		8,024,573	**8,024,573**	**39,642**

Group 2019					
	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	4,888,093	-	4,888,093	-
Borrowings	11	5,619,431	-	5,619,431	-
Finance lease obligations	12&13	-	164,767	164,767	-
Bank overdraft	9	475,696	-	475,696	475,696
		10,983,220	**164,767**	**11,147,987**	**475,696**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

Company 2020				
	Note	**Amortised cost**	**Total**	**Fair value**
Trade and other payables	15	84,411	84,411	-
Loans from group companies	16	9,976,317	9,976,317	-
		10,060,728	**10,060,728**	**-**

Company 2019				
	Note	**Amortised cost**	**Total**	**Fair value**
Loans from group companies	16	8,566,098	8,566,098	-
Loans from shareholders		16,475,308	16,475,308	-
		25,041,406	**25,041,406**	**-**

Capital risk management

The group's objective when managing capital (which includes share 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 capital structure and gearing ratio of the group at the reporting date was as follows:

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Loans from group companies	16	-	-	9,976,317	8,566,098
Loans from shareholders	17	-	16,475,308	-	16,475,308
Borrowings	11	2,904,057	5,619,431	-	-
Lease liabilities	12	-	164,767	-	-
Trade and other payables	15	5,109,868	4,944,026	84,411	-
Total borrowings		**8,013,925**	**27,203,532**	**10,060,728**	**25,041,406**
Cash and cash equivalents	9	(7,473,847)	(8,006,724)	(479,038)	-
Net borrowings		**540,078**	**19,196,808**	**9,581,690**	**25,041,406**
Equity		49,321,467	28,541,411	(4,655,020)	(20,049,817)
Gearing ratio		1%	67%	(206)%	(125)%

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

32. Financial instruments and risk management (continues)

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, interest rate risk and price 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, cash and cash equivalents, loan commitments and financial guarantees.

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.

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 trade receivables, contract assets and lease receivables, IFRS 9 permits 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 trade receivables, contract assets or lease receivables.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

32. Financial instruments and risk management (continues)

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

Group		2020			2019		
	Note(s)	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	4,952,601	(224,952)	4,727,649	7,645,984	(595,248)	7,050,736
Cash and cash equivalents	9	7,513,489	-	7,513,489	8,482,420	-	8,482,420
		12,466,090	**(224,952)**	**12,241,138**	**16,128,404**	**(595,248)**	**15,533,156**

Company		2020			2019		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Cash and cash equivalents	9	479,038	-	479,038	-	-	-

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

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.

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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

32. Financial instruments and risk management (continues)

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:

Group		Average effective interest rate		Carrying amount	
	Note(s)	2020	2019	2020	2019
Liabilities					
Borrowings	11	8.25%	9.50%	2,904,057	5,619,431
Finance lease liabilities	12	-	7.25%	-	164,768
				2,904,057	**5,784,199**

33. 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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

33. Fair value information (continues)

Levels of fair value measurements

Level 3
Recurring fair value measurements

		Group		Company	
Figures in Pula	**Note(s)**	**2020**	**2019**	**2020**	**2019**
Assets					
Investment property	**4**				
Unit K4 LA 4978 KO Louieville		1,965,000	1,820,650	-	-
Plot 61818 Block 6 Gaborone		1,577,000	1,460,000	-	-
Section 19 Louieville Mogoditshane		635,000	590,000	-	-
Section 37 Louieville Mogoditshane		635,000	590,000	-	-
Section 37 Louieville Mogoditshane		700,000	700,000	-	-
LA 5020 KO Plot 36142 Louieville		6,800,000	6,840,475	-	-
Plot Lot 75783, Section No. 20, Setlhoa Office Park,Gaborone		1,875,000	1,799,243	-	-
Total investment property		**14,187,000**	**13,800,368**	**-**	**-**
Property, plant and equipment	**3**				
Tribal Lot 44 and 45 Mogoditshane		3,880,000	3,880,000	-	-
Unit 4 Plot 10223 Broadhurst Industrial		2,870,000	2,870,000	-	-
Unit 5 Plot 10223 Broadhurst Industrial		3,000,000	3,000,000	-	-
Tribal Plot 51, 52 and 53		6,920,000	6,920,000	-	-

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

33. Fair value information (continues)

Total property, plant and equipment	**16,670,000**	**16,670,000**	**-**	**-**
Total	**30,857,000**	**30,470,368**	**-**	**-**

33. Fair value information (continues)

Reconciliation of assets and liabilities measured at level 3

Group 2020

	Notes	Opening balance	Gains (losses) recognised in profit (loss)	Purchases	Transfers from held for sale	Closing balance
Assets						
Investment property						
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
Secton 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**
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		**30,470,368**	**386,632**	**-**	**-**	**30,857,000**

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

Group 2019	Notes	Opening balance	Gains (losses) recognised in profit (loss)	Purchases	Transfers from held for sale	Closing balance
Assets						
Investment property	4					
Unit K4 LA 4978 KO Louieville		1,820,000	-	650	-	1,820,650
Plot 61818 Block 6 Gaborone		1,460,000	-	-	-	1,460,000
Section 19 Louieville Mogoditshane		590,000	-	-	-	590,000
Section 37 Louieville Mogoditshane		590,000	-	-	-	590,000
LA 5020 KO Plot 36142 Louieville		-	1,000,000	5,840,475	-	6,840,475
Plot Lot 75783, Section No. 20, Setlhoa Office Park,Gaborone		-	-	1,799,243	-	1,799,243
Secton 10 Lot 43481 Francistown		-	202,719	-	497,281	700,000
Total investment property		**4,460,000**	**1,202,719**	**7,640,368**	**497,281**	**13,800,368**
Property, plant and equipment	3					
Tribal Lot 44 and 45 Mogoditshane		3,880,000	-	-	-	3,880,000
Unit 4 Plot 10223 Broadhurst Industrial		2,870,000	-	-	-	2,870,000
Unit 5 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		**21,130,000**	**1,202,719**	**7,640,368**	**497,281**	**30,470,368**

- 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.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2020 **(continues)**

33. Fair value information (continues)

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
Rental escalation (%)	8	10

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.

34. Events after the reporting period

The board is aware of the ever changing circumstances caused by the Covid 19 pandemic. The pandemic is considered to be a non adjusting event and there is no immediate concern around going concern. The financial estimate cannot be determined reliably as the extent of Covid 19 is unknown.

The company continue to be cautiously optimistic regarding its future performance. The company 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 from the second quarter of 2021. The arrival of vaccines and further opening up of various sectors in the region is also expected to boost business confidence.

35. Going concern

We draw attention to the fact that at 31 December 2020, the company had accumulated losses of P (32,458,214) (2019: P 31,408,020) and that the company's total liabilities exceed its assets by P (4,655,019) (2019: P 20,049,817).

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.

Form of Proxy

The Annual General Meeting of the company will be held virtually at 10.00am on Wednesday 30th June 2021.

I/We……..…
(Name(s) in Block letter)

of (address)……..
being shareholder/shareholders of the above-named company do hereby appoint:

……..of……...…..or failing that person

……..of……...or failing that person

……..of……...or failing that person

the chairman of the meeting as my/our proxy to vote for or against the resolutions and/or abstain from voting in my/our name at the Annual General Meeting of the company to be held on the **30th of June 2021 at 10.00am**.

		For	Against	Abstain
Ordinary resolution 1	Agenda item number 3			
Ordinary resolution 2	Agenda item number 4			
	i.Alex Njoroge Kimani			
	ii.Ms. Tebatso Tiraatso Lekalake			
Ordinary resolution 3	Agenda item number 5			
Ordinary resolution 4	Agenda item number 6			

Signed at……this…… day of ……2021

Signature……

Assisted by (where applicable)……

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

This form of proxy should be returned or posted so as to reach the secretary of the company - PricewaterhouseCoopers (Pty) Ltd, whose business address is Plot 50371, Fairground Office Park, Gaborone, P. O. Box 294 Gaborone or emailed to **dolly.mmereki@pwc.com** not later than 48 hours before the meeting.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held virtually at 10.00am on Wednesday 30th June 2021, for the purpose of transacting the following business and considering and if deemed fit, passing with or without modification, the following resolutions:

Agenda

1. To table the proxies and note the presence of a quorum.
2. To read notice convening the meeting.

Ordinary Resolutions

3. **Ordinary Resolution 1**
   To receive, consider and adopt the audited financial statements for the year ended 31 December 2020.

4. **Ordinary Resolution 2**
   To re-elect the following directors of the company:
   i. Alex Njoroge Kimani who retires by rotation in terms of the Company's Memorandum and Articles of Association, and being eligible, offers himself for re-election.
   ii. Tebatso Tiraatso Lekalake who retires by rotation in terms of the Company's Constitution Memorandum and Articles of Association, and being eligible, offers herself for re-election.

5. **Ordinary Resolution 3**
   To consider and ratify the remuneration paid to non-executive Directors of P90,,000 for the year ended 31 December 2020.

6. **Ordinary Resolution 4**
   To appoint Mazars as auditors for the ensuing year and approve their remuneration for the year ended 31 December 2020.

7. To transact any other business which may be transacted at an Annual General Meeting.

A shareholder entitled to attend, and vote is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person appointed need not be a shareholder. Proxy forms should be deposited or posted to PricewaterhouseCoopers (Pty) Ltd, whose business address is Plot 50371, Fairground Office Park, Gaborone, P.O. Box 294, Gaborone or emailed to **dolly.mmereki@pwc.com** not later than 48 hours before the meeting.

By Order of the Board
PricewaterhouseCoopers (Proprietary) Limited
Company Secretaries

Registered Office
Plot 50371
Fairground Office Park
P O Box 294
Gaborone

25 May 2021

KING III COMPLIANCE CHECKLIST

Key:

Y	Compliant
U	Under review
X	Non-compliant
P	Partially compliant
N/A	Not applicable

CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
1.1	The board should provide effective leadership based on an ethical foundation		Y
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen		Y
1.3	The board should ensure that the company's ethics are managed effectively		Y
CHAPTER 2: BOARDS AND DIRECTORS			
2.1	The board should act as the focal point for and custodian of corporate governance		Y
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable		Y
2.3	The board should provide effective leadership based on an ethical foundation		Y
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen		Y
2.5	The board should ensure that the company's ethics are managed effectively		Y
2.6	The board should ensure that the company has an effective and independent audit committee		Y
2.7	The board should be responsible for the governance of risk		Y
2.8	The board should be responsible for information technology (IT) governance		Y
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards		Y
2.10	The board should ensure that there is an effective risk-based internal audit	No separate internal audit department. Will be outsourced as and when required.	X

KING III COMPLIANCE CHECKLIST continued

2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation		Y
2.12	The board should ensure the integrity of the company's integrated annual report	Integrated reporting has not as yet been adopted. Adoption under review.	X
2.13	The board should report on the effectiveness of the company's system of internal controls	No internal audit function however addressed as and when issues arise.	P
2.14	The board and its directors should act in the best interests of the company		Y
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act		Y
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of chairman of the board		Y
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Olympia currently has an acting CEO.	P
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent		Y
2.19	Directors should be appointed through a formal process		Y
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Exists informally.	P
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary		Y
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The evaluation of board and individual directors done.	P
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities		Y
2.24	A governance framework should be agreed between the group and its subsidiary boards		Y
2.25	Companies should remunerate directors and executives fairly and responsibly		Y
2.26	Companies should disclose the remuneration of each individual director and certain senior executives		Y
2.27	Shareholders should approve the company's remuneration policy		Y

KING III COMPLIANCE CHECKLIST continued

CHAPTER 3: AUDIT COMMITTEES			
3.1	The board should ensure that the company has an effective and independent audit committee		Y
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors		Y
3.3	The audit committee should be chaired by an independent non-executive director		Y
3.4	The audit committee should oversee integrated reporting	Integrated reporting is yet to be implemented.	P
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities		Y
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function		Y
3.7	The audit committee should be responsible for overseeing of internal audit	No specific internal audit function.	X
3.8	The audit committee should be an integral component of the risk management process		Y
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process		Y
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties		Y
CHAPTER 4: THE GOVERNANCE OF RISK			
4.1	The board should be responsible for the governance of risk		Y
4.2	The board should determine the levels of risk tolerance		Y
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities		Y
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan		Y
4.5	The board should ensure that risk assessments are performed on a continual basis. Board and audit committee are responsible for risk	Assessed informally in day to day running of the business and board meetings.	P
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks		Y

KING III COMPLIANCE CHECKLIST continued

4.7	The board should ensure that management considers and implements appropriate risk responses		Y
4.8	The board should ensure continual risk monitoring by management		Y
4.9	The board should receive assurance regarding the effectiveness of the risk management process		Y
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders		Y
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	The board should be responsible for IT governance		Y
5.2	IT should be aligned with the performance and sustainability objectives of the company		Y
5.3	The board should delegate to management the responsibility for the implementation of an IT		Y
5.4	The board should monitor and evaluate significant IT investments and expenditure		Y
5.5	IT should form an integral part of the company's risk management		Y
5.6	The board should ensure that information assets are managed effectively		Y
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities		Y
CHAPTER 6: COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards		Y
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business		Y
6.3	Compliance risk should form an integral part of the company's risk management process		Y
6.4	The board should delegate to management the implementation of an effective compliance framework and processes		Y

KING III COMPLIANCE CHECKLIST continued

CHAPTER 7: INTERNAL AUDIT			
7.1	The board should ensure that there is an effective risk-based internal audit	No separate internal audit department. Will be outsourced as and when required.	X
7.2	Internal audit should follow a risk-based approach to its plan	No separate internal audit department. Will be outsourced as and when required.	X
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of control and risk management	No separate internal audit department. Will be outsourced as and when required.	X
7.4	The audit committee should be responsible for overseeing internal audit	No separate internal audit department. Will be outsourced as and when required.	X
7.5	Internal audit should be strategically positioned to achieve its objectives	No separate internal audit department. Will be outsourced as and when required.	X
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation		Y
8.2	The board should delegate to management to proactively deal with stakeholder relationships stakeholders and the outcomes of these dealings		Y
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company (Fund)		Y
8.4	Companies should ensure the equitable treatment of shareholders		Y
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence		Y
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible		Y
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE			
9.1	The board should ensure the integrity of the company's integrated annual report	Integrated annual reporting has not, as yet, been adopted	X
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Sustainability reporting has not, as yet, been adopted	X
9.3	Sustainability reporting and disclosure should be independently assured	Sustainability reporting has not, as yet, been adopted	X