OLYMPIA
Capital

Annual Report

& FINANCIAL STATEMENTS

2019

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Listed investment holding company which owns Kalahari Floor Tiles (Proprietary) Limited and Gaborone Enterprises (Proprietary) Limited. Kalahari is involved in the business of manufacturing Vinyl floor tiles, aluminium, PVC windows and cleaning chemicals.
Directors	**Alex Njoroge Kimani** Date appointed: 01 January 2019 **Tebatso Tiraatso Lekalake** Date appointed: 28 June 2019 **Robert Wahome Wanderi** Date appointed: 01 August 2019 **Tengo Jabavu Rubadiri** Date appointed: 01 August 2019 **Michael Maina Wamae Matu (Deceased)** Date resigned: 05 March 2020 **Lekalake Lawrence Diphetogo (Deceased)** Date resigned: 25 October 2019 **Suresh Lakhani Amritlal** Date resigned: 21 April 2019 **Shyamal Bhavani Kumar** Date resigned: 21 April 2019 **Mothibatsela Oupa Percy** Date resigned: 21 February 2019
Registered office	Plot 1278, Old Lobatse Road Gaborone
Postal address	P O Box 2166, Gaborone
Bankers	First National Bank of Botswana Limited First National Bank of South Africa Stanbic Bank Botswana Limited Africa Banking Corporation of Botswana Limited
Auditors	Mazars Plot 139 Gaborone International Finance Park Gaborone
Secretary	DPS Consultants (Proprietary) Limited
Legal advisors	Modimo and Associates
Company registration number	CO. 2002/3703

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Directors' Responsibilities and Approval

for the year ended 31 December 2019

The directors are required in terms of the Companies Act of Botswana 2003 (No. 32 of 2004) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated 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 annual financial statements.

The consolidated 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 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 or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 9.

The consolidated annual financial statements set out on pages 10 to 64, which have been prepared on the going concern basis, were approved by the board of directors on.....27/03/2020.....and were signed on their behalf by:

Director

Director

Top 10 OCCL Shareholders

as at December 2019

NAME	NO OF SHARES HELD	PERCENTAGE %
OLYMPIA CAPITAL HOLDINGS LIMITED	6,554,068	23%
KAREN ENTERPRISES LIMITED	3,817,000	13%
SUNNYSIDE INTERNATIONAL LIMITED	3,575,000	13%
SOUTH BOUND INVESTMENT LIMITED	3,575,000	13%
MATU MICHAEL MAINA WAMAE	2,977,492	10%
LHG MALTA HOLDING LTD	2,030,925	7%
KINGROSS HOLDINGS (PTY)LTD	1,381,438	5%
CENTRAL KENYA WHOLESALERS LIMITED	973,040	3%
BOTSWANA PUBLIC OFFICERS PENSION FUND	841,753	3%
BOTSWANA PUBLIC OFFICERS PENSION FUND	808,743	3%
	26,534,459	**93%**
OTHER SHAREHOLDERS	2,065,541	7%
TOTAL	**28,600,000**	**100%**

Analysis of Shareholders

SHAREHOLDER SPREAD BY NUMBER OF SHARES				
Range	**Number of Shareholders**	**% of Shareholders**	**Total Shares**	**% Holding**
<2,000	300	86%	78,286	0.3%
2,001-5,000	13	4%	44,806	0.2%
5,001-10,000	11	3%	95,681	0.3%
10,001-50,000	10	3%	201,920	0.7%
50,001-100,000	1	0%	56,203	0.2%
100,001-500,000	5	1%	1,588,645	5.6%
>500,000	10	3%	26,534,459	92.8%
Total	**350**	**100%**	**28,600,000**	**100.0%**

SHAREHOLDER SPREAD (PUBLIC/NON PUBLIC)			
	Number of Shareholders	**Total Shares**	**% Holding**
Public Shareholders	348	19,296,132	67%
Non Public Shareholders	2	9,531,560	33%
Total	**350**	**28,827,692**	**100%**

MAZARS

INDEPENDENT AUDITOR'S REPORT

To the members of Olympia Capital Corporation Limited

Opinion

We have audited the consolidated and separate annual financial statements of Olympia Capital Corporation Limited and its subsidiary set out on pages 9 to 57, which comprise the consolidated and separate statement of financial position as at 31 December 2019, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements give a true and fair view of the consolidated and separate financial position of Olympia Capital Corporation Limited and its subsidiary as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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.

Material uncertainty related to going concern

We draw attention to Note 32 to the separate annual financial statements, which indicates that the Company incurred a net loss of P1,846,945 (2018: P1,309,034) during the year ended 31 December 2019, had accumulated losses of P31,408,020 (2018: P29,561,076), and as of that date, Olympia Capital Corporation Limited's total liabilities exceeded its total assets by P20,049,817 (2018: P18,202,873). As stated in Note 32, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill Goodwill arose when the Group assumed control of Kalahari Floor Tiles (Pty) Ltd (manufacturer of floor tiles and chemicals).	The recorded goodwill is attributed to two CGUs namely Kalahari Floor Tiles (Pty) Ltd and Gaborone Enterprises (Pty) Ltd.

CERTIFIED AUDITORS

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A FULL LIST OF PARTNERS IS AVAILABLE ON REQUEST OR AT WWW.MAZARS.CO.BW

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The group assesses goodwill for impairment on an annual basis, or earlier when there are indicators of impairment in accordance with IFRS. This was considered a matter most significant to our audit due to the carrying value of the goodwill balance (P1,284,488 as at 31 December 2019) and that the assessment of goodwill for impairment involves judgement about future cashflows of the business and with respect to the discount rates applied to present value of those cashflow forecasts. The Group determines the recoverable amount of each CGU at the higher of fair value less cost of disposal and value in use of the relevant cash generating unit. In this instance, the recoverable amount was determined based on value in use, by using the discounted cash flow model. In carrying out its assessment, for the purposes of cash flow forecasts, the Group projects future cash flows based on approved budgets. The disclosure associated with goodwill impairment assessment is set out in the financial statements in the following notes: • Critical accounting estimates and judgements, impairment of goodwill. • Note 5 Intangible assets	Our work included the following procedures: • We tested the reliability of budgets and forecasts by comparing the actual results against the historical budgets and forecasts; • We tested whether the budgets and forecasts utilised to support the recovery of goodwill were approved by those charged with governance; were consistent with confirmed business plans; and were consistent with our understanding the economic developments in Botswana as these may impact on the budgets and forecasts. We also tested the mathematical accuracy of the impairment assessment. We found that historical results were consistent with the historically budgeted results and that the annual budgets were subject to oversight and were consistent with the Board approved budgets. We also found that the impairment assessment was mathematically accurate. For the two CGUs we challenged the key inputs and assumptions the Group used in the forecasts of net cash flows. We found the inputs and assumptions to be in line with our expectations. We carried out calculations on the impairment assessments to determine the degree by which the key assumptions would need to change in order to trigger an impairment. We discussed the outcomes of these sensitivity analyses with the Group and considered the likelihood of such changes occurring, and accepted that key assumptions used by the Group fell within a reasonable range of likely outcomes.
Valuation of investment property and land and buildings under property, plant and equipment The Group accounts for investment properties and land and buildings at fair value. The carrying value of investment properties and land and buildings at 31 December 2019 was P13,800,368 (2018:P4,957,281) and P16,193,065 (2018:P16,426,250) respectively. At 31 December 2019, the valuation of the portfolio of Group properties was based on updated valuations carried out by independent valuers. The valuation of the group's property portfolio is inherently subjective due to the estimates used in determining the property	We read the valuation reports for the properties valued externally in the current period and confirmed the valuation approach was in accordance with IFRS and suitable for use in determining the carrying value for the purpose of the consolidated and separate financial statements. We assessed the valuators' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that may have affected their objectivity or may have imposed scope limitations upon their work. We found no

fair values, such as the capitalisation rates and the market-related net operating incomes. Among other factors, the individual nature of the property, its location and expected future rentals for that property, taking cognisance of the tenant occupying the property, also affect the valuation of the property. In determining a property's valuation, the external valuators take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. The valuation of investment properties was considered to be a matter of most significance to the current period audit due to the significance of the estimates and the level of judgement involved. The sensitivity of the investment property fair values to changes in the related inputs could potentially result in a material misstatement	evidence to suggest that the objectivity of the valuators in their performance of the valuations was compromised. We tested the data inputs in the directors' valuation as well as the valuation prepared by the valuators. We focused on the data inputs underpinning the investment property valuation, including rental income and property-related operating expenditure, to assess the reliability and reasonability of the capitalised net operating income. Our audit procedures included assessing the reasonability of the capitalisation rates used by comparisons against the market-related rates for the particular property types in a similar location as per market benchmarks. We further reviewed the appropriateness of the disclosures in the consolidated and separate financial statements concerning the key assumptions to which the valuations are most sensitive, and the inter-relationship between the assumptions and the valuation amounts. Based on the procedures performed, we obtained evidence that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Other information

The directors are responsible for other information. The other information comprises the Detailed Income Statement and Manufacturing Statement and does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

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

Directors' Responsibilities for the Consolidated and Separate Annual Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. We also:

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

We communicate with 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the latter 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.

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

Date: 30 - 03 - 2020
Gaborone

Statement of Financial Position

as at December 2019

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Assets					
Non-Current Assets					
Property, plant and equipment	3	19,310,716	19,520,919	-	-
Investment property	4	13,800,368	4,957,281	-	-
Intangible assets	5	1,284,488	1,284,488	-	-
Investments in subsidiaries	6	-	-	4,991,589	4,991,589
		34,395,572	25,762,688	4,991,589	4,991,589
Current Assets					
Inventories	7	6,961,320	7,150,975	-	-
Trade and other receivables	8	8,495,460	9,018,656	-	-
Current tax receivable		727,738	566,790	-	-
Cash and cash equivalents	9	8,482,420	6,865,032	-	-
		24,666,938	**23,601,453**	**-**	**-**
Total Assets		**59,062,510**	**49,364,141**	**4,991,589**	**4,991,589**
Equity and Liabilities					
Equity					
Stated capital	10	11,358,203	11,358,203	11,358,203	11,358,203
Reserves	11	9,849,920	9,849,920	-	-
Retained income/(Accumulated loss)		7,333,289	4,862,914	(31,408,020)	(29,561,076)
		28,541,412	**26,071,037**	**(20,049,817)**	**(18,202,873)**
Liabilities					
Non-Current Liabilities					
Borrowings	12	5,233,465	-	-	-
Finance lease liabilities	13	100,224	163,913	-	-
Deferred tax	14	2,809,759	2,374,789	-	-
		8,143,448	**2,538,702**	**-**	**-**
Current Liabilities					
Trade and other payables	15	4,965,471	3,985,517	-	-
Loans from group companies	16	-	-	8,566,098	7,910,420
Loans from shareholders	17	16,475,308	15,284,042	16,475,308	15,284,042
Borrowings	12	385,966	-	-	-
Finance lease liabilities	13	64,543	59,072	-	-
Current tax payable		10,666	-	-	-
Bank overdraft	9	475,696	1,425,771	-	-
		22,377,650	**20,754,402**	**25,041,406**	**23,194,462**
Total Liabilities		**30,521,098**	**23,293,104**	**25,041,406**	**23,194,462**
Total Equity and Liabilities		**59,062,510**	**49,364,141**	**4,991,589**	**4,991,589**

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Revenue	18	44,892,339	44,889,229	-	-
Cost of sales	19	(28,978,788)	(30,476,901)	-	-
Gross profit		**15,913,551**	**14,412,328**	**-**	**-**
Other operating income	20	1,192,767	388,459	-	-
Other operating gains (losses)	21	1,248,929	(115,413)	-	-
Other operating expenses		**(13,821,054)**	**(12,909,436)**	**(548,382)**	**(232,925)**
Operating profit (loss)	22	4,534,193	1,775,938	(548,382)	(232,925)
Investment income	23	312,216	248,184	-	-
Finance costs	24	(1,601,351)	(1,101,261)	(1,298,563)	(1,076,109)
Profit (loss) before taxation		3,245,058	922,861	(1,846,945)	(1,309,034)
Taxation	25	(774,688)	(407,542)	-	-
Profit (loss) for the year		2,470,370	515,319	(1,846,945)	(1,309,034)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on property revaluation		-	870,000	-	-
Income tax relating to items that will not be reclassified		-	(60,000)	-	-
Total items that will not be reclassified to profit or loss		**-**	**810,000**	**-**	**-**
Other comprehensive income for the year net of taxation		**-**	**810,000**	**-**	**-**
Total comprehensive income (loss) for the year		**2,470,370**	**1,325,319**	**(1,846,945)**	**(1,309,034)**
Earnings/(loss) per share (thebe)		**11**	**5**	**(6)**	**(5)**

Statement of Changes in Equity

for the year ended 31 December 2019

Figures in Pula	Stated capital	Revaluation reserve	Retained income/ (Accumulated loss)	Total equity
Group				
Balance at 01 January 2018	**11,358,203**	**9,039,920**	**4,347,595**	**24,745,718**
Profit for the year	-	-	515,319	515,319
Other comprehensive income	-	135,175	-	135,175
Total comprehensive income for the year	**-**	**135,175**	**515,319**	**650,494**
Other comprehensive income	-	674,825	-	674,825
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**674,825**	**-**	**674,825**
Balance at 01 January 2019	**11,358,203**	**9,849,920**	**4,862,919**	**26,071,042**
Profit for the year	-	-	2,470,370	2,470,370
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**2,470,370**	**2,470,370**
Balance at 31 December 2019	**11,358,203**	**9,849,920**	**7,333,289**	**28,541,412**
Notes	10	11		
Company				
Balance at 01 January 2018	**11,358,203**	**-**	**(28,252,042)**	**(16,893,839)**
Loss for the year	-	-	(1,309,034)	(1,309,034)
Total comprehensive Loss for the year	**-**	**-**	**(1,309,034)**	**(1,309,034)**
Balance at 01 January 2019	**11,358,203**	**-**	**(29,561,075)**	**(18,202,872)**
Loss for the year	-	-	(1,846,945)	(1,846,945)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**(1,846,945)**	**(1,846,945)**
Balance at 31 December 2019	**11,358,203**	**-**	**(31,408,020)**	**(20,049,817)**
Notes	10	11		

Statement of Cash Flows

for the year ended 31 December 2019

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities					
Cash (used in)/generated from operations	27	5,736,113	767,646	(548,381)	(232,925)
Interest income		312,216	248,184	-	-
Finance costs		(1,601,351)	(1,101,261)	(1,298,563)	(1,076,109)
Tax paid	28	(489,999)	(531,114)	-	-
Net cash from operating activities		**3,956,979**	**(616,545)**	**(1,846,944)**	**(1,309,034)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(547,838)	(354,655)	-	-
Sale of property, plant and equipment	3	-	40,178	-	-
Purchase of investment property	4	(7,640,368)	(1,144,080)	-	-
Net cash from investing activities		**(8,188,206)**	**(1,458,557)**	**-**	**-**
Cash flows from financing activities					
Proceeds from loans from group companies		-	-	655,678	340,452
Proceeds from borrowings		5,619,431	-	-	-
Movement on shareholders loans		1,191,266	968,582	1,191,266	968,582
Finance lease payments		(58,218)	(52,703)	-	-
Net cash from financing activities		**6,752,479**	**915,879**	**1,846,944**	**1,309,034**
Total cash movement for the year		**2,521,252**	**(1,159,223)**	**-**	**-**
Cash at the beginning of the year		5,439,261	7,386,923	-	-
Effect of exchange rate movement on cash balances		46,210	(788,439)	-	-
Total cash at end of the year	**9**	**8,006,723**	**5,439,261**	**-**	**-**

Accounting Policies

for the year ended 31 December 2019

Corporate information

Olympia Capital Corporation Limited is a public limited company incorporated and domiciled in Botswana.

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

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

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

The results of subsidiaries are included in the consolidated 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.

Accounting Policies

for the year ended 31 December 2019 **(continues)**

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

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

Investments in subsidiaries in the separate financial statements

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

Business combinations

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

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

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

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

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

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

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

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

1.3 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Lease classification

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

Expected manner of realisation for deferred tax

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

Key sources of estimation uncertainty

Impairment of financial assets

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Fair value estimation

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

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

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 32

Impairment testing

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

Useful lives of property, plant and equipment

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

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

1.4 Investment property

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

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

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

Fair value

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

1.5 Property, plant and equipment

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	40 years
Plant and machinery	Straight line	6-7 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6-7 years
Computer equipment	Straight line	4 years

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

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

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

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

1.6 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

Item	Useful life
Patents, trademarks and other rights	5 years

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.
Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows: Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- 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).

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Financial assets which are debt instruments:

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

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

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

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

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

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

Loans receivable at amortised cost

Classification

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Loans denominated in foreign currencies

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

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

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 31).

Derecognition

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

Trade and other receivables

Classification

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

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Trade and other receivables denominated in foreign currencies

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

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

Impairment

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

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

Write off policy

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

Credit risk

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

Derecognition

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

Borrowings and loans from related parties

Classification

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

Recognition and measurement

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

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

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

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

Loans denominated in foreign currencies

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

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

Derecognition

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

Trade and other payables

Classification

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

Recognition and measurement

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

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

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

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Trade and other payables denominated in foreign currencies

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

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

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts

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

Derecognition

Financial assets

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

Financial liabilities

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

1.8 Tax

Current tax assets and liabilities

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Deferred tax assets and liabilities

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

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

Tax expenses

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

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

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

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

1.9 Leases

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

Finance leases – lessee

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

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

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

Operating leases - lessor

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

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

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Operating leases – lessee

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

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

1.9 Inventories

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

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

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

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

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

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

1.10 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.

Accounting Policies

for the year ended 31 December 2019 **(continues)**

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

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

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

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

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

1.11 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.

Ordinary shares are recognised at par value and classified as ‘stated capital’ in equity. Any amounts received from the issue of shares in excess of par value is classified as ‘share premium’ in equity. Dividends are recognised as a liability in the group in which they are declared.

Accounting Policies

for the year ended 31 December 2019 **(continues)**

1.13 Employee benefits

Short-term employee benefits

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

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

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

Severance Benefits

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

1.14 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of vinly floor tiles and cleaning chemicals

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

Accounting Policies

for the year ended 31 December 2019 **(continues)**

Sale of goods

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

1.16 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 Pula which is the group functional and presentation currency.

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019

		Group		Company	
Figures in Pula	Note(s)	2019	2018	2019	2018

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 01 January 2019.

Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalising borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

The effective date of the amendment is for years beginning on or after 01 January 2019.

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 01 January 2019.

The group expects to adopt the interpretation for the first time in the 2019 consolidated annual financial statements.

The impact of the interpretation is set out in note Changes in Accounting Policy.

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

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.
- 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.

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

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 01 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 not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2020 or later periods:

Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle

The amendment clarifies that when a party to a joint arrangement obtains control of a business that is a joint operation, and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages.

The effective date of the amendment is for years beginning on or after 01 January 2019.

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

3. Property, plant and equipment

Group	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	2,934,282	-	2,934,282	2,934,282	-	2,934,282
Buildings	14,253,891	(995,108)	13,258,783	14,253,891	(761,923)	13,491,968
Plant and machinery	9,449,284	(8,158,069)	1,291,215	9,186,000	(7,936,988)	1,249,012
Furniture and fixtures	1,070,064	(535,605)	534,459	933,900	(482,643)	451,257
Motor vehicles	2,238,133	(1,626,975)	611,158	2,183,222	(1,433,296)	749,926
Office equipment	1,098,945	(766,385)	332,560	1,005,465	(723,302)	282,163
Machinery spares	1,097,802	(749,543)	348,259	1,097,802	(735,491)	362,311
Total	**32,142,401**	**(12,831,685)**	**19,310,716**	**31,594,562**	**(12,073,643)**	**19,520,919**

Company	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	5,667	(5,667)	-	5,667	(5,667)	

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

3. Property, plant and equipment (continues)

Reconciliation of property, plant and equipment - Group - 2019

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

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	2,934,282	-	-	-	-	2,934,282
Buildings	12,865,718	-	-	870,000	(243,750)	13,491,968
Plant and machinery	1,450,565	12,673	-	-	(214,226)	1,249,012
Furniture and fixtures	355,080	137,631	-	-	(41,454)	451,257
Motor vehicles	974,568	-	(23,072)	-	(201,570)	749,926
Office equipment	269,750	51,051	-	-	(38,638)	282,163
Machinery spares	229,401	153,300	-	-	(20,390)	362,311
	19,079,364	**354,655**	**(23,072)**	**870,000**	**(760,028)**	**19,520,919**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

3. Property, plant and equipment (continues)

Property, plant and equipment encumbered as security

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
The following assets have been encumbered as security for the overdraft facility in note 9					
Land and buildings		3,880,000	3,880,000	-	-
(i) A first covering mortgage bond for P1,230,000 over Tribal Lots 44 and 45 Mogoditshane held. (ii) A second covering mortgage bond for P2,400,000 over Tribal Lots 44 and 45. (iii) Cession of insurance policy covering Tribal Lots 44 & 45 Mogoditshane					
Plot 10223 Gaborone - Section 4 and 5		6,880,000	6,880,000	-	-
Stanbic Bank Loan of P5,800,000					

Revaluations
The group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of land and buildings differs materially from fair value.

The fair value measurements as of 10 December 2018 were performed by Home Safe Properties, independent valuers not related to the company. Home Safe Properties are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

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

Land and buildings		3,465,814	3,557,020	-	-

Land and building under property plant and equipment consist of the following
Tribal lot 44,45,51,52 and 53 Mogoditshane. These are on a grant lease for 50 years from the Kweneng Land Board.
Section 5 Pula Investment Sheme, Plot 10223 Gaborone. Section 4 Pula Investment Scheme, Plot 10223 Gaborone.
Buildings held for capital appreciation and rentals to third parties under investment properties consist of the following
Plot 36142 Louis Ville Block 8
Plot 61818 Block 6 Gaborone
Mogoditshane Unit 19 & 37

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

4. Investment property

Group	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	13,800,368	-	13,800,368	4,957,281	-	4,957,281

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

Reconciliation of investment property - Group - 2018				
	Opening balance	Additions	Fair value adjustment	Total
Investment property	3,157,281	1,144,080	655,920	4,957,281

Details of valuation

The effective date of the revaluations was Monday, 10 December 2018. Revaluations were performed by an independent valuer, S.L Sedie Bsc (Hons) MRICS MREIB, of Home Safe Properties. Home Safe Properties are not connected to the company and have recent experience in location and category of the investment property being valued

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

Amounts recognised in profit and loss for the year

Rental income from investment property	513,745	260,900	-	-

5. Intangible assets

Group	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Goodwill	1,284,488	-	1,284,488	1,284,488	-	1,284,488
Patents, trademarks	254,250	(254,250)	-	254,250	(254,250)	-
Total	**1,538,738**	**(254,250)**	**1,284,488**	**1,538,738**	**(254,250)**	**1,284,488**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

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

Reconciliation of intangible assets - Group - 2018		
	Opening balance	Total
Goodwill	1,284,488	1,284,488

6. Interests in subsidiaries including consolidated structured entities

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

Company					
Name of company	Held by	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Kalahari Floor Tiles (Pty) Ltd	Olympia Capital Corporation Limited	100.00 %	100.00 %	4,991,589	4,991,589
Gaborone Enterprises (Pty) Ltd	Kalahari Floor Tiles (Pty) Ltd	100.00 %	100.00 %	-	-
				4,991,589	4,991,589

7. Inventories

		Group		Company	
Figures in Pula	Note(s)	2019	2018	2019	2018
Finished goods		5,871,650	5,887,183	-	-
Production supplies		1,089,670	1,263,792	-	-
		6,961,320	**7,150,975**	**-**	**-**
Inventory recognised as expense and included in cost of sales		23,617,424	24,031,574	-	-

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

8. Trade and other receivables

Financial instruments:					
Trade receivables		7,500,816	7,434,611	-	-
Loss allowance		(595,248)	(939,688)	-	-
Trade receivables at amortised cost		6,905,568	6,494,923	-	-
Deposits		33,459	30,136	-	-
Other receivables		133,157	72,828	-	-
Non-financial instruments:					
VAT		528,229	953,127	-	-
Employee costs in advance		709,379	457,992	-	-
Prepayments		185,668	1,009,650	-	-
Total trade and other receivables		**8,495,460**	**9,018,656**	**-**	**-**
Split between non-current and current portions					
Current assets		**8,495,460**	**9,018,656**	**-**	**-**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost		7,072,184	6,607,019	-	-
Non-financial instruments		1,423,276	2,420,769	-	-
		8,495,460	**9,027,788**	**-**	**-**

Exposure to credit risk

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

The average credit period on trade receivables is 30 days (2018: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

8. Trade and other receivables (continues)

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		2018	
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due: 1.6% (2018: 5%)	3,036,938	48,591	4,072,387	203,619
31 - 60 days past due: 3.6% (2018: 10%)	1,503,139	54,113	2,164,954	216,497
61 - 90 days past due: 9.4% (2018: 15%)	323,372	30,397	234,796	35,219
91 - 120 days past due: 18.3% (2018: 50%)	76,470	13,994	183,191	91,596
Over 120 days past due: 20% (2018: 100%)	2,560,897	143,464	779,284	392,758
Total	**7,500,816**	**290,559**	**7,434,612**	**939,689**

		Group		Company	
Figures in Pula	Note(s)	2019	2018	2019	2018
Reconciliation of loss allowances					
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:					
Opening balance in accordance with IFRS 9		(939,688)	(1,116,059)	-	-
Provision raised on new trade receivables		(290,560)	(159,561)	-	-
Provisions reversed on settled trade receivables		635,000	335,932	-	-
Closing balance		**(595,248)**	**(939,688)**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

8. Trade and other receivables (continues)

Exposure to currency risk

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

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

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Pula Amount					
Pula		3,290,807	2,129,417	-	-
Rand		3,781,377	4,468,470	-	-
		7,072,184	6,597,887	-	-

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

Foreign currency amount					
Rand		5,121,874	5,995,346	-	-

The following closing exchange rates were applied to translate trade receivables at reporting date:

Pula per unit of foreign currency:					
Rand		1.355	1.342	-	-

Fair value of trade and other receivables

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

9. Cash and cash equivalents

Cash and cash equivalents consist of:					
Cash on hand		5,236	6,726	-	-
Bank balances		8,477,184	6,858,306	-	-
Bank overdraft		(475,696)	(1,425,771)	-	-
		8,006,724	**5,439,261**	**-**	**-**
Current assets		8,482,420	6,865,032	-	-
Current liabilities		(475,696)	(1,425,771)	-	-
		8,006,724	**5,439,261**	**-**	**-**
The total amount of undrawn facilities available for future activities and guarantees		1,760,691	804,234	-	-

Tribal Lots 44 and 45 Mogoditshane were pledged as security for overdraft facilities of P 2,230,000 (2018: P 2,230,000) of the group. At year end the overdraft amounted to P 469,309 (2018: P 1,393,343).

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

Credit rating					
Stanbic Bank not rated		1,175,786	378,677	-	-
BancABC BBB-		(468,775)	(1,415,138)	-	-
First National Bank Botswana not rated		245,772	720,796	-	-
First National Bank South Africa AA+		7,019,057	5,748,206	-	-
		7,971,840	**5,432,541**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

9. Cash and cash equivalents (continues)

Exposure to currency risk

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

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

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Pula amount					
Pula		987,667	(648,497)	-	-
Rand		7,019,057	6,087,758	-	-
		8,006,724	**5,439,261**	**-**	**-**

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

Foreign currency amount					
Rand		**9,507,310**	**8,167,946**	**-**	**-**

The following closing exchange rates were applied at reporting date:

Pula per unit of foreign currency:					
Rand		1.355	1.342	-	-

Foreign currency sensitivity analysis

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

Group	**2019**		**2018**	
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Rand 5% (2018 5%)	475,366	(475,366)	408,397	(408,397)

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
10. Stated capital					
Issued and paid up					
28,600,000 ordinary shares at no par value		11,358,203	11,358,203	11,358,203	11,358,203
11. Revaluation reserve					
Balance at the beginning of the year		9,849,920	9,039,920	-	-
Revaluation net of tax		-	810,000	-	-
		9,849,920	**9,849,920**	**-**	**-**
12. Borrowings					
Held at amortised cost					
Stanbic Business Term loan		5,619,431	-	-	-
Split between non-current and current portions					
Non-current liabilities		5,233,465	-	-	-
Current liabilities		385,966	-	-	-
		5,619,431	**-**	**-**	**-**

To be repaid in full no later than 30 April 2029. Repaid in 120 equal instalments of BWP75,050.58. Interest charged at 3% per annum above the bank's prime rate currently at 6.5%.

The loan was secured to purchase an investment property located in Block 8 Louiveille Horizons.

Security

1) Unlimited Suretyship by Michael Matu in favour of Kalahari Floor Tiles (Pty) Ltd
2) Unlimited Suretyship by Olympia Capital Corporation Limited in favour of Kalahari Floor Tiles (Pty) Ltd
3) First Sectional Covering Mortgage Bond over section 4 of Plot 10223, Gaborone
4) First Sectional Covering Mortgage Bond over section 5 of Plot 10223, Gaborone
5) Lien over finances assets - Hino 300 LWB Turbo Diesel for P 435,000 dated 28 April 2017
6) Cession of rentals
7) Insurance over Section 4 and 5 of Plot 10223, Gaborone

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

13. Finance lease liabilities

Minimum lease payments due					
- within one year		64,543	59,072	-	-
- in second to fifth year inclusive		122,507	206,416	-	-
		187,050	265,488	-	-
less: future finance charges		(22,282)	(42,503)	-	-
Present value of minimum lease payments		**164,768**	**222,985**	**-**	**-**
Non-current liabilities		100,224	163,913	-	-
Current liabilities		64,543	59,072	-	-
		164,767	**222,985**	**-**	**-**

It is group policy to lease certain motor vehicles and plant and machinery under finance leases. The average lease term is 5 years and the average effective borrowing rate was 10% (2018: 10%)

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

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

14. Deferred tax

Deferred tax liability					
Property plant and equipment, Investment property and other		(2,842,840)	(2,407,870)	-	-
Deferred tax asset					
Tax losses available for set off against future taxable income		33,081	33,081	-	-

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

Deferred tax liability		(2,842,840)	(2,407,870)	-	-
Deferred tax asset		33,081	33,081	-	-
Total net deferred tax liability		**(2,809,759)**	**(2,374,789)**	**-**	**-**
Reconciliation of deferred tax asset / (liability)					
At beginning of year		(2,374,789)	(2,247,878)	-	-
Taxable / (deductible) temporary difference on provisions		(86,529)	2,097	-	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance		-	33,080	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets		(54,241)	(28,963)	-	-
Taxable / (deductible) temporary difference on revaluation surplus on property, plant and equipment		-	(60,000)	-	-
Taxable / (deductible) temporary difference on exchange gain or loss		(112,273)	128,663	-	-
Taxable / (deductible) temporary difference movement on investment property at fair value		(181,927)	(201,788)	-	-
		(2,809,759)	**(2,374,789)**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

15. Trade and other payables

Financial instruments:					
Trade payables		3,361,639	2,718,078	-	-
Accrued expense		1,522,940	1,237,374	-	-
Deposits received		61,350	7,000	-	-
Non-financial instruments:					
VAT		19,542	23,065	-	-
		4,965,471	**3,985,517**	**-**	**-**

Exposure to currency risk

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

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

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

Pula Amount					
Pula		3,171,593	1,341,461	-	-
Rand		1,420,863	1,482,963	-	-
		4,592,456	**2,824,424**	**-**	**-**
Foreign currency amount					
Rand		1,850,860	1,989,691	-	-

The following closing exchange rates were applied to translate trade receivables at reporting date:

Exchange rate used for conversion					
Rand		1.355	1.342	-	-

Exposure to liquidity risk

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

Fair value of trade and other payables

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

16. Loans from group companies

Subsidiaries

Kalahari Floor Tiles (Pty) Ltd		-	-	8,566,098	7,910,420

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

Split between non-current and current portions

Current liabilities		-	-	8,566,098	7,910,420

17. Loans from shareholders

Olympia Capital Holdings Limited		16,475,308	15,284,042	16,475,308	15,284,042

The loan is unsecured, carries interest at 13% per annum and has no fixed repayment terms.

Split between non-current and current portions

Current liabilities		16,475,308	15,284,042	16,475,308	15,284,042

Exposure to currency risk

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

Pula amount					
Pula		16,475,308	15,284,042	16,475,308	15,284,042

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

Foreign currency amount					
Kenya Shillings		226,608,039	145,351,239	226,608,039	145,351,239

Exchange rates

The following closing exchange rates were applied at reporting date:

Pula per unit of foreign currency:					
Kenya Shillings		11.500	10.220	11.500	10.220

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

17. Loans from shareholders

Foreign currency sensitivity analysis

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

Group	2019		2018	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 5% (2018 5%)	11,330,402	(11,330,402)	7,267,562	(7,267,562)

Company	2019		2018	
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Kenya Shillings 5% (2018 5%)	11,330,402	(11,330,402)	7,267,562	(7,267,562)

Fair value of shareholder loans payable

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

18. Revenue

Disaggregation of revenue from contracts with customers
The group disaggregates revenue from customers as follows:

Sale of goods					
Sale of goods - Tiles		34,847,306	36,673,655	-	-
Sale of goods - Chemicals		8,274,057	7,348,645	-	-
Sale of goods - Alluminium		1,770,977	868,269	-	-
		44,892,340	**44,890,569**	**-**	**-**
Timing of revenue recognition					
At a point in time					
Sale of goods		(43,121,363)	(44,022,300)	-	-
Over time					
Alluminium products		(1,770,977)	(868,269)	-	-
Total revenue from contracts with customers		**(44,892,340)**	**(44,890,569)**	**-**	**-**

19. Cost of sales

Sale of goods		1,374,701	1,512,072	-	-
Manufactured goods:					
Raw materials consumed		15,994,640	17,538,966	-	-
Employee costs		6,670,416	6,836,948	-	-
Manufacturing expenses		4,939,031	4,588,915	-	-
		28,978,788	**30,476,901**	**-**	**-**

20. Other operating income

Other rental income		513,745	323,400	-	-
Bad debts recovered		635,000	-	-	-
Other income		44,022	65,059	-	-
		1,192,767	**388,459**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

21. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	3	-	17,106	-	-
Foreign exchange gains (losses)					
Net foreign exchange gains (losses)		46,210	(788,439)	-	-
Fair value gains (losses)					
Investment property	4	1,202,719	655,920	-	-
Total other operating gains (losses)		**1,248,929**	**(115,413)**	**-**	**-**

22. Operating profit/loss

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

Auditor's remuneration - external					
Audit fees		175,300	284,136	59,700	79,795
Remuneration, other than to employees					
Consulting and professional services		537,756	263,737	382,649	130,940
Secretarial services		4,302	4,536	-	-
		542,058	**268,273**	**382,649**	**130,940**
Employee costs					
Salaries, wages, bonuses and other benefits		11,726,786	11,377,251	-	-
Total employee costs		**11,726,786**	**11,377,251**	**-**	**-**
Less: Employee costs included in cost of merchandise sold and inventories		(6,670,416)	(6,836,948)	-	-
Total employee costs expensed		**5,056,370**	**4,540,303**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
22. Operating profit/loss (continues)					
Leases					
Operating lease charges					
Premises		57,600	123,000	-	-
Depreciation and amortisation					
Depreciation of property, plant and equipment		758,041	760,028	-	-
23. Investment income					
Interest income					
Investments in financial assets:					
Interest received		312,216	248,184	-	-
24. Finance costs					
Current borrowings		27,280	25,152	-	-
Interest paid on shareholder's loan		1,574,071	1,076,109	1,298,563	1,076,109
Total finance costs		**1,601,351**	**1,101,261**	**1,298,563**	**1,076,109**
25. Taxation					
Major components of the tax expense					
Current					
Local income tax - current period		339,717	340,631	-	-
Deferred					
Originating and reversing temporary differences		434,971	66,911	-	-
		774,688	**407,542**	**-**	**-**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

25. Taxation (continues)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)		3,245,058	922,861	(1,846,945)	(1,309,034)
Manufacturing tax at the applicable tax rate of 15% (2018: 15%) and 22% for other companies		740,470	437,741	(277,042)	(287,987)

Tax effect of adjustments on taxable income

Legal fees		-	4,863	-	-
Tax @ 22%		34,218	6,093	-	-
Tax losses carried forward		-	(41,155)	-	-
Tax losses for which deferred tax not recognised		-	-	277,042	287,987
		774,688	407,542	-	-
Deductible temporary differences and unused tax losses and unused tax losses for which no deferred tax asset has been recognised.		-	-	6,703,363	6,159,981

26. Earnings per Share

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

Heading

Issued ordinary shares at 1 January /31 December		28,600,000	28,600,000	28,600,000	28,600,000

Earnings per share calculation

Total comprehensive income attributable to the owners of the parent company (Pula)		3,245,058	1,325,319	(1,846,945)	(1,309,034)
Weighted average number of ordinary shares for the year ended 31 December 2019		28,600,000	28,600,000	28,600,000	28,600,000
		11	**5**	**(6)**	**(5)**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

27. Cash (used in)/generated from operations

Profit (loss) before taxation		3,245,058	922,861	(1,846,944)	(1,309,034)
Adjustments for:					
Depreciation and amortisation		758,041	760,028	-	-
Gains on disposals		-	(17,106)	-	-
(Gains) losses on foreign exchange		(46,210)	788,439	-	-
Interest income		(312,216)	(248,184)	-	-
Finance costs		1,601,351	1,101,261	1,298,563	1,076,109
Fair value gains		(1,202,719)	(655,920)	-	-
Changes in working capital:					
Inventories		189,652	(704,300)	-	-
Trade and other receivables		523,196	438,765	-	-
Trade and other payables		979,960	(1,618,198)	-	-
		5,736,113	**767,646**	**(548,381)**	**(232,925)**

28. Tax paid

Balance at beginning of the year		566,790	376,307	-	-
Current tax for the year recognised in profit or loss		(339,717)	(340,631)	-	-
Balance at end of the year		(717,072)	(566,790)	-	-
		(489,999)	**(531,114)**	**-**	**-**

29. Contingencies and guarantees

At year end Kalahari Floor Tiles (Proprietary) Limited had the following guarantees given by BancABC Guarantee - BWP 150 000 available to Total Botswana

Guarantee - BWP 80 000 available to BURS.

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**

30. Related parties

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

Related party balances					
Loan accounts - Owing to related parties					
Olympia Capital Holdings Limited		16,475,309	15,284,042	16,475,309	15,284,042
Kalahari Floor Tiles (Proprietary) Limited		-	-	8,566,098	7,910,420
Related party transactions Interest paid to related parties					
Olympia Capital Holding Limited		1,298,563	1,076,109	1,298,563	1,076,109
Compensation to directors and other key management					
Short-term employee benefits		2,836,000	3,542,715	-	-

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019				
	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	7,072,184	7,072,184	7,072,184
Cash and cash equivalents	9	8,482,420	8,482,420	8,482,420
		15,554,604	**15,554,604**	**15,554,604**

Group - 2018				
	Notes	Amortised cost	Total	Fair value
Trade and other receivables	8	6,597,887	6,597,887	6,597,887
Cash and cash equivalents	9	6,865,032	6,865,032	6,865,032
		13,462,919	**13,462,919**	**13,462,919**

Categories of financial liabilities

Group - 2019					
	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	4,945,931	-	4,945,931	-
Loans from shareholders		16,475,308	-	16,475,308	-
Borrowings	12	5,619,431	-	5,619,431	-
Finance lease obligations	13	-	164,767	164,767	-
Bank overdraft	9	475,696	-	475,696	475,696
		27,516,366	**164,767**	**27,681,133**	**475,696**

Group - 2018					
	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	3,962,448	-	3,962,448	-
Loans from shareholders		15,284,042	-	15,284,042	-
Finance lease obligations	13	-	222,985	222,985	-
Bank overdraft	9	1,425,771	-	1,425,771	1,425,771
		20,672,261	**222,985**	**20,895,246**	**1,425,771**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

31. Financial instruments and risk management (continues)

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

Company - 2018				
	Notes	Amortised cost	Total	Fair value
Loans from group companies	16	7,910,420	7,910,420	-
Loans from shareholders		15,284,042	15,284,042	-
		23,194,462	**23,194,462**	**-**

Capital risk management

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

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

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

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Loans from group companies	16	-	-	8,566,098	7,910,420
Loans from shareholders	17	16,475,308	15,284,042	16,475,308	15,284,042
Borrowings	12	5,619,431	-	-	-
Finance lease liabilities	13	164,767	222,985	-	-
Trade and other payables	15	4,965,473	3,985,513	-	-
Total borrowings		**27,224,979**	**19,492,540**	**25,041,406**	**23,194,462**
Cash and cash equivalents	9	(8,006,724)	(5,439,261)	-	-
Net borrowings		**19,218,255**	**14,053,279**	**25,041,406**	**23,194,462**
Equity		28,541,411	26,071,042	(20,049,817)	(18,202,873)
Gearing ratio		67 %	54 %	(125)%	(127)%

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

31. Financial instruments and risk management (continues)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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

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

Credit risk

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

The group is exposed to credit risk on trade and other receivables and cash and cash equivalents, loan commitments and financial guarantees.

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

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

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

31. Financial instruments and risk management (continues)

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

Group		2019			2018		
	Note	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	8	7,667,432	(595,248)	7,072,184	7,537,575	(939,688)	6,597,887
Cash and cash equivalents	9	8,482,420	-	8,482,420	6,865,032	-	6,865,032
		16,149,852	**(595,248)**	**15,554,604**	**14,402,607**	**(939,688)**	**13,462,919**

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

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

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

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

Foreign currency risk
The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters. The foreign currencies in which the group deals primarily are Kenya Shillings and South Africa Rands.

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

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

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

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

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

31. Financial instruments and risk management (continues)

Interest rate profile

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

Group		Average effective interest rate		Carrying amount	
	Note(s)	2019	2018	2019	2018
Liabilities					
Borrowings	12	9.50 %	- %	5,619,431	-
Finance lease liabilities	13	7.25 %	10.00 %	164,768	222,985
				5,784,199	**222,985**

32. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

32. Fair value information (continues)

Levels of fair value measurements

Level 3
Recurring fair value measurements

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Assets					
Investment property	4				
Plot 36142 Block 8		1,820,650	1,820,000	-	-
Plot 6181 Block 6		1,460,000	1,460,000	-	-
Mogoditshane Unit 19		590,000	590,000	-	-
Mogoditshane Unit 37		590,000	590,000	-	-
Francistown Plot 43481		700,000	-	-	-
Block 8 LouieVille Horizons		6,840,475	-	-	-
Selthlaouh Property		1,799,243	-	-	-
Total investment property		**13,800,368**	**4,460,000**	**-**	**-**

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	3				
Tribal Lot 44 & 45 Mogoditshane		3,880,000	3,880,000	-	-
Section 4 Pula Investment		2,870,000	2,870,000	-	-
Section 5 Pula Investment		3,000,000	3,000,000	-	-
Tribal Plot 51, 52 & 53		6,920,000	6,920,000	-	-
Total property, plant and equipment		**16,670,000**	**16,670,000**	**-**	**-**
Total		**30,470,368**	**21,627,281**	**-**	**-**

Non recurring fair value measurements

Assets held for sale and disposal groups in accordance with IFRS 5					
Investment property		-	497,281	-	-

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

32. Fair value information (continues)

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains (losses) recognised in profit (loss)	Gains (losses) recognised in other comprehensive income	Purchases	Transfers from held for sale	Closing balance
Group - 2019							
Assets							
Investment property							
Plot 36142 KO4, Block 8		1,820,000	-	-	650	-	1,820,650
Plot 61818 Block 6		1,460,000	-	-	-	-	1,460,000
Mogoditshane Unit 17		590,000	-	-	-	-	590,000
Mogoditshane Unit 37		590,000	-	-	-	-	590,000
Francistown Plot 43481		-	202,719	-	-	497,281	700,000
Block 8 LouieVille Horizons		-	1,000,000	-	5,840,475	-	6,840,475
Selthlaouh Property		-	-	-	1,799,243	-	1,799,243
Total investment property		**4,460,000**	**1,202,719**	**-**	**7,640,368**	**497,281**	**13,800,368**
Property, plant and equipment	3						
Tribal Lot 44 and 45		3,880,000	-	-	-	-	3,880,000
Section 4 Plot 10223							
Section 5 Plot 10223		3,000,000	-	-	-	-	3,000,000
Tribal Lot 51, 52 and 53		6,920,000	-	-	-	-	6,920,000
Total property, plant and equipment		**16,670,000**	**-**	**-**	**-**	**-**	**16,670,000**
Total		**16,670,000**	**-**	**-**	**-**	**-**	**16,670,000**

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

32. Fair value information (continues)

	Note(s)	Opening balance	Gains (losses) recognised in profit (loss)	Gains (losses) recognised in other comprehensive income	Purchases	Transfers out of level 3	Closing balance
Group - 2018							
Assets							
Investment property	4						
Plot 36142 KO4, Block 8		1,330,000	490,000	-	-	-	1,820,000
Plot 61818 Block 6		1,330,000	130,000	-	-	-	1,460,000
Mogoditshane Unit 17		-	23,560	-	566,440	-	590,000
Mogoditshane Unit 37		-	12,360	-	577,640	-	590,000
Total investment property		2,660,000	655,920	-	1,144,080	-	4,460,000
Property, plant and equipment							
	3						
Tribal Lot 44 and 45		3,720,000	-	160,000	-	-	3,880,000
Section 4 plot 10223		2,730,000	-	140,000	-	-	2,870,000
Section 5 Plot 10223		2,900,000	-	100,000	-	-	3,000,000
Tribal lot 51, 52 and 53		6,450,000	-	470,000	-	-	6,920,000
Total property, plant and equipment		**15,800,000**	**-**	**870,000**	**-**	**-**	**16,670,000**
Total		**18,460,000**	**655,920**	**870,000**	**1,144,080**	**-**	**21,130,000**

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

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

Notes to the Annual Financial Statement

for the year ended 31 December 2019 **(continues)**

32. Fair value information (continues)

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

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

	Weighted average range of probabilities	
	High	Low
Capitalisation rate (%)	12	15
Average rental rate per square metre	50	60
Average lease period (years)	2	5
Rental escalation (%)	8	10

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

33. Going concern

We draw attention to the fact that at 31 December 2019, the company had accumulated losses of P 31,408,020 (2018: P 29,561,076) and that the company's total liabilities exceed its assets by P 20,049,817 (2018: P 18,202,873).

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

Detailed Income Statement

for the year ended 31 December 2019

34. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

		Group		Company	
Figures in Pula	**Note(s)**	**2019**	**2018**	**2019**	**2018**
Revenue					
Sale of goods		44,892,339	44,889,229	-	-
Cost of sales	**19**	**(28,978,788)**	**(30,476,901)**	**-**	**-**
Gross profit		**15,913,551**	**14,412,328**	**-**	**-**
Other operating income					
Other rental income		513,745	323,400	-	-
Bad debts recovered		635,000	-	-	-
Other income		44,022	65,059	-	-
	20	**1,192,767**	**388,459**	**-**	**-**
Other operating gains (losses)					
Gains on disposal of property, plant and equipment		-	17,106	-	-
Foreign exchange gains (losses)		46,210	(788,439)	-	-
Fair value gains		1,202,719	655,920	-	-
	21	**1,248,929**	**(115,413)**	**-**	**-**
Expenses (Refer to page 64)		**(13,821,054)**	**(12,909,436)**	**(548,382)**	**(232,925)**
Operating profit (loss)	**22**	**4,534,193**	**1,775,938**	**(548,382)**	**(232,925)**
Investment income	23	312,216	248,184	-	-
Finance costs	24	(1,601,351)	(1,101,261)	(1,298,563)	(1,076,109)
Profit (loss) before taxation		**3,245,058**	**922,861**	**(1,846,945)**	**(1,309,034)**
Taxation	25	(774,688)	(407,542)	-	-
Profit (loss) for the year		**2,470,370**	**515,319**	**(1,846,945)**	**(1,309,034)**

Form of Proxy

The Annual General Meeting of the company will be held virtually on 30th June 2020, at 10.00am.

I/We……..…
(Name(s) in Block letter)

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

……..of……..……...…...or failing that person

……..of……..……...or failing that person

……..of……..……...or failing that person

the chairman of the meeting as my/our proxy to vote for or against the resolutions and/or abstain from voting in my/our name at the Annual General Meeting of the company to be held on the 30th of June 2020 at 10.00am.

		For	Against	Abstain
Ordinary resolution 1	Agenda item number 3			
Ordinary resolution 2	Agenda item number 4			
	i. Mrs. Tebatso Tiraatso Lekalake			
	ii. Mr. Tengo Jabavu Rubadiri			
	iii. Mr. Robert Wahome Wanderi			
	iv. Dr. Christopher Walter Obura			
Ordinary resolution 3	Agenda item number 5			
Ordinary resolution 4	Agenda item number 6			
Ordinary resolution 5	Agenda item number 7			

Signed at……this…… day of ……2020

Signature……..……

Assisted by (where applicable)……

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

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

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held virtually on 30th June 2020, at 10.00am for the following business.

Agenda

1. To table the proxies and note the presence of a quorum.
2. To read notice convening the meeting.
3. To receive, consider and adopt the audited financial statements for the year ended 31 December 2019, together with the Directors and Auditors reports thereon
4. To confirm the appointment as director:
   i. Mrs. Tebatso Tiraatso Lekalake who was appointed director by the Board on 28th June 2019.
   ii. Mr. Tengo Jabavu Rubadiri who was appointed director by the Board on 01 August 2019.
   iii. Mr. Robert Wahome Wanderi who was appointed director by the Board on 01 August 2019.
   iv. Dr. Christopher Walter Obura who was appointed director by the Board on 26th March 2020.

5. To consider and ratify the remuneration paid to independent Directors for the year ended 31 December 2019.
6. To appoint Mazars as auditors for the ensuing year and approve their remuneration for the year ended 31 December 2019.
7. To note the intention of the Company to seek the approval of the Botswana Stock Exchange Limited (BSEL) for a rights offer the proceeds of which will be used, inter alia, to convert and retire the debt owing by the Company to Olympia Capital Holdings Limited, and to proceed with the rights offer and consequent rights issue immediately following that approval.
8. To transact such other business as may be transacted at an Annual General Meeting.

Proxies

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

By order of the Board,
PricewaterhouseCoopers (Proprietary) Limited
Secretaries
25 May 2020

Registered Office
Plot 50371
Fairgrounds

Virtual AGM Notice

Dear Shareholders,

The COVID-19 outbreak, which was declared a pandemic by the World Health Organization, has evolved into a significant global health and economic challenge.

Many governments around the world have imposed strict measures to ensure the safety of their citizens. These measures and restrictions have had a wider impact on our day to day lives as well as the global economy.

Specifically, the Government of Botswana has instituted a number of measures so as to curb the spread of the COVID-19 cases, key being:

1. Restrictions on international travel;
2. Interzonal travel restrictions;
3. Restriction of public gatherings through.

These measures have impacted the effective functioning of the Company.

Taking into consideration the importance of the AGM in the continuity of the company's business and that of its shareholders, the Board seeks to inform you that it will be holding OCCL's Annual General Meeting (AGM) virtually on **Tuesday June 30th, at 10:00am CAT.**

Shareholders are requested to contact PricewaterhouseCoopers (Pty) Ltd (Botswana) via email **dolly.mmereki@pwc.com** to register for the virtual platform for the AGM. They will in turn share the link to allow you to participate.

Regards,

OCCL Board

KING III COMPLIANCE CHECKLIST

Key:

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

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

KING III COMPLIANCE CHECKLIST continued

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

KING III COMPLIANCE CHECKLIST continued

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

KING III COMPLIANCE CHECKLIST continued

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

KING III COMPLIANCE CHECKLIST continued

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