Afinitas
LIMITED

2019
Annual Report

Developing Africa
focused businesses

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Company Overview

Afinitas Limited is a pan African investment holding company focused on building a portfolio of Africa focused companies.

Afinitas was established in 2015 following a successful capital raising and listing on the Botswana Stock Exchange. Since its inception the company has expanded its footprint, through its investee companies, across Africa. The initial capital raised has been deployed to develop a portfolio of companies that are run independently but with a strong focus on Africa.

Afinitas limited has investments in Africa Events limited – a specialist events management company that hosts investor-oriented events focused on increasing investment into Africa, Adventis Limited – an Africa impact focused asset management company, and ICECAP Limited – an independent provider of corporate and alternative asset administration services. An overview of each subsidiary is contained in page 22 and 23 of the annual report.

Corporate Directory

COUNTRY OF INCORPORATION AND DOMICILE	Botswana
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Investing and developing new businesses focused on Africa
DIRECTORS	Lesang Magang Rupert J McCammon Leutlwetse M Tumelo Keith R Jefferis
REGISTERED OFFICE	Plot 64518, Deloitte House Fairgrounds Office Park, Gaborone, Botswana
BUSINESS ADDRESS	Unit A, 6th Floor, iTowers Plot 54368, CBD Gaborone, Botswana
POSTAL ADDRESS	P O Box AE 133 AEH Gaborone, Botswana
BANKERS	Barclays Bank Botswana Limited Stanbic Bank Botswana Limited Zemen Bank Ethiopia Mauritius Commercial Bank Nedbank Investec
INVESTMENT MANAGERS	African Alliance
AUDITORS	Grant Thornton Chartered Accountants A Botswana member of Grant Thornton International Limited
SECRETARY	Desert Secretarial Services (Proprietary) Limited
TRANSFER SECRETARIES	Transaction Management Services (Proprietary) Limited
COMPANY REGISTRATION NUMBER	BW00001543844
FUNCTIONAL CURRENCY	US Dollar
DATE OF INCORPORATION	4 May 2014

Shareholder Information

TOP 10 SHAREHOLDERS

SHAREHOLDER NAME	NUMBER OF SHARES	% HOLDING
GCH INVESTMENTS LIMITED	120,000,000	56.089%
FNB BOTSWANA NOMINEES (PTY) LTD RE:AA BPOPF EQUITY	60,000,000	28.044%
STANBIC NOMINEES BOTSWANA RE:INVESTEC BW MANGED FUND	12,537,906	5.860%
FNBBN (PTY) LTD RE: AG BPOPF EQUITY PORTFOLIO B	10,000,000	4.674%
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - AG	4,800,000	2.244%
SCBN (PTY) LTD RE: IAM 3292467 BREWERIES PENSION FUND	1,487,385	0.695%
SCBN (PTY) LTD RE: IAM 02891970048 BCL SPF AGG PORT	1,327,660	0.621%
SCBN (PTY) LTD RE: IAM 028919700047 SEFALANA GROUP SPF	1,047,049	0.489%
MR RAMACHANDRAN OTTAPATHU	1,000,000	0.467%
MR CHARLES MARLOW WILLIAM STOCKER	150,000	0.070%

SHAREHOLDER SPREAD BY NUMBER OF SHARES

RANGE	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL SHARES	% HOLDING
< 2,000	154	56.00%	107,159	0.05%
2,001 - 5,000	41	14.91%	158,866	0.07%
5,001 - 10,000	37	13.45%	305,361	0.14%
10,001 - 50,000	29	10.55%	691,777	0.32%
50,001 - 100,000	4	1.45%	333,087	0.16%
100,001 - 500,000	1	0.36%	150,000	0.07%
> 500,000	9	3.27%	212,200,000	99.18%
	275	**100.00%**	**213,946,250**	**100.00%**

SHAREHOLDER SPREAD (PUBLIC/NON PUBLIC)

	NUMBER OF SHAREHOLDERS	TOTAL SHARES	% SHAREHOLDING
TOTAL	275	213,946,250	100%
PUBLIC SHAREHOLDERS	260	93,498,693	43.70%
NON-PUBLIC SHAREHOLDERS	15	120,447,557	56.30%
DIRECTORS AND ASSOCIATES	15	120,447,557	56.30%

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Chairman's Report

On behalf of the Board of Directors, I have the pleasure of reporting to all our valued stakeholders. The financial year ended December 2019, marked the fourth year since Afinitas began its journey as an Africa focused investment holding company. This journey began with a listing on the Botswana Stock Exchange as a start-up company listed on the venture capital board.

Since the listing, the transformation of Afinitas from a start-up company to a diverse group of companies focused on Africa, continues to take shape.

During those early years, a significant amount of management time was dedicated to establishing investee businesses that would form part of the Afinitas Group. Obtaining the necessary regulatory approvals was a lengthy process and, in some cases, took longer than anticipated.

I am happy to confirm that most of this work has been completed and, as highlighted in my previous reports, the focus is now on driving revenue growth while keeping within our existing cost structure.

A brief review of the financial performance of the Group shows the significant progress that has been made in the transition from a start-up to a mature entity.

On behalf of the board, we are pleased to note that the focus on revenue growth has yielded very positive results for the Group. Since 2017 revenue for the Group has increased from $430k to $1 224k in 2019. This represents a 184% increase in revenue over the three years to December 2019.

Group operating expenses increased by a moderate 10% over the same three-year period. The combination of high rate of revenue growth and moderate increase in operating costs has seen the Group reduce its loss before taxation by 45% to $741k.

As the Board of Directors, we remain committed to driving revenue growth across the Group. As evidenced by historic financial performance the Group has had significant success with the strategy and we believe it is the right approach to pursue for the medium term.

The audited financial statements for financial year ended 31st December 2019 are presented on pages 24 to 78 of this annual report.

The financial performance for the year is consistent with the trend of the Group over the past few years. Total revenue for the Group, increased by 72% over the comparative period in 2018. The loss before taxation reduced by 39% year on year.

As Afinitas continues to transition from a start up to a fully operational revenue generating business, the Board will continue to monitor compliance across the different jurisdictions that the Group operates in.

The Board is of the view that compliance with laws and regulations is important for Afinitas as a responsible corporate citizen.

The Board will also place great emphasis on Corporate Governance. During the year to December 2019, the Board of Directors met a minimum of 4 times and the various committees also met to discuss matters delegated to them by the Board. The Corporate Governance report on page 12 provides an overview of the role of each committee.

The Afinitas Group operates in a diverse environment with different challenges and opportunities. The Board of Directors continues to monitor the regulatory environment and the Group's compliance with legislation.

On behalf of the Board, we are pleased that the financial performance of the Group shows strong growth and potential for growth going forward. The future potential has to be considered in the context of the near-term headwinds emanating from the COVID-19 pandemic.

This pandemic has severely curtailed global economic activity as the world moved to stop the spread of the virus. Many countries have imposed mandatory 3-4 weeks lockdown with many having to extend by several more weeks.

During the lockdown periods many businesses realised a significant drop in their revenues while their operating costs remained relatively unchanged.

The actual social and economic costs of the COVID-19 pandemic will only become clearer as the rate of spread slows and economies are able to restart. At the time of writing this report two key decisions had been within the Afinitas Group in response to the pandemic. Firstly, AFSIC – Investing in Africa, our flagship event has been postponed to May 2021 following the rapid spread of the virus through Europe.

Secondly, the Board took a decision to close EQOS Services. The operations of EQOS have been severely affected by the spread of the virus in the markets serviced by the EQOS team. The Board has considered the potential impact of the pandemic on the Group and a disclosure has been on page 78 (note 42) of this annual report.

Across the Group, our teams have heeded the call by health authorities to work from home. All our teams are working from home and measures have been put in place to ensure business continuity during this unprecedented global pandemic.

In conclusion, the financial year ended 31st December 2019 was another good year for the Group. The financial performance reflects our strong focus on revenue growth and restricting increases in operating expenditure. In the immediate future, the Board will continue to monitor and assist the Group to navigate the headwinds created by COVID-19. The financial year to December 2020 is likely to be a challenging one but the board remains optimistic about the potential medium and long term growth of the Group.

Lesang Magang
Chairman

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Managing Director's Report

Dear Shareholder,

I am writing this commentary while the COVID-19 outbreak continues across the globe. The duration of the outbreak, and the actions that may still be taken by global governments are not yet fully known. However, it is clear that the COVID-19 outbreak will have a significant negative impact on Afinitas' profitability in 2020.

At this stage, it is impossible to determine the severity of the economic downturn that will be caused by the epidemic, nor the duration, in addition other unknowns are the impact on investors' appetite for investing in Africa.

The outbreak initially started in China in late 2019 and then spread to Europe. For a while it seemed that the virus was contained, however case numbers in Europe started to increase from a low base, and then rapidly increased to the extent that we decided in early March that the health risk to delegates who were planning to attend AFSIC 2020 was too great and sadly a decision was taken to postpone AFSIC 2020.

At that stage all indications suggested that AFSIC 2020 would have been a record-breaking event financially for your group resulting in another year of strong income growth reflecting AFSIC's position as one of the most important Africa events globally. Unfortunately, the result is that contrary to our expectations it is likely that Afinitas' push towards profitability will be delayed by at least a year or so.

On the positive side looking back at the 2019 Financial Results considerable strides were made in the group. Revenue rose strongly again up 72% from $711k to $1.22m while costs rose by only 3.4% from $1.99m to $2.06m. This followed 2018's results where revenue grew by 65% and costs rose by only 6%.

The net financial result for the 2019 financial year was a reduction in the loss for the year from $1.22m to $741k. Prior to Covid-19 management expectation for FY2020 was that revenue would continue to rise strongly while the growth in costs remained contained yet again pushing the company closer towards profitability. However, this will no longer happen as a result of the postponement of AFSIC 2020.

EQOS Services, our Business Process Outsourcing company based in Ethiopia, has been adversely affected by COVID-19 pandemic. In the year to date a number of key contracts have been cancelled or suspended by clients. In addition, our team has been unable to access client offices in Ethiopia to complete scheduled work. Following an in-depth review of the company and its prospects for a recovery post COVID-19, the Board has taken the decision to close EQOS Services.

Various initiatives will be pursued in 2020 to cement our extensive network across Africa, to develop it, and to make it more effective in mobilising inward investment into Africa and, notwithstanding the hopefully short term negative impact from Covid-19, your company is well placed to benefit from Africa's forecast long term growth path, as the positive economic growth, and strong demographic tailwinds drive the continent's economic growth forward in the future. In a world that is increasingly digital our systems will play an important role in the company's future growth path.

While the situation globally remains unclear regarding the development of Covid-19, and the economic impact that the lockdown of countries around the world will have, we have started the process of looking critically at each of the group operations to see what adjustments are needed to the group strategy reflecting the changed and uncertain economic times that the world faces for the coming year, and possibly longer.

Rupert McCammon
Managing Director

1. Lesang Magang
Independent Non-Executive Chairman

Lesang is the Managing Director of Phakalane Estates (Pty) Ltd, a major property development company and one of the largest privately owned township developers involved in residential, commercial and industrial developments in Botswana. Lesang ia a non-executive director for RDC Properties.

2. Rupert McCammon
Managing Director

Rupert has worked extensively in Botswana and across Africa. In Botswana he has set up a number of companies including stockbroking, asset management and corporate finance companies. Across Africa, he has worked with a number of companies to raise funding.

3. Leutlwetse Tumelo
Executive Director

Leutlwetse has worked in both the capital market and resources sector in Botswana. He was previously the head of Client Services at Capital Securities and Country Manager for Minergy Coal. Leutlwetse is a director of Minergy Limited, Minergy Coal, Tshukudu Metals and Tshukudu Exploration.

4. Keith Jefferis
Independent Non-Executive Director

Keith is the Managing Director at Econsult Botswana (Pty) Ltd, which specializes in research, economic commentary and policy analysis. Keith works in Botswana and throughout the African continent, on a range of macro-economic, financial sector development, and mineral development policy issues. Previously, Keith served as the Deputy Governor of the Bank of Botswana (BoB) where he worked extensively on the formulation and analysis of macroeconomic policies. Keith is also a non-executive director at Sefalana Holdings Company and RDC Properties.

Corporate Governance

In order to achieve the vision of developing a leading Africa focused investment holding company, the Board acknowledges that it is crucial to embrace a strong corporate governance practices across the Group. Effective corporate governance systems promote the interests of the company and its various stakeholders while ensuring that the company, along with investee companies are run a responsible manner.

In this regard, the Board of Afinitas Limited as the ultimate governing body is responsible for determining the strategic direction of the Company. The Board also maintains effective control of the Company and meets regularly to review performance and provide guidance to the executive management.

Composition of the Board

The composition of the Board remained unchanged in 2019. The Board comprises of two Independent Non-Executive Directors and two Executive Directors. The Chairman of the Board is an Independent Non-Executive Director.

The current Directors of Afinitas Limited are:

- **Lesang Magang** – Independent Non-Executive Chairman
- **Keith Jefferis** – Independent Non-Executive Director
- **Rupert McCammon** – Managing Director
- **Leutlwetse Tumelo** – Executive Director

The CVs of the Directors are contained in page 10 of the annual report.

The current skills and expertise available on the Board are deemed to be adequate to allow the board to discharge its duties effectively. The composition of the Board will continue to be reviewed regularly to determine if additional skills are required on the Board. Any future appointment of Directors will follow the Company's constitution and relevant regulatory procedures.

Board Meetings

During the 2019 financial year, the Board of Directors met a total of four (4) times to discuss various matters. Attendance by Board members at these meetings is noted in the table below

Directors' attendance at meetings

Director	Q1 2019	Q2 2019	Q3 2019	Q4 2019
LESANG MAGANG	Yes	Yes	Yes	Yes
KEITH JEFFERIS	Yes	Yes	Yes	Yes
RUPERT MCCAMMON	Yes	Yes	Yes	Yes
LEUTLWETSE TUMELO	Yes	Yes	Yes	Yes

Board Committees

The Board of Afinitas Limited has set up an Audit Committee and a Remuneration Committee.

The objective of setting up these committee was to further strengthen corporate governance within Afinitas.

Audit Committee

The Audit Committee has an independent oversight role covering the financial reporting and risk management of the Group.

The Audit Committee comprises of two (2) Independent non-Executive Directors and an independent member. As outlined in the Charter, the Audit Committee meets twice a year.

During the financial year ended 31st December 2019, the Audit Committee met a twice to review matters that have been delegated by the Board. Attendance at the meetings is noted in the table below:

Board Committee

Committee Members	Q1 2019	Q3 2019
LESANG MAGANG	Yes	Yes
KEITH JEFFERIS	Yes	Yes
JENNY MARINELLI	Yes	Yes

Remuneration Committee

The primary role of the Remuneration Committee is to advise the Board on matters relating to the remuneration of directors and key executive. The Remuneration Committee comprises of two independent non-executive directors.

As outlined in the Charter, the Remuneration Committee meets once a year.

During the financial year ended 31st December 2019, the Remuneration Committee met once to review matters that have been delegated by the Board. Attendance at the meetings is noted in the table below:

Board Committee

Committee Members	Q4 2019
LESANG MAGANG	Yes
KEITH JEFFERIS	Yes

Director's Remuneration

The total remuneration paid to executive and non-executive directors for the 2019 financial year is listed below:

Directors' Remuneration

Director	Title	Salary	Directors' Fees	Total Pay
Lesang Magang	Independent non-executive chairman		P80 000	P80 000
Keith Jefferis	Independent non-executive Director		P80 000	P80 000
Rupert McCammon	Managing Director		P80 000	P80 000
Leutlwetse Tumelo	Executive Director	$71 261		$71 261

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There was no change in the remuneration of non-executive directors in 2019 from 2018.

The proposed remuneration for executive and non-executive directors is presented in the Notice of AGM for shareholder approval. The Board has recommended a 3% inflation adjustment on the monthly remuneration for the Executive Director while fees for non-executive directors will remain unchanged.

Afinitas Limited and its subsidiaries currently do not have a share option scheme for its directors and employees.

Compliance with laws and regulations

As a pan African investment holding company, Afinitas Limited and its investee companies operate across a number of countries in Africa and Europe. In order to ensure that Afinitas is a responsible corporate citizen the Board of Directors regularly reviews compliance by all companies with relevant laws/regulations in their countries of operation.

During 2019 financial year, Afinitas and all the investee companies complied with the laws of their countries of operation.

The Company Secretary has confirmed that Afinitas Limited has complied with the requirements of the Companies Act.

Stakeholder Engagement
The Board is alert to the importance of effective stakeholder engagement as part of achieving the strategic objectives of the Group. Effective stakeholder engagement ensures that key stakeholders are considered and informed of developments within the Company. The Managing Director has been assigned the responsibility to engage regularly with key stakeholders of the Group.

KING III Code on Corporate Governance

The Board of Directors recently adopted the King III Code on Corporate Governance.

	Principle	**Status**	**Comments**
1.1	The board should provide effective leadership on an ethical foundation	Applied	The Board is committed to running the business on principles of good governance. The Board's commitment to provide leadership based on an ethical foundation is contained in the Board charter
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	Through the Board Charter, the Board has committed to ensuring that Afinitas Limited is seen as a responsible corporate citizen.
1.3	The board should ensure that the company's ethics are managed effectively	Applied	The Board monitors the ethical conduct of the company through regular updates during Board meetings.
	Chapter 2 - Boards and Directors		
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	The board is responsible determining and setting the tone for the company on corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Partially Applied	The Board plays a leading role in developing strategy and is in the process of strengthening risk management.
2.3	The board should provide effective leadership based on an ethical foundation	Applied	See principle 1.1
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen		See principle 1.2
2.5	The board should ensure that the company's ethics are managed effectively		See principle 1.3
2.6	The board should ensure that the company has an effective and independent audit committee	Applied	The board has established an independent audit committee that meets at least twice a year
2.7	The board should be responsible for the governance of risk	Applied	The board is responsible for the governance of risk
2.8	The board should be responsible for information technology governance	Applied	The Board has put in place measures to govern information technology.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The board ensures that the company complies with applicable laws.
2.10	The board should ensure that there is an effective risk based internal audit	Partially applied	The board continues to review the need for an internal audit and will introduce one at the appropriate time
2.11	The board should appreciate that stakeholders perception affect the company's reputation	Applied	The board appreciates that shareholders perceptions affect the company's reputation
2.12	The board should ensure the integrity of the company's integrated report	Applied	The Board reviews and approves the annual report.
2.13	The board should report on the effectiveness of the company's system of internal control	Applied	The Directors have reported on the effectiveness of internal controls
2.14	The board and its directors should act in the best interest of the company	Applied	The Directors are committed to act in the best interest the company and all conflicts of interest are disclosed.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed	Applied	The Board is confident with the going concern status of the company and at this stage does not need to consider turnaround strategies.

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2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fill the role of chairman of the board	Applied	The chairman of the board, Mr Lesang Magang, is an independent non-executive director. The MD of the company is Mr. Rupert McCammon
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	The Managing Director has been appointed. The board charter outlines the authority delegated by the Board to the Managing Director
2.18	The board should comprise a balance of power with a majority on non-executive directors. The majority of non-executive directors should be independent.	Partially applied	The board has a balance of executive and non-executive directors. All non-executive directors are independent.
2.19	Directors should be appointed through a formal process.	Applied	The appointment process for Directors is contained in the Board Charter and constitution of the company.
2.20	The induction of an ongoing training and development of Directors should be conducted through formal processes.	Applied	Directors are inducted on appointment and given full information relating to the company.
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	The Board is assisted by a competent, suitably qualified company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	Evaluation of the board and committees is provided for in the Board Charter and various committee charters.
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied	The Board has set up and developed committees. The structure of these committees is defined in the charter
2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied	A governance framework exists between Afinitas Limited and its investee companies.
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	The Remuneration Committee will assist the Board to determine appropriate remuneration
2.26	Companies should disclose the remuneration of each director and certain senior executives	Applied	Remuneration of directors and executives is disclosed in the annual report

2.27	Shareholders should approve the company's remuneration policy	Partially applied	A remuneration policy has been approved by the Board and in future will be presented for shareholder approval
	Audit Committees		
3.1	The board should ensure that the company has an effective and independent audit committee	Applied	The Audit Committee function is independent of the Board.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	The Audit Committee members are suitably qualified. The committee is comprises of independent non-executive directors and an independent member.
3.3	The audit committee should be chaired by an independent non-executive director	Applied	The Audit Committee is chaired by an independent non-executive director.
3.4	The audit committee should oversee integrated reporting	Applied	The committee is responsible for recommending the annual report to the Board of Directors.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	The committee meets regularly with external assurance providers in order to continuously monitor their relationship with the company.
3.6	The audit committee should satisfy itself of the expertise and experience of the company's finance function	Applied	The Audit Committee charter gives the committee the authority to regularly review the expertise of the finance team.
3.7	The audit committee should be responsible for overseeing of internal audit	Partially applied	The company currently does not have an internal audit. An internal audit function will be developed at the appropriate time.
3.8	The audit committee should be an integral component of the risk management process	Applied	The charter outlines the committee's role in risk management.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	The Board has delegated authority to appoint external auditors and oversight of the external audit process to the auditors.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	The committee will report directly to the Board and shareholders.

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	Governance of risk		
4.1	The board should be responsible for the governance of risk	Applied	The Board is responsible for governance of risk and has enhanced risk management through delegation of authority to some of its committees.
4.2	The board should determine the levels of risk tolerance	Applied	The Board considers the acceptable level of risk and will continue to review its risk assessment processes.
4.3	The risk committee or audit committee should assist the board in carrying out its responsibilities	Applied	The Audit Committee assists the Board in its responsibility of risk governance.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Partially applied	The Board delegates risk monitoring to the management.
4.5	The board should ensure that risk assessments are performed on a continual basis.	Applied	Risk assessments are carried out regularly.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Partially applied	Refer to 4.5
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	Key risk areas are reported to the Board
4.8	The board should ensure continual risk monitoring by management	Applied	Board engages regularly with management on key risk areas.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Partially applied	The Board receives regular updates on risk management
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Partially applied	See 4.5

	The Governance of information technology (IT)		
5.1	The board should be responsible for information technology governance	Applied	The Board and management oversee governance of information technology
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied	IT systems are designed to support objectives of the company.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied	Through an IT policy the Board has delegated governance of the IT framework to management,
5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	The Board is informed of key IT investments.
5.5	IT should form an integral part of the company's risk management.	Partially applied	See principle 4.5
5.6	The board should ensure that information assets are managed effectively	Applied	The Board has set a framework to manage IT assets.
5.7	A risk committee should assist the board in carrying out its IT responsibilities	Applied	The Audit Committee assists the Board in monitoring risk
	Compliance with laws, rules, codes and standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	Applied	The Board regularly reviews compliance with relevant laws, codes and standards.
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	Applied	Through regular briefings, the directors are kept updated on changes in laws and regulations that may impact on the company.
6.3	Compliance risk should form an integral part of the company's risk management process	Applied	Management monitors compliance risk on an ongoing basis.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied	See principle 5.3

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	Internal audit		
7.1	The board should ensure that there is an effective risk based internal audit	Partially applied	See principle 3.7
7.2	Internal audit should follow a risk based approach to its plan	Partially applied	See principle 3.7
7.3	Internal audit should provide a written assessment of the effectiveness of the company's systems of internal control and risk management	Partially applied	See principle 3.7
7.4	The audit committee should be responsible for overseeing internal audit	Partially applied	See principle 3.7
7.5	Internal audit should be strategically positioned to achieve its objectives	Partially applied	See principle 3.7
	Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' Perceptions affect a company's reputation	Applied	The Board appreciates that stakeholder perceptions affect company's reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied	The Board has tasked management to proactively deal with stakeholders
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	The company considers the interest of its stakeholders as part of its decision making process.
8.4	Companies should ensure the equitable treatment of shareholders	Applied	See principle 8.3
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	The company is committed to timely and accurate dissemination of information to all shareholders
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	The Board is committed to proper resolution of disputes.

	Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated report	Applied	See principle 2.12
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Applied	See principle 2.12
9.3	Sustainability reporting and disclosure should be independently assured	Applied	The annual report is approved through the Audit Committee

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Adventis Limited

Adventis continues to position itself as the premier African investment firm, while seeking to attract third party capital into high quality investment opportunities on the continent. The last year continued to see several regulatory, legal and organisational structures put in place. These further position Adventis to deliver on its strategy.

Adventis continues to be constructive on African public equity markets and has two African equity funds that cater to different geographic investors groups. We continue to see limited appetite for African public equities; however we see significant opportunity in this asset class. We continue to be well positioned for when appetite improves. Most African stock markets trade on valuations last seen in 2008 during the global financial crisis. We received regulatory approval from CSSF, the Luxembourg regulator, for the launch of the CompAM Adventis Pan- Africa Fund. We were appointed as sub-advisor on the Fund by Compass Asset Management, who are a Swiss based asset manager. We were officially appointed as sub-advisor on 1 September 2019 and have repositioned the Fund and started marketing it. We also recently completed a roadshow to raise assets for the Fund in Europe. We continue to market the Africa Equity Strategy, which is a Cayman domiciled Fund, to primarily U.S. investors. The priority for the next twelve months remains to raise further assets for these two Funds.

Our fixed income business is now better positioned to take advantage of the growth opportunities that are available. The South African regulator, the F.S.C.A., approved the joint venture between Saffron Holdings and Adventis. The new venture has been named Adventis International, and it houses our African public debt fund. The African public debt fund has been renamed the Africa Enhanced Income Fund where we see strong appetite for African fixed income. This strategy will complement the Africa Equity Fund, and both funds have established long term track records, with proven investment processes. The launch of the Africa Enhanced Income Fund allows Adventis to enter several associated product areas and service offerings.

Adventis continues to look to launch new products that complement the existing product set and are seeking to launch an African investment product in a different asset class later this year. We continue to be uniquely positioned given our ability to market our business around the Africa Financial Services Investment Conference (AFSIC), which is managed within the Afinitas group. As a result of the conference, we have built up a proprietary database of potential investors that we can market our products to, which is a distinct competitive advantage for Adventis.

Adventis now has several corporate and regulatory structures in place that will allow it to accelerate growth and access more opportunities in future. We continue to look for opportunities to accelerate our growth, however these must complement the strategy. Over the coming decade we see domestic savings pools and capital markets developing on the African continent, which provides an attractive backdrop for Adventis to grow in. The fundamentals on the African continent remain strong and we continue to position Adventis to take advantage of continued growth.

Africa Events Limited

Africa Events Limited is a company 50% owned by Afinitas. It runs the annual AFSIC – Investing in Africa conference which has become perhaps the most important African investment event globally, and as a result has become a major conduit of investment into Africa.

AFSIC is specifically focused on increasing investment into Africa. It does this by promoting the most exciting African investment opportunities and also by providing Africa's most important investors with a platform both to discover new investment opportunities but also as a means to promote themselves to a broader range of international fund investors that might have an interest in investing in their funds.

A sophisticated Event and Meeting App, enables African investors and African companies seeking investment to match prior to the event and to conclude real investment transactions at AFSIC 2021 will see the introduction of a new Investment Dashboard that allows investors greater visibility of investment transactions prior to the event taking place – the result should be a marked increase in the number of concluding transactions and the associated relevance of AFSIC within Africa's investment universe.

AFSIC 2019 saw considerable growth in delegate numbers with over 1,000 of Africa's most important investors and business leaders attending as the event cemented its reputation within the Africa investment universe. AFSIC 2019 also saw the growth of our newly introduced country summits – these are sessions specifically focused on investment opportunities within Africa's most exciting economies, and allow a deeper investigation of investment opportunities in countries such as Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria and South Africa. These mini summits will complement investor trips and events that we will run across Africa in the future.

As a result of the COVID-19 pandemic a decision was made to postpone AFSIC 2021. The event will now be held in May 2021. The team is focused on ensuring that AFSIC – Investing in Africa 2021 continues to show good growth with a real focus on the quality of investors attending, and also on the presentation of genuine, and investable opportunities from across the entire African continent.

Consolidated Annual financial statements

for the year ended 31 December 2019

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act (Cap 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 27 to 29.

The consolidated and separate annual financial statements set out on pages 30 to 78, which have been prepared on the going concern basis, were approved by the board of directors on **12th March 2020** and we signed by:

Rupert McCammon
Director

Lesang Magang
Director

Independent Auditor's Report

Grant Thornton
An instinct for growth™

To the shareholders of Afinitas Limited

Opinion

We have audited the consolidated and separate annual financial statements of Afinitas Limited set out on pages 30 to 78, which comprise the consolidated and separate statement of Financial Position as at 31 December 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial Statements give a true and fair view of, the consolidated and separate financial position of Afinitas Limited as at 31 December 2019, and its consolidated and separate financial performance and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual 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 (Parts A and B) (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.

Other Matters - The Impact of Uncertainties due to the Covid-19 on our Audit

Covid-19 affects the group and company and results in certain uncertainties for the future financial position and performance of the group and company. Uncertainties related to the potential effects of Covid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the group and company, the related disclosures and the appropriateness of the going concern assumption in the financial statements. The appropriateness of the going concern assumption depends on assessment of the future economic environment and the group's and company's future prospects and performance. The Covid-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report its effects are subject to levels of uncertainty. An audit cannot predict the unknown factors or all possible future implications for a group and company and this is particularly the case in relation to Covid-19.

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 annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Independent Auditor's Report (cont.)

Key audit matter	How the matter was addressed in our audit
Existence of investments The company's investments in subsidiaries represent the main operating activity of the company and form a significant component of their financial statement. The existence of these investments are critical to company's objective and operations. As a result verification of existence of these investments and ensuring title to these investments in company's name was significant to our audit. Since there has been investments in the current year by the entity, this has been identified as a key audit matter.	Our audit procedures included verification of controls put in place by the entity to identify investments made and their appropriateness to be captured as investments in the accounting records of the company. We verified the title of the investments of the company and satisfied with the existence of the investments as at the year-end.
Valuation of investments Valuation of investments in subsidiaries and other financial instruments, being significant part of the financial statement and being the core business activity of the company were considered to be key audit matters. Investments are required to be accounted at the appropriate purchase cost and appropriately disclosed in the financial statements. Also the entity has investment that are measured at fair value which could affect reporting of fair value gains/ losses in the statement of comprehensive income and disclosures in the financial statements.	We have examined the supporting data to validate the investments and determine that the cost allocated to the investment is appropriate. We have obtained an understanding of the investments and controls in place towards valuation of the investments. We obtained confirmations and other supporting details through observable data to determine that the fair value of the investments measured using effective interest rate method are appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors report, which we obtained prior to the date of this report and the annual report which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 on the other information we have obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, We are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 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 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 company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Independent Auditor's Report (cont.)

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 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.

12 March 2020
Gaborone

Chartered Accountants
Certified Auditor: Mr. Sunny Mulakulam (Memb No: 20050097)
Certified Auditor of Public Interest Entity
Certificate Number: CAP 0034 2020

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

		Group		Company	
Figures in US Dollar	**Note**	**2019**	**2018**	**2019**	**2018**
Revenue	4	1,224,017	711,310	193,162	-
Other income	5	31,289	15,348	-	-
Other operating income/(losses)	7	(5,167)	(44,386)	(28,294)	(26,462)
Movement in credit loss allowances	6	-	-	(50,732)	-
Other operating expenses	6	(2,062,441)	(1,994,624)	(770,197)	(810,498)
Operating loss		**(812,302)**	**(1,312,352)**	**(656,061)**	**(836,960)**
Finance income	8	78,839	92,342	52,433	177,391
Finance costs	9	(6,633)	(89)	(2,059)	-
Income from equity accounted investments		(946)	-	-	-
Impairment	10	-	-	(372,100)	(1,911,000)
Loss before taxation		**(741,042)**	**(1,220,099)**	**(977,787)**	**(2,570,569)**
Taxation	11	-	-	-	-
Loss for the year		**(741,042)**	**(1,220,099)**	**(977,787)**	**(2,570,569)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Loss on fair value of investments in equity instruments at fair value through other comprehensive income	12	(301,542)	-	(301,542)	-
Total items that will not be reclassified to profit or loss		**(301,542)**	**-**	**(301,542)**	**-**
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translating foreign operations		(56,306)	(11,449)	-	-
Share of comprehensive income of equity accounted investments		832	-	-	-
Total items that may be reclassified to profit or loss		**(55,474)**	**(11,449)**	**-**	**-**
Other comprehensive income for the year net of taxation	**12**	**(357,016)**	**(11,449)**	**(301,542)**	**-**
Total comprehensive loss for the year		**(1,098,058)**	**(1,231,548)**	**(1,279,329)**	**(2,570,569)**
Loss attributable to:					
Owners of the parent		(819,830)	(1,153,392)	(977,787)	(2,570,569)
Non-controlling interest		78,788	(66,707)	-	-
		(741,042)	**(1,220,099)**	**(977,787)**	**(2,570,569)**
Total comprehensive loss attributable to:					
Owners of the parent		(1,195,928)	(1,165,080)	(1,279,329)	(2,570,569)
Non-controlling interest		97,870	(66,468)	-	-
		(1,098,058)	**(1,231,548)**	**(1,279,329)**	**(2,570,569)**
Earnings per share					
Per share information					
Basic loss per share (c)		(0.35)	(0.57)	(0.46)	(1.20)
Diluted loss per share (c)		(0.35)	(0.57)	(0.46)	(1.20)

Statement of Financial Position

as at 31 December 2019

		Group		Company	
Figures in US Dollar	**Note**	**2019**	**2018**	**2019**	**2018**
Assets					
Non-Current Assets					
Property, plant and equipment	13	51,159	69,288	21,646	30,154
Right-of-use assets	14	82,929	-	35,604	-
Investments in subsidiaries	16	-	-	792,474	1,037,474
Investments in associates	17	17,946	-	-	-
Investments at fair value	19	576,102	508,783	65,194	366,736
		728,136	**578,071**	**914,918**	**1,434,364**
Current Assets					
Trade and other receivables	21	258,332	364,826	6,436	101,823
Investments at fair value	19	47,494	41,223	47,494	41,223
Amounts due from related parties	18	-	-	-	11,545
Current tax receivable		-	1,463	-	1,463
Cash and cash equivalents	22	4,055,007	5,297,837	2,967,945	3,593,830
		4,360,833	**5,705,349**	**3,021,875**	**3,749,884**
Total Assets		**5,088,969**	**6,283,420**	**3,936,793**	**5,184,248**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	23	9,067,560	9,067,560	9,067,560	9,067,560
Reserves		(404,289)	(28,191)	(301,542)	-
Accumulated loss		(3,592,808)	(2,772,978)	(4,904,347)	(3,926,559)
		5,070,463	6,266,391	3,861,671	5,141,001
Non-controlling interest		(464,115)	(401,699)	-	-
		4,606,348	**5,864,692**	**3,861,671**	**5,141,001**
Liabilities					
Non-Current Liabilities					
Borrowings	26	138,888	128,588	-	-
Lease liabilities	14	54,969	-	14,354	-
Operating lease liability	28	-	3,456	-	3,456
Deferred income	29	151,164	-	-	-
		345,021	**132,044**	**14,354**	**3,456**
Current Liabilities					
Trade and other payables	27	108,822	133,809	36,477	39,791
Amounts due to related parties	25	-	-	4,418	-
Lease liabilities	14	28,778	-	19,873	-
Deferred income	29	-	152,875	-	-
		137,600	**286,684**	**60,768**	**39,791**
Total Liabilities		**482,621**	**418,728**	**75,122**	**43,247**
Total Equity and Liabilities		**5,088,969**	**6,283,420**	**3,936,793**	**5,184,248**

Statement of Changes in Equity

for the year ended 31 December 2019

	Stated capital	Foreign currency translation reserve	Reserve for valuation of investments	Accumulated loss	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
Group							
Balance at 1 January 2018	**9,067,560**	**(16,503)**	**-**	**(1,619,586)**	**7,431,471**	**(179,288)**	**7,252,183**
Loss for the year	-	-	-	(1,153,392)	(1,153,392)	(66,707)	(1,220,099)
Other comprehensive income	-	(11,688)	-	-	(11,688)	239	(11,449)
Total comprehensive loss for the year	**-**	**(11,688)**	**-**	**(1,153,392)**	**(1,165,080)**	**(66,468)**	**(1,231,548)**
NCI pre acquisition retained earnings	-	-	-	-	-	(174,820)	(174,820)
Sale of shares to non-controlling interest parties (Refer to note - 24)	-	-	-	-	-	18,877	18,877
Balance at 1 January 2019	**9,067,560**	**(28,191)**	**-**	**(2,772,978)**	**6,266,391**	**(401,699)**	**5,864,692**
Loss for the year	-	-	-	(819,830)	(819,830)	78,788	(741,042)
Other comprehensive income	-	(74,556)	(301,542)	-	(376,098)	19,082	(357,016)
Total comprehensive loss for the year	**-**	**(74,556)**	**(301,542)**	**(819,830)**	**(1,195,928)**	**97,870**	**(1,098,058)**
Dividends	-	-	-	-	-	(193,160)	(193,160)
Sale of shares to non-controlling interest parties (Refer to note - 24)	-	-	-	-	-	32,874	32,874
Balance at 31 December 2019	**9,067,560**	**(102,747)**	**(301,542)**	**(3,592,808)**	**5,070,463**	**(464,115)**	**4,606,348**
Note	23	12	12	12			

Statement of Changes in Equity cont.

for the year ended 31 December 2018

	Stated capital	Foreign currency translation reserve	Reserve for valuation of investments	Accumulated loss	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
Company							
Balance at 1 January 2018	**9,067,560**	**-**	**-**	**(1,355,990)**	**7,711,570**	**-**	**7,711,570**
Loss for the year	-	-	-	(2,570,569)	(2,570,569)	-	(2,570,569)
Other comprehensive income	-	-	-	-	--	-	
Total comprehensive loss for the year	**-**	**-**	**-**	**(2,570,569)**	**(2,570,569)**	**-**	**(2,570,569)**
Balance at 1 January 2019	**9,067,560**	**-**	**-**	**(3,926,560)**	**5,141,000**	**-**	**5,141,000**
Loss for the year	-	-	-	(977,787)	(977,787)	-	(977,787)
Other comprehensive income	-	-	(301,542)	-	(301,542)	-	(301,542)
Total comprehensive loss for the year	**-**	**-**	**(301,542)**	**(977,787)**	**(1,279,329)**	**-**	**(1,279,329)**
Balance at 31 December 2019	**9,067,560**	**-**	**(301,542)**	**(4,904,347)**	**3,861,671**	**-**	**3,861,671**
Note	23		12	12			

Statement of Cash Flows

for the year ended 31 December 2019

		Group		Company	
Figures in US Dollar	**Note**	**2019**	**2018**	**2019**	**2018**
Cash flows in operating activities					
Cash used in operations	30	(649,122)	(1,526,502)	(703,582)	(846,503)
Finance income		78,839	92,342	52,433	177,391
Finance costs		(6,633)	(89)	(2,059)	-
Tax received	31	1,463	-	1,463	-
Net cash flows in operating activities		**(575,453)**	**(1,434,249)**	**(651,745)**	**(669,112)**
Cash flows (utilised by)/generated from investing activities					
Purchase of property, plant and equipment	13	(8,437)	(857)	(2,909)	-
Net cash acquired from business combinations	33	-	18,836	-	-
Investments acquired	34	-	-	(127,100)	(2,917,287)
Investment in associate		(18,060)	-	-	-
Amounts due to group companies repaid		-	-	11,545	-
Purchase of investments at fair value		(403,763)	(564,747)	(6,271)	(398,444)
Sale of investments at fair value		-	24,256	-	-
Dividends received		-	-	193,162	-
Net cash flows (utilised by)/generated from investing activities		**(430,260)**	**(522,512)**	**68,427**	**(3,315,731)**
Cash flows utilised in financing activities					
Amounts due to related companies		-	135	4,418	2,625,144
Amounts advanced to related companies		-	-	-	(18,832)
Proceeds from borrowings		22,259	-	-	-
Repayment of borrowings		(11,959)	(14,644)	-	-
Payment on lease liabilities		(25,961)	-	(18,691)	-
Dividends paid to non-controlling interest	32	(193,162)	-	-	-
Net cash flows utilised in financing activities		**(208,823)**	**(14,509)**	**(14,273)**	**2,606,312**
Total cash and cash equivalents movement for the year		**(1,214,536)**	**(1,971,270)**	**(597,591)**	**(1,378,531)**
Cash and cash equivalents at the beginning of the year		5,297,837	7,290,957	3,593,830	4,998,823
Effect of exchange rate movement on cash balances		(28,294)	(21,850)	(28,294)	(26,462)
Total cash and cash equivalents at end of the year	**22**	**4,055,007**	**5,297,837**	**2,967,945**	**3,593,830**

Accounting Policies

Nature of operations and segmentation

The company is a pan African investment holding company that has a mandate to provide seed capital and develop new Africa focused businesses. The company is a venture capital entity listed on the Botswana Stock Exchange.

1. Presentation of consolidated annual financial statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards.The consolidated and separate annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period except for adoption of new standards.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The basis of segmental reporting has been set out in note 41.

1.2 Consolidation

Basis of consolidation

The consolidated consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

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 of its power over the entity.

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

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

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

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

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

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

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.

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.

Accounting Policies (cont.)

1.2 Consolidation (continued)

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.

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

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

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

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

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

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.

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

In preparing the consolidated and separate annual financial statements,management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate annual financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Accounting Policies (cont.)

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value- inuse calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Useful life and residual value of property, plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

1.4 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.

Accounting Policies (cont.)

1.4 Property, plant and equipment (continued)

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
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	10 years
IT equipment	Straight line	4 years
Other fixed assets	Straight line	5 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. 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. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

Goodwill is initially measured at cost, being the excess of the cost of the business combination over company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill, acquired in a business combination is carried at cost less any accumulated impairment. Goodwill is assessed at each statements of financial position date for impairment. The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statements of comprehensive income.

Internally generated goodwill is not recognised as assets.

1.6 Interest in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Accounting Policies (cont.)

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 :
- 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);

Financial liabilities:
- Amortised cost;

Note 39 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

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

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

Loans receivable at amortised cost

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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 8).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired.

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

Accounting Policies (cont.)

1.7 Financial instruments (continued)

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 US Dollar 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 7).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 39).

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Accounting Policies (cont.)

1.7 Financial instruments (continued)

Write off policy
The group writes off a loan 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. Loans 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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 6).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 39).

Derecognition

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

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

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 21).

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.

Accounting Policies (cont.)

1.7 Financial instruments (continued)

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

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

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

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the US Dollar 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 7).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 21).

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.

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 21.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 6).

Accounting Policies (cont.)

1.7 Financial instruments (continued)

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 21) and the financial instruments and risk management note (note 39).

Borrowings and loans from related parties

Classification

Loans from group companies (note 18),and borrowings (note 26) 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 9.) Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 39 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 US Dollar 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 7).

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 39).

Trade and other payables

Classification

Trade and other payables (note 27), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Accounting Policies (cont.)

1.7 Financial instruments (continued)

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 9).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 39 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 US Dollar 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 7).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 39).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount that are initially measured at fair value and are subsequently measured at amortised cost.

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.

Accounting Policies (cont.)

1.7 Financial instruments (continued)

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.8 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been 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).

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

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

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

Tax expenses

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

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

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

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

1.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Accounting Policies (cont.)

1.9 Leases (continued)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group had operating leases both as a lessor and as a lessee.

Group as lessee

The Group has entered into an operating lease for its offices. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred

Right-of-use assets

Lease rights represent rights covered by contract or similar arrangement to occupy, lease out or otherwise utilise property. Separately acquired lease rights are shown at historical cost. Lease rights have a finite useful life based on the underlying contractual agreement assigning such right to the lessor and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight–line method to allocate the cost of lease rights over their estimated useful lives based on contractual terms.

Institute as lessor

Rental income is recognised on a straight line basis over the term of the relevant lease, and is included in revenue in the statement of profit or loss and other comprehensive income.

1.10 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.

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.

Accounting Policies (cont.)

1.11 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.

1.12 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.

Long term employee benefits

The group does not provide pension benefits for all its employees but operates a severance benefit scheme for citizens in terms of section 28 of the Botswana Employment Act. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each 60 month period of continuous employment, at the option of the employee. The expected severance benefit liability is provided in full by way of a provision.

1.13 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.14 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Outsourcing and events services
- Dividend income
- Management services

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.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.15 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated 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 annual financial statements are presented in US Dollar which is the group functional and presentation currency.

Accounting Policies (cont.)

1.15 Translation of foreign currencies (continued)

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, 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 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 US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.16 Deferred income and deferred expenses

Deferred income represents the amount received in advance against expenses that are deferred and is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably.

Deferred expenses represent initial set up costs that are deferred and directly associated with the outcome of the transaction involving rendering of the service. These expenses are recognised in the income statement when the associated costs directly attributable to the revenue generated have been estimated reliably.

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Accounting Policies (cont.)

2. Changes in accounting policy

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Institute recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified cumulative approach. Prior periods have not been restated.

For contracts in place at the date of initial application, the Institute has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Institute has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6.5%.

3. New Standards and Interpretations

3.1 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:

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The group has adopted the interpretation for the first time in the 2019 consolidated annual financial statements. The impact of the interpretation is not material.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:
- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

Accounting Policies (cont.)

3. New Standards and Interpretations (continued)

- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:
- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:
- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group has adopted the standard for the first time in the 2019 consolidated annual financial statements. The impact of the standard is set out in note 2 Changes in Accounting Policy.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in US Dollar	**2019**	**2018**	**2019**	**2018**
4. Revenue				
Revenue from contracts with customers				
Management fees	42,416	8,155	-	-
Outsourcing and event services	1,181,601	703,155	-	-
	1,224,017	**711,310**	**-**	**-**
Revenue other than from contracts with customers				
Dividends received	-	-	193,162	-
	1,224,017	**711,310**	**193,162**	**-**
5. Other operating income				
Sundry income	31,289	15,348	-	-
6. Operating expenses				
Auditor's remuneration - external				
Audit fees	43,819	36,189	20,977	20,364
Employee costs				
Salaries, wages, bonuses and other benefits	520,636	475,106	134,467	126,955
Pension contribution	25,394	8,769	4,505	4,268
Total employee costs	**546,030**	**483,875**	**138,972**	**131,223**
Depreciation and amortisation				
Depreciation of property, plant and equipment	23,459	24,038	11,417	11,321
Depreciation of right-of-use assets	26,779	-	17,314	-
Total depreciation and amortisation	**50,238**	**24,038**	**28,731**	**11,321**
Impairment losses				
Goodwill	-	59,825	-	-
Movement in credit loss allowances				
Loans to group companies	-	-	50,732	-
Other				
Operating lease charges	28,722	53,954	12,015	37,076
Other expenses	865,793	629,734	202,458	102,442
Consulting and professional fees	436,629	619,653	319,587	445,091
Travel expenses	91,210	87,356	47,457	62,981
	1,422,354	**1,390,697**	**581,517**	**647,590**
7. Other operating gains (losses)				
Foreign exchange gains (losses)				
Net foreign exchange loss	(5,167)	(44,386)	(28,294)	(26,462)

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
8. Finance income				
Interest income				
Investments in financial assets:				
Interest on fixed deposit Stanbic Bank Botswana Limited	12,700	19,373	-	19,373
Interest on African Alliance Limited	5,935	4,481	5,935	4,481
Interest from banks	60,204	68,488	46,498	32,507
Amounts from group companies:				
Subsidiaries	-	-	-	121,030
Total interest income	**78,839**	**92,342**	**52,433**	**177,391**
9. Finance costs				
Lease liabilities	6,602	-	2,059	-
Bank interest	31	89	-	-
Total finance costs	**6,633**	**89**	**2,059**	**-**
10. Impairment				
Impairment losses on				
Investments in subsidiaries	-	-	(372,100)	(1,911,000)

Management have taken a prudent view when considering impairment provisions on its investments - Adventis Limited and Ethiopia Investment Limited. Neither companies is breaking even therefore it was resolved to make prudent impairment provisions until future income flows stabilise and are at a high recurrent level. Management has assessed the value in use of the subsidiaries based on the Net Asset Value of the subsidiaries as at the year end for the purpose of measuring the impairment provisions.

Ethiopia Investment Limited	-	-	(127,100)	(221,000)
Adventis Limited	-	-	(245,000)	(1,690,000)
	-	**-**	**(372,100)**	**(1,911,000)**

11. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(741,042)	(1,220,099)	(977,787)	(2,570,569)
Tax at the applicable tax rate of 15% (2018: 15%)	(111,156)	(183,015)	(146,668)	(385,585)
Tax effect of adjustments on taxable income				
Deferred tax not recognised	111,156	183,015	146,668	385,585
	-	**-**	**-**	**-**

No provision has been made for 2019 tax as the group has no taxable income. The group has a carry forward loss during the current year. The holding company has not recognised the deferred tax asset since company expects to earn income that is exempt or zero rated in nature in the foreseeable future, and thus would not be able to claim back the carry forward losses. No deferred tax asset has been recognised for the subsidiaries since the directors consider that it is not probable that future taxable profits will be available against which tax losses can be utilised.

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
12. Other comprehensive income				

Components of other comprehensive income - Group - 2019

	Gross	Tax	Share of other comprehensive income of equity accounted investments	Net before non-controlling interest	Non-controlling interest	Net
Items that will not be reclassified to profit (loss)						
Movements on fair value of investments in equity instruments at fair value through other comprehensive income						
Gains (losses) on fair value	(301,542)	-	-	(301,542)	-	(301,542)
Items that may be reclassified to profit (loss)						
Exchange differences on translating foreign operations						
Exchange differences arising during the year	(56,306)	-	832	(55,474)	(19,082)	(74,556)
Total	**(357,848)**	**-**	**832**	**(357,016)**	**(19,082)**	**(376,098)**

Components of other comprehensive income - Group - 2018

	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
Items that may be reclassified to profit (loss)					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	(11,449)	-	(11,449)	(239)	(11,688)

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018

13. Property, plant and equipment

Group	2019 Cost	2019 Accumulated depreciation	2019 Carrying value	2018 Cost	2018 Accumulated depreciation	2018 Carrying value
Furniture and fixtures	21,434	(8,160)	13,274	22,650	(5,525)	17,125
Office equipment	4,559	(698)	3,861	1,132	(235)	897
IT equipment	62,764	(38,242)	24,522	62,370	(25,564)	36,806
Other fixed assets	24,788	(15,286)	9,502	24,788	(10,328)	14,460
Total	**113,545**	**(62,386)**	**51,159**	**110,940**	**(41,652)**	**69,288**

Company	2019 Cost or revaluation	2019 Accumulated depreciation	2019 Carrying value	2018 Cost or revaluation	2018 Accumulated depreciation	2018 Carrying value
Furniture and fixtures	11,353	(5,723)	5,630	11,353	(3,830)	7,523
Office equipment	1,132	(348)	784	1,132	(235)	897
IT equipment	20,346	(14,616)	5,730	17,435	(10,161)	7,274
Other fixed assets	24,788	(15,286)	9,502	24,788	(10,328)	14,460
Total	**57,619**	**(35,973)**	**21,646**	**54,708**	**(24,554)**	**30,154**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Foreign exchange movements	Depreciation	Total
Furniture and fixtures	17,125	-	(943)	(2,908)	13,274
Office equipment	897	3,427	34	(497)	3,861
IT equipment	36,806	5,010	(2,198)	(15,096)	24,522
Other fixed assets	14,460	-	-	(4,958)	9,502
	69,288	**8,437**	**(3,107)**	**(23,459)**	**51,159**

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Foreign exchange movements	Decom-missioning liability	Depreciation	Total
Furniture and fixtures	20,650	102	(578)	-	(3,049)	17,125
Office equipment	1,011	-	-	-	(114)	897
IT equipment	53,948	755	(1,948)	(31)	(15,918)	36,806
Other fixed assets	19,417	-	-	-	(4,957)	14,460
	95,026	**857**	**(2,526)**	**(31)**	**(24,038)**	**69,288**

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	7,523	-	(1,893)	5,630
Office equipment	897	-	(113)	784
IT equipment	7,274	2,909	(4,453)	5,730
Other fixed assets	14,460	-	(4,958)	9,502
	30,154	2,909	(11,417)	21,646

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Depreciation	Total
Furniture and fixtures	9,415	(1,892)	7,523
Office equipment	1,011	(114)	897
IT equipment	11,632	(4,358)	7,274
Other fixed assets	19,417	(4,957)	14,460
	41,475	**(11,321)**	**30,154**

14. Leases (group as lessee)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	82,929	-	35,604	-
Depreciation recognised on right-of-use assets				
Buildings	26,779	-	17,314	-
Lease liabilities				
Within one year	34,527	-	21,994	-
Two to five year	61,849	-	15,238	-
	96,376	**-**	**37,322**	**-**
Non-current liabilities	54,969	-	14,354	-
Current liabilities	28,778	-	19,873	-
	83,747	**-**	**34,227**	**-**

15. Goodwill

Reconciliation of goodwill - Group - 2018

	Opening balance	Additions through business combinations	Impairment loss	Total
Goodwill	-	59,825	(59,825)	-

Goodwill of USD 59 825 arising from the acquisition of Adventis SA (Proprietary) Limited, a subsidiary of Adventis Limited was recognised on acquisition. In line with the Group's accounting policy, the Goodwill was assessed for impairment at the closing of the financial period date, and the amount of USD 59 825 was impaired.

Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries

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

Group

Name of company	Held by	% holding 2019	% holding 2018
Adventis SA (Proprietary) Limited		40.00 %	40.00 %
Ethiopia Investments Limited II (EQOS Holding)		90.00 %	95.00 %
EQOS Service (Proprietary) Limited		100.00 %	100.00 %

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company

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Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries (continued)

Name of company	Held by	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Africa Events Limited incorporated in Jersey Island, United Kingdom		50.00 %	50.00 %	50.00 %	50.00 %	100	100
Adventis Limited incorporated in Jersey Island, United Kingdom		66.00 %	66.00 %	66.00 %	66.00 %	2,727,374	2,727,374
Ethiopia Investments Limited incorporated in Mauritius		100.00 %	100.00 %	100.00 %	100.00 %	598,100	471,000
						3,325,574	3,198,474
Impairment of investment in subsidiaries						(2,533,100)	(2,161,000)
						792,474	1,037,474

Significant judgements and assumptions

The group holds 50% of ordinary shares in Africa Events Limited and has control and significant influence over the company.

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the group. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary

	Country of incorporation	% Ownership interest held by non-controlling interest 2019	2018
Africa Events Limited	Jersey	50 %	50 %
Adventis Limited	Jersey	33 %	33 %
Adventis SA (Proprietary) Limited	South Africa	60 %	60 %

The dividends paid to Non Controlling Interests by Africa Events Limited were USD 193 162 (2018: USD Nil). In Adventis Limited there were no dividends paid.

Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries (continued)

2019

Summarised statement of financial position

	Non current assets	Current assets	Total assets	Non current liabilities	Current liabilities	Total liabilities	Carrying amount of non-controlling interest
Africa Events Limited	2,169	482,247	484,416	-	176,559	176,559	165,208
Adventis Limited	783,708	686,184	1,469,892	-	7,902	7,902	(440,134)
Adventis SA (Proprietary) Limited	47,325	52,652	99,977	424,404	20,579	444,983	(239,663)
Total	833,202	1,221,083	2,054,285	424,404	205,040	629,444	(514,589)
Non-controlling interest in all other subsidiaries							50,474
Non-controlling interest per statement of financial position							(464,115)

The difference between the carrying amount of non-controlling interest and the non-controlling interest's proportionate share of the net assets of the subsidiary is represented by goodwill.

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit/(loss) before tax	Profit/(loss)	Other comprehe-nsive income	Total comprehe-nsive income	Profit/(loss) allocated to non-controlling interest
Africa Events Limited	1,000,705	444,169	444,169	12,240	456,409	222,084
Adventis Limited	-	(194,481)	(194,481)	-	(194,481)	(64,826)
Adventis SA (Proprietary) Limited	42,416	(107,976)	(107,976)	(19,804)	(127,779)	(64,785)
Total	1,043,121	141,712	141,712	(7,564)	134,149	92,473
Profit or loss allocated to non-controlling interest of other subsidiaries						(13,685)
Total profit (loss) allocated to non-controlling interest						78,788

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Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries (continued)

Summarised statement of cash flows for 2019

	Cash flow operating activities	Cash flow investing activities	Cash flow financing activities	Net increase (decrease) in cash flow
Africa Events Limited	385,789	(2,083)	(386,324)	(2,618)
Adventis Limited	(237,398)	(228,883)	(128,029)	(594,310)
Adventis SA (Proprietary) Limited	(145,091)	2,285	149,750	6,944
Total	3,300	(228,681)	(364,603)	(589,984)

Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries (continued)

2018

Summarised statement of financial position

	Non current assets	Current assets	Total assets	Non current liabilities	Current liabilities	Total liabilities	Carrying amount of non-controlling interest
Africa Events Limited	960	561,860	562,820	-	300,568	300,568	130,167
Adventis Limited	241,881	1,451,696	1,693,577	-	37,106	37,106	(374,992)
Adventis SA (Proprietary) Limited	-	34,101	34,101	221,827	19,667	241,494	(164,878)
Total	242,841	2,047,657	2,290,498	221,827	357,341	579,168	(409,703)
Non-controlling interest in all other subsidiaries							8,004
Non-controlling interest per statement of financial position							(401,699)

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit/(loss) before tax	Profit (loss)	Other comprehensive income	Total comprehensive income	Profit (loss) allocated to non-controlling interest
Africa Events Limited	656,827	184,109	184,109	(8,425)	175,684	92,055
Adventis Limited	-	(457,246)	(457,246)	-	(457,246)	(152,415)
Adventis SA (Proprietary) Limited	8,155	5,087	5,087	-	5,087	3,052
Total	664,982	(268,050)	(268,050)	(8,425)	(276,475)	(57,308)
Profit or loss allocated to non-controlling interest of other subsidiaries						(9,399)
Total profit (loss) allocated to non-controlling interest						(66,707)

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Notes to the Consolidated Annual Financial Statements cont.

16. Investments in subsidiaries (continued)

Summarised statement of cash flows

	Cash flow operating activities	Cash flow investing activities	Cash flow financing activities	Net increase (decrease) in cash flow
Africa Events Limited	165,160	(13,023)	-	152,137
Adventis Limited	(474,861)	(155,207)	(100,529)	(730,597)
Adventis SA (Proprietary) Limited	(102,358)	1,459	88,674	(12,225)
Total	(412,059)	(166,771)	(11,855)	(590,685)

17. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	Held by	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
Adventis International SA (Proprietary) Limited		33.30 %	- %	17,946	-

Notes to the Consolidated Annual Financial Statements cont.

17. Investments in subsidiaries (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Adventis International SA (Proprietary) Limited	
	2019	2018
Other income and expenses	(1,892)	-
Profit (loss) from continuing operations	(1,892)	-
Other comprehensive income	1,664	-
Total comprehensive income	(228)	-
Summarised Statement of Financial Position		
Current	37,032	-
Total assets	37,032	-
Liabilities		
Current	1,994	-
Total liabilities	1,994	-
Total net assets	35,038	-
Reconciliation of net assets to equity accounted investments in associates		
Interest in associates at percentage ownership	17,519	-
Other	427	-
Carrying value of investment in associate	17,946	-
Acquisitions	18,060	-
Share of loss	(946)	-
Share of OCI	832	-
Investment at end of period	17,946	-

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the group and the associate.

18. Loans to group companies

Fellow subsidiaries

Africa Events Limited The loan is unsecured, carries no interest and is repayable on demand.	-	-	-	11,545
Split between non-current and current portions				
Current assets	-	-	-	11,545

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
18. Loans to group companies (continued)				
Fair value of group loans receivable				
The fair value of group loans receivable approximates their carrying amounts.				
19. Investments at fair value				
Mandatorily at fair value through profit or loss:				
Investment in Adventis Africa Equity Fund Class B Units The Company acquired 2,884.7955 Class B units in the Fund during the year to 31 December 2018. The Company subsbequently acquired a further 3,550.5359 Class B units for an amount of $355,054 during the year to 31 December 2019.The investment is held at its fair value. Fair value is determined using the NAV at the reporting date.	510,908	142,047	-	-
African Alliance Botswana Liquidity Fund	47,494	41,223	47,494	41,223
Equity investments at fair value through other comprehensive income:				
ICECAP Trust Holdings This amount represents investment in equity of 9.605%. During the year management assessed the fair value of the unquoted equity instruments and has made an impairment provisions based on the net asset value of the company as at the year end. Since the company is in the initial start up stage, the management has made the impairment on conservative and prudent basis.	65,194	366,736	65,194	366,736
	623,596	**550,006**	**112,688**	**407,959**
Split between non-current and current portions				
Non-current assets	576,102	508,783	65,194	366,736
Current assets	47,494	41,223	47,494	41,223
	623,596	**550,006**	**112,688**	**407,959**

Fair value information

Refer to note 40 Fair value information for details of valuation policies and processes.

20. Deferred tax

Recognition of deferred tax asset

The holding company does not recognise deferred tax asset on the losses carried forward since the management forecasts that the company's future profits will be exempt from income tax in the foreseeable future.

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
21. Trade and other receivables				
Financial instruments:				
Trade receivables	96,456	10,301	49	49
Trade receivables - related parties	-	-	50,732	70,607
Accrued income	4,000	-	-	-
Loss allowance	(1,253)	-	(50,732)	-
Trade receivables at amortised cost	99,203	10,301	49	70,656
Deposits	4,460	4,340	1,552	1,552
Deferred expense	46,865	45,786	-	-
Advance to Adventis Africa Equity Fund	-	144,325	-	-
Other receivable	81,090	109,793	-	610
Non-financial instruments:				
Value added tax	11,698	2,768	-	-
Prepayments	15,016	47,513	4,835	29,005
Total trade and other receivables	**258,332**	**364,826**	**6,436**	**101,823**

Exposure to credit risk

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

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

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. 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 measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

Notes to the Consolidated Annual Financial Statements cont.

21. Trade and other receivables (continued)

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	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected creadit loss)	2018 Estimated gross carrying amount at default	2018 Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Less than 30 days past due	28,431	-	10,301	-
31 - 60 days past due	21,848	-	-	-
61 - 90 days past due	4,520	-	-	-
91 - 120 days past due	4,332	-	-	-
More than 120 days past due	37,325	1,253	-	-
Total	**96,456**	**1,253**	**10,301**	**-**

Fair value of trade and other receivables

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

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,089	1,273	487	693
Bank balances	1,215,970	1,808,976	129,510	105,549
Short-term deposits	2,837,948	3,487,588	2,837,948	3,487,588
	4,055,007	**5,297,837**	**2,967,945**	**3,593,830**

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. Though the banks in Botswana are not rated, they are subsidiaries of reputed financial institutions located in South Africa and United Kingdom.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are either past due nor impaired can be assessed by reference to external credit ratings. Zemen Bank is a financial institution located in Ethiopia.

23. Stated capital

Number of shares issued				
Number of shares issued:	213,946,250	213,946,250	213,946,250	213,946,250
Reconciliation of number of shares issued:				
Number of share at the beginning and end of the year	213,946,250	213,946,250	213,946,250	213,946,250
Issued				
Ordinary shares of no par value	9,164,838	9,164,838	9,164,838	9,164,838
less: share issue costs	(97,278)	(97,278)	(97,278)	(97,278)
	9,067,560	**9,067,560**	**9,067,560**	**9,067,560**

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
24. Share based payments				
Mr Sean Keough and Mr Graham Parrot were employees of the Group who were seconded to the Ethiopian subsidiary "Eqos Service PLC". The Subsidiary, Eqos Holding entered into a share incentive scheme ("SIC") between Mr Sean Keough, Graham Parrot and Afinitas Limited. In order to retain the services of the employees, Eqos Holding Co granted shares to them which were free of charge.				
As a result, Eqos Holdings Co has transferred 5% (2018: 2.5%) shares each to Sean Keough and Graham Parrot respectively. In that respect, the shareholding has been reduced to 90% (2018: 95%) and an expense amounting to USD 32 874 (2018: USD 18,877) has been recognised in the books of the subsidiary for the period under review.				
Both Mr Keough and Mr Parrot have separated from the group on 31 July 2019 and 31 January 2020 respectively. They have retained their shares and there is no further obligation to the group in respect of this scheme .				
25. Amounts due to group companies				
Fellow subsidiaries				
Africa Events Limited The amount due is unsecured, carries no interest and is repayable on demand.	-	-	4,418	-
Split between non-current and current portions				
Current liabilities	-	-	4,418	-
Fair value of amounts due to group companies				
The fair value of amounts due to group companies approximates their carrying amounts.				
26. Borrowings				
Held at amortised cost				
Facet Capital The unsecured loan having a face value of USD150 000 will accrue interest from 1 January 2021 at a rate of 8% with repayments on a quarterly basis from 31 March 2021. If the company fails to make payment on the due date, interest on the unpaid amount shall accrue daily from the date of non-payment until the date of actual payment at 12%.	138,888	128,588	-	-
Facet Capital has deferred its right to claim or accept payment owing to it until the results of Adventis SA (Proprietary) Limited assets fairly valued exceed its liabilities.				
Split between non-current and current portions				
Non-current liabilities	138,888	128,588	-	-

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
27. Trade and other payables				
Financial instruments:				
Trade payables	5,199	1,856	93	-
Amounts due to directors	4,642	4,525	-	-
Accrued bonus	1,424	-	-	-
Accrued expenses	23,629	19,374	840	840
Other payables	63,849	98,581	35,544	38,951
Non-financial instruments:				
Value added tax	10,079	9,473	-	-
	108,822	**133,809**	**36,477**	**39,791**
Fair value of trade and other payables				
The fair value of trade and other payables approximates their carrying amounts.				
28. Operating lease liability				
Non-current liabilities	-	(3,456)	-	(3,456)
29. Deferred income				
Non-current liabilities	151,164	-	-	-
Current liabilities	-	152,875	-	-
	151,164	**152,875**	**-**	**-**
30. Cash used in operations				
Loss before taxation	(741,042)	(1,220,099)	(977,787)	(2,570,569)
Adjustments for:				
Depreciation	50,238	24,038	28,731	11,321
Income from equity accounted investments	946	-	-	-
Dividends received (trading)	-	-	(193,162)	-
Interest income	(78,839)	(92,342)	(52,433)	(177,391)
Finance costs	6,633	89	2,059	-
Net impairments and movements in credit loss allowances	-	59,825	422,832	1,911,000
Movements in operating lease assets and accruals	(3,456)	546	(3,456)	546
Foreign exchange differences	36,600	21,850	28,294	26,462
Changes in working capital:				
Trade and other receivables	106,494	(208,211)	44,654	(51,031)
Trade and other payables	(24,985)	(147,543)	(3,314)	3,159
Deferred income	(1,71)	35,345	-	-
	(649,122)	**(1,526,502)**	**(703,582)**	**(846,503)**
31. Tax refunded				
Balance at beginning of the year	1,463	1,463	1,463	1,463
Balance at end of the year	-	(1,463)	-	(1,463)
	1,463	**-**	**1,463**	**-**

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
32. Dividends paid				
Dividends to non controlling interest	(193,162)	-	-	-
33. Business combinations				
Aggregated business combinations				
Trade and other receivables	-	4,788	-	-
Cash and cash equivalents	-	29,507	-	-
Trade and other payables	-	(143,232)	-	-
Other	-	(105,052)	-	-
Total identifiable net assets	-	(213,989)	-	-
Non-controlling interest	-	164,835	-	-
Goodwill	-	59,825	-	-
	-	**10,671**	**-**	**-**
Consideration paid				
Cash	-	(10,671)	-	-
Net cash outflow on acquisition				
Cash consideration paid	-	(10,671)	-	-
Cash acquired	-	29,507	-	-
	-	**18,836**	**-**	**-**

Adventis SA (Proprietary) Limited

In the prior year the group acquired 66% of the voting equity interest of Adventis SA (Proprietary) Limited which resulted in the group obtaining control over Adventis SA (Proprietary) Limited.

Goodwill of USD 59 825 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

34. Movement in investments				
Fair value of assets acquired				
Equity	-	-	127,100	2,917,287
Consideration paid				
Cash	-	-	(127,100)	(2,917,287)
Net cash outflow on acquisition				
Cash consideration paid	-	-	(127,100)	(2,917,287)

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
35. Commitments				
Authorised capital expenditure				

In 2017 the Board of directors authorised up to USD 2.5 million to be invested in Ethiopia Investments Limited. Up to the end of current year, the group has invested an amount of USD 1 512 201 towards Ethiopia Investments Limited.

Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	35,377	44,932	21,925	20,765
- in second to fifth year inclusive	17,556	35,354	15,190	35,354
	52,933	80,286	37,115	56,119
36. Basic and diluted earnings per share				
Basic and diluted earnings per share is calculated by dividing the earnings attributable to the share holders by the weighted average number of share holders in issue during the year				
Basic earnings per share (in USD)	(741,042)	(1,220,099)	(977,787)	(2,570,569)
Basic earnings per share (in USD)	(0.35)	(0.57)	(0.46)	(1.20)
Diluted earnings per share (in USD)	(0.35)	(0.57)	(0.46)	(1.20)
Weighted average number of shares at year end	213,946,250	213,946,250	213,946,250	213,946,250

37. Top ten shareholders information

Refer to shareholder analysis on page 5

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
38. Related parties				
Relationships				
Subsidiaries	Africa Events Limited Adventis Limited Adventis SA (Proprietary) Limited Adventis International SA (Proprietary) Limited Ethiopia Investments Limited EQOS Holding Limited EQOS Service (Proprietary) Limited			
Other related company	Capital Africa Limited			
Members of key management	Lesang Magang Rupert J McCammon Leutlwetse M Tumelo Keith Robert Jefferis Joseph Rohm Sean Keough (Resigned 31 July 2019) Graham Parrott (Resigned 31 January 2020)			
Related party balances				
Amounts due to related parties				
Africa Events Limited	-	-	4,418	11,545
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Adventis Limited	-	-	-	17,730
Adventis SA (Proprietary) Limited	-	-	-	10,865
Africa Events Limited	-	-	-	18,832
EQOS Holding Limited	-	-	50,732	11,590
Ethiopia Investments Limited	-	-	-	11,590
Joseph Rohm	-	(4,525)	-	-
	-	**(4,525)**	**50,732**	**70,607**
Related party transactions				
Consultation fees paid to related parties				
Joseph Rohm	140,004	197,191	-	-
Clare McCammon	30,595	18,400	18,400	-
	170,599	**215,591**	**18,400**	**-**
Compensation to directors and other key management				
Directors fees	23,410	23,521	23,410	23,521
Directors remuneration	77,199	71,261	77,199	71,261
	100,609	**94,782**	**100,609**	**94,782**

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018
39. Financial instruments and risk management				
Categories of financial instruments				
Categories of financial assets				

	Note	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss mandatory	Amortised cost	Total	Fair value
Group - 2019						
Investments at fair value	19	65,194	558,402	-	623,596	623,596
Trade and other receivables	21	-	-	231,618	231,618	231,618
Cash and cash equivalents	22	-	-	4,055,007	4,055,007	4,055,007
		65,194	**558,402**	**4,286,625**	**4,910,221**	**4,910,221**
Group - 2018						
Investments at fair value	19	366,736	183,270	-	550,006	550,006
Trade and other receivables	21	-	-	314,545	314,545	314,545
Cash and cash equivalents	22	-	-	5,297,837	5,297,837	5,297,837
		366,736	**183,270**	**5,612,382**	**6,162,388**	**6,162,388**
Company - 2019						
Investments at fair value	19	65,194	47,494	-	112,688	112,688
Trade and other receivables	21	-	-	1,601	1,601	1,601
Cash and cash equivalents	22	-	-	2,967,945	2,967,945	2,967,945
		65,194	**47,494**	**2,969,546**	**3,082,234**	**3,082,234**
Company - 2018						
Amounts due to group companies	18	-	-	11,545	11,545	11,545
Investments at fair value	19	366,736	41,223	-	407,959	407,959
Trade and other receivables	21	-	-	72,818	72,818	72,818
Cash and cash equivalents	22	-	-	3,593,830	3,593,830	3,593,830
		366,736	**41,223**	**3,678,193**	**4,086,152**	**4,086,152**

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018

39. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	27	98,740	-	98,740	98,740
Borrowings	26	138,888	-	138,888	138,888
Finance lease obligations	14	-	83,747	83,747	83,747
		237,628	**83,747**	**321,375**	**321,375**

Group - 2018

	Note	Amortised cost	Total	Fair value
Trade and other payables	27	124,331	124,331	124,331
Borrowings	26	128,588	128,588	128,588
		252,919	**252,919**	**252,919**

Company - 2019

	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	27	36,477	-	36,477	36,477
Amount due to group companies	25	4,418	-	4,418	4,418
Finance lease obligations	14	-	34,227	34,227	-
		40,895	**34,227**	**75,122**	**40,895**

Company - 2018

	Note	Amortised cost	Total	Fair value
Trade and other payables	27	39,793	39,793	39,793

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Notes to the Consolidated Annual Financial Statements cont.

39. Financial instruments and risk management (continued)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of cash and cash equivalents disclosed in note 20, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018

39. Financial instruments and risk management (continued)

Financial risk management

Overview

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Group		2019 Gross carrying amount	2019 Credit loss allowance	2019 Amortised cost/ fair value	2018 Gross carrying amount	2018 Credit loss allowance	2018 Amortised cost/fair value
Investments at fair value	19	47,494	-	47,494	41,223	-	41,223
Trade and other receivables	21	232,871	(1,253)	231,618	314,545	-	314,545
Cash and cash equivalents	22	4,055,007	-	4,055,007	5,297,837	-	5,297,837
		4,335,372	**(1,253)**	**4,334,119**	**5,653,605**	**-**	**5,653,605**
Company							
Amounts due from group companies	18	-	-	-	11,545	-	11,545
Investments at fair value	19	47,494	-	47,494	41,223	-	41,223
Trade and other receivables	21	52,333	(50,732)	1,601	72,818	-	72,818
Cash and cash equivalents	22	2,967,945	-	2,967,945	3,593,830	-	3,593,830
		3,067,772	**(50,732)**	**3,017,040**	**3,719,416**	**-**	**3,719,416**

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar	Group 2019	Group 2018	Company 2019	Company 2018

39. Financial instruments and risk management (continued)

Group - 2019

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	26	-	150,847	150,847	138,888
Lease liabilities		-	54,969	54,969	54,969
Current liabilities					
Trade and other payables	27	46,207	-	46,207	98,740
Lease liabilities		28,778	-	28,778	28,778
		74,985	**205,816**	**280,801**	**321,375**

Group - 2018

Non-current liabilities					
Borrowings	26	-	128,588	128,588	128,588
Current liabilities					
Trade and other payables		124,331	-	124,331	124,331
		124,331	**128,588**	**252,919**	**252,919**

Company 2019

Non-current liabilities					
Lease liabilities		-	14,354	14,354	14,354
Current liabilities					
Trade and other payables		36,477	-	36,477	36,477
Amount due to group companies	25	4,418	-	4,418	4,418
Lease liabilities		19,873	-	19,873	19,873
		60,768	**14,354**	**75,122**	**75,122**

Company - 2018

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	27	39,793	39,793	39,793

Notes to the Consolidated Annual Financial Statements cont.

Figures in US Dollar		Group 2019	Group 2018	Company 2019	Company 2018

39. Financial instruments and risk management (continued)

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. The foreign currencies in which the group deals primarily are Great Britain Pounds (GBP), South Africa Rands (ZAR) and Ethipian Birr (ETB).

The group does not hedge foreign exchange fluctuations.

Exposure in foreign currency amounts

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

US Dollar exposure:

US Dollar exposure:					
Non-current assets:					
Investments at fair value GBP		65,194	366,736	65,194	366,736
Current assets:					
Investments at fair value BWP		47,494	41,223	47,494	41,223
Trade and other receivables GBP		135,781	74,155	-	-
Trade and other receivables ETB		93,640	26,096	-	-
Cash and cash equivalents BWP	22	44,480	49,859	44,480	49,859
Cash and cash equivalents ETB		48,579	3,876	34,861	-
Cash and cash equivalents GBP		345,056	358,127	-	-
Cash and cash equivalents ZAR		30,740	25,012	-	-
Non-current liabilities:					
Borrowings ZAR	26	(138,888)	(128,588)	-	-
Current liabilities:					
Trade and other payables GBP	27	(22,282)	(19,948)	-	-
Trade and other payables ETB		(8,680)	(21,413)	-	-
Net US Dollar exposure		**641,114**	**775,135**	**192,029**	**457,818**

40. 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 Annual Financial Statements cont.

Figures in US Dollar		Group 2019	Group 2018	Company 2019	Company 2018

40. Fair value information (continued)

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	Note(s)				
Financial assets mandatorily at fair value through profit or loss	19				
Investment in Adventis Africa Equity Fund Class B Units		510,908	142,047	-	-
African Alliance Botswana Liquidity Fund		47,494	41,223	47,494	41,223
Total financial assets mandatorily at fair value through profit or loss		**558,402**	**183,270**	**47,494**	**41,223**
Total		**558,402**	**183,270**	**47,494**	**41,223**

Level 3

Recurring fair value measurements

Assets	Note(s)				
Equity investments at fair value through other comprehensive income	19				
ICECAP Trust Holdings		65,194	366,736	65,194	366,736
Total		**65,194**	**366,736**	**65,194**	**366,736**

The Group's investment in African Alliance Botswana Liquidity Fund is not traded in an active market. It has been fair valued using observable interest rates corresponding to the maturity of the fund. The effects of non-observable inputs are not significant for the fund.

Notes to the Consolidated Annual Financial Statements cont.

41. Segment reporting

Segment information is organised into categories as per revenue. The segments are the basis in which the group reports on the performance of its operations.

2019	Management Fees	Event management services	Outsourcing Income	Other	Total
Revenues	42,416	1,000,705	180,896	-	1,224,017
Other operating income	6,940	10,055	-	14,294	31,289
Other operating gains/(losses)	2,857	1,100	1,395	(14,487)	(9,135)
Finance income	13,397	-	309	65,133	78,839
Finance cost	(4,574)	-	-	(2,059)	(6,633)
Operating expenses	(169,011)	(567,691)	(241,686)	(1,081,031)	(2,059,419)
Operating loss	**(107,975)**	**444,169**	**(59,086)**	**(1,018,150)**	**(741,042)**
Segment Assets and Liabilities					
Assets	99,977	480,098	136,394	4,372,500	5,088,969
Liabilities	(200,082)	(176,559)	(15,641)	(90,339)	(482,621)
	(100,105)	**303,539**	**120,753**	**4,282,161**	**4,606,348**
2018					
Revenues	8,155	656,827	46,328	-	711,310
Other operating income	-	14,213	135	1,000	15,348
Other operating gains/(losses)	(8,555)	(1,715)	4,612	(38,728)	(44,386)
Finance income	21,398	-	26	70,918	92,342
Finance cost	-	-	-	(89)	(89)
Operating expenses	(15,911)	(485,216)	(212,092)	(1,281,405)	(1,994,624)
Operating profit/ (loss)	**5,087**	**184,109**	**(160,991)**	**(1,248,304)**	**(1,220,099)**
Segment Assets and Liabilities					
Assets	34,100	433,820	76,352	5,739,148	6,283,420
Liabilities	(152,781)	(161,279)	(21,413)	(83,255)	(418,728)
	(118,681)	**272,541**	**54,939**	**5,655,893**	**5,864,692**

The company operating in Botswana is Afinitas Limited.

The companies operating outside Botswana are Africa Events Limited, Adventis Limited and Ethiopia Investments Limited and their subsidiaries.

42. Events after the reporting period

Due to the impact of the ongoing global spread of COVID-19 (corona virus); there will be a significant impact on the operations of the subsidiary company – Africa Events Limited.

The company hosts the largest annual Africa investment summit (AFSIC) taking place outside Africa, which was scheduled to take place in May 2020 in London. Due to the outbreak of virus and World Health Organisation declaring it as a global pandemic, the company has resolved to postpone the event to a future date. This will negatively impact on this subsidiary company and the management estimates a loss of USD 214 000 for the year 2020.

The group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. Other than the financial impact mentioned in the preceding paragraph, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the group for future periods.

Notice of Annual General Meeting

Registration no CO 2014/5015
ISIN No BW 000 000 1403

Notice is hereby given that the Annual General Meeting of Afinitas Limited will be held at the offices of Afinitas Limited, Office 6A, i-Towers, Plot 54368, CBD, Gaborone, Botswana on Wednesday 24th June 2020 at 1500hrs for the following business:

1. Ordinary Resolution 1:
To review and adopt minutes of the previous Annual General Meeting.

2. Ordinary Resolution 2:
To receive, approve and adopt the audited financial statements for the year ended 31 December 2019 together with the reports of the directors and statutory auditors.

3. Ordinary Resolution 3:
To re-elect Lesang Magang who retires in accordance with the Constitution of the Company and being eligible, offers himself for re-election, as director. Lesang Magang's CV is contained on page 10 of the annual report.

4. Ordinary Resolution 4:
To reappoint Grant Thornton as auditors for the ensuing year.

5. Ordinary Resolution 5:
To authorise the Board of Directors to determine the remuneration and terms of reference of the external auditors.

6. Ordinary Resolution 6:
To approve the remuneration of the chairman and directors of the company.

Director	Basic Salary	Directors fees	Total Remuneration
Lesang Magang		P80 000.00	P80 000
Rupert McCammon		P80 000.00	P80 000
Leutlwetse Tumelo	$73 398.48		$73 398.48

7. Ordinary Resolution 7:
To approve the appointment of Lesang Magang as a member of the audit committee.

8. Ordinary Resolution 8:
To approve the appointment of Jenny Marinelli as a member of the audit committee.

9. Ordinary Resolution 9:
To approve the appointment of Lesang Magang as a member of the remuneration committee.

12. To give the shareholders present the opportunity to question, discuss or comment on the management of the Company as envisaged in Section 97 of the Companies Act.

Voting and Proxies

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead.
2. The instrument appointing such a proxy must be deposited at the registered office of the Company or sent by email to contactus@corpservebotswana.com not less than 48 hours i.e. 15H00 on Monday 22ndth June 2020 before the meeting.
3. The completion and lodging of the form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

By order of the Board

Company Secretary

Proxy Form

For use at the Annual General Meeting to be held at 1500hrs on Wednesday 24th June 2020 at the offices of Afinitas Limited, Office 6A, i-Towers, Plot 54368, CBD, Gaborone, Botswana.

I/We _____ of _____ _____ being a shareholder/s of the above mentioned company, holding _____ number of shares hereby appoint:

1. _____ or failing him/her
2. _____ or failing him/her
3. The Chairman of the Annual General Meeting

As my/our proxy to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Afinitas Limited, Office 6A, I-Towers, Plot 54368, CBD, Gaborone, Botswana on 24th June 2020, at 1500hrs, and at any adjournment thereof follows:

		For	Against	Abstain
1	**Ordinary Resolution 1:** To review and adopt minutes of the previous Annual General Meeting.			
2	**Ordinary resolution 2:** To receive, approve and adopt the audited financial statements for the year ended 31 December 2019 together with the reports of the directors and statutory auditors.			
3	**Ordinary resolution 3:** To re-elect Lesang Magang who retires in accordance with the Constitution of the Company and being eligible, offers himself for re-election, as director. Lesang Magang's CV is contained on page 10 of the annual report.			
4	**Ordinary resolution 4:** – To reappoint Grant Thornton as auditors for the ensuing year.			
5	**Ordinary Resolution 5:** To authorise the Board of Directors to determine the remuneration and terms of reference of the external auditors.			
6	**Ordinary Resolution 6:** To approve the remuneration of the chairman and directors of the company.			
7	**Ordinary Resolution 7:** To approve the appointment of Lesang Magang as a member of the Audit Committee.			
8	**Ordinary Resolution 8:** To approve the appointment of Jenny Marinelli as a member of the Audit Committee.			
9	**Ordinary Resolution 9:** To approve the appointment of Lesang Magang as a member of the Remuneration Committee.			

Proxy Form

11	**Ordinary Resolution 11:** To approve the appointment of Lesang Magang as a member of the remuneration committee.			

Signed at _____ on the _____ day of _____ 2020

Signature of Member: _____

Name of Member: _____

Capacity of signatory: _____

(where applicable) assisted by:

Notes and instructions

1. Every shareholder present in person or represented by proxy and entitled to vote at the General Meeting shall, on a show of hands, have only one vote, irrespective of the number of shares held and in the event of a poll, every shall be entitled to one vote for every share held.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the Chairman of the General Meeting", but any such deletion must be initialled by the shareholder. Should the spaces be left blank, the proxy will be exercised by the Chairman. Should the proxies whose names have been inserted not attend and "the Chairman of the General Meeting" not be deleted, the proxy will be exercised by the Chairman.
3. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholders or by his/her proxy.
4. The proxy shall have the power to vote for and attend at any adjournment of the Meeting and to vote on any amendment to any of the resolutions which may be proposed at the Meeting.
5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
6. The power of attorney or other authority establishing the authority of a person signing the form of proxy in a representative capacity or certified copy thereof must be attached to the form of proxy, unless previously recorded by the transfer secretaries or waived by the Chairman of the Meeting.
7. The completion of any blank spaces in the form of proxy need not be initialled. Any alterations or corrections to the form of proxy must be initialled by the signatory/ies.
8. The Chairman of the Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.

A vote given in accordance this form of proxy shall be valid notwithstanding the previous legal incapacity of the principal or revocation of the form of proxy or the transfer of the share in respect of which the vote is given, unless an intimation in writing of such legal capacity or transfer shall have been lodged with the Transfer Secretaries, Corpserve Unit 206, Second Floor, Plot 64516 Showgrounds Close, Fairgrounds, P.O. Box 1583, AAD Gaborone, or by email to contactus@corpservebotswana.com , to be received by them by not later than 15H00 Monday 22nd June 2020.

Directors: Lesang Magang, Rupert McCammon, Leutlwetse Tumelo, Keith Jefferis

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