Rites (Afrika) (Proprietary) Limited
(Registration number CO. 1991/37)
Annual Financial Statements
for the year ended 31 March, 2018

Mass International
Chartered Accountants
Published 14 May, 2018

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Designs and projects consultancy services
Directors	Rajesh Kumar Babu Narayanan Ganesh
Registered office	Plot 746, Extension 2, Gaborone.
Business address	Plot 1245, Gaborone West Industrial, Gaborone.
Postal address	PO Box 402361, Gaborone.
Holding company	Rites Limited incorporated in India
Bankers	Bank of Baroda Botswana Limited
Auditors	Mass International Chartered Accountants
Secretary	Prudential Accounting & Secretarial Services (Pty) Ltd.
Company registration number	CO. 1991/37
Tax reference number	C00538501010

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Published

14 May, 2018

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Botswana to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 annual financial statements.

The 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 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 company’s cash flow forecast for the year to 31 March, 2019 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page s 4 to 5.

The annual financial statements set out on pages 6 to 35, which have been prepared on the going concern basis, were approved by the board on 14 May, 2018 and were signed on their behalf by:

Approval of financial statements

Rajesh Kumar

Independent Auditor's Report

To the shareholders of Rites (Afrika) (Proprietary) Limited

Opinion

We have audited the Annual Financial Statements of Rites (Afrika) (Proprietary) Limited set out on pages 6 to 33, which comprise the Statement of Financial Position as at March 31, 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Rites (Afrika) (Proprietary) Limited as at March 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana.

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 Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Botswana, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Annual Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 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 Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Mass International
Archnendra Suman Jha
Certified Auditor
BICA Practising membership no.:20090020

May 14, 2018
Gaborone

Directors' Report

The directors submit their report for the year ended 31 March, 2018.

1. Review of activities

Main business and operations

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the company was P 113,786 (2017: P 36,734 profit), after taxation of P (34,388) (2017: P (21,008)).

2. Going concern

The 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.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors' interest in contracts

To our knowledge none of the director's had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

6. Dividends

During the current financial year dividend amounting to P 50,000 was declared. The dividends declared for 2018 was paid to shareholder during the year as reflected in the attached statement of changes in equity, once the appropriate approval was granted by the board.

7. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Rajesh Kumar	Indian
Babu Narayanan Ganesh	Indian

8. Secretary

The secretary of the company is Prudential Accounting & Secretarial Services (Pty) Ltd..

Business address	Plot 746, Extension 2, Gaborone.
Postal address	PO Box 45128, Riverwalk, Gaborone.

9. Holding company

The company's holding company is Rites Limited incorporated in India.

10. Auditors

Mass International will continue in office in accordance with section 195 of the Companies Act of Botswana.

Statement of Financial Position as at 31 March, 2018

	Note(s)	2018 P	2017 P
Assets			
Non-Current Assets			
Property, plant and equipment	3	12,955	33,331
Investment - FD		1,251,324	1,219,031
		1,264,279	**1,252,362**
Current Assets			
Trade and other receivables	5	1,030,339	1,782,838
Cash and cash equivalents	6	2,375,025	1,178,089
		3,405,364	**2,960,927**
Total Assets		**4,669,643**	**4,213,289**
Equity and Liabilities			
Equity			
Stated capital	7	10,000	10,000
Accumulated profit		3,496,526	3,432,740
		3,506,526	**3,442,740**
Liabilities			
Non-Current Liabilities			
Deferred tax	4	17,287	15,498
Current Liabilities			
Trade and other payables	9	923,827	625,664
Current tax payable		25,834	12,693
Provisions	8	149,919	70,444
Dividend payable		46,250	46,250
		1,145,830	**755,051**
Total Liabilities		**1,163,117**	**770,549**
Total Equity and Liabilities		**4,669,643**	**4,213,289**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2018 P	2017 P
Revenue	10	8,115,577	2,337,154
Cost of services	11	(4,753,944)	(784,034)
Gross profit		**3,361,633**	**1,553,120**
Other income	12	138,757	145,214
Operating expenses	13	(3,352,216)	(1,640,592)
Operating profit	14	**148,174**	**57,742**
Profit before taxation		**148,174**	**57,742**
Taxation	17	(34,388)	(21,008)
Profit for the year		**113,786**	**36,734**
Other comprehensive income		-	-
Total comprehensive income for the year		**113,786**	**36,734**

The accounting policies on pages 11 to 20 and the notes on pages 21 to 33 form an integral part of the annual financial statements.

Statement of Changes in Equity

	Share capital	Retained income	Total equity
	P	P	P
Balance at 1 April, 2016	**10,000**	**3,396,006**	**3,406,006**
Profit for the year	-	36,734	36,734
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**36,734**	**36,734**
Balance at 1 April, 2017	**10,000**	**3,432,740**	**3,442,740**
Profit for the year	-	113,786	113,786
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**113,786**	**113,786**
Dividends	-	(50,000)	(50,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(50,000)**	**(50,000)**
Balance at 31 March, 2018	**10,000**	**3,496,526**	**3,506,526**
Note(s)	7		

The accounting policies on pages 11 to 20 and the notes on pages 21 to 33 form an integral part of the annual financial statements.

Statement of Cash Flows

	Note(s)	2018 P	2017 P
Cash flows from operating activities			
Cash generated from operations	19	1,266,394	(1,566,588)
Tax paid	20	(19,458)	(162,404)
Net cash from operating activities		**1,246,936**	**(1,728,992)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(21,697)
Cash flows from financing activities			
Dividends paid	21	(50,000)	-
Total cash movement for the year		**1,196,936**	**(1,750,689)**
Cash at the beginning of the year		1,178,089	2,928,778
Total cash at end of the year	6	**2,375,025**	**1,178,089**

The accounting policies on pages 11 to 20 and the notes on pages 21 to 33 form an integral part of the annual financial statements.

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Botswana. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Pulas.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, Held to maturity investments and Loans and receivables

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

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

Available-for-sale financial assets

The company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

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

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

Impairment testing

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

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables, i.e. production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest].

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 4 – Deferred tax.

Taxation

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

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

1.2 Investment - FD

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

Investment - FD 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 - fd, the carrying amount of the replaced part is derecognised.

1.3 Property, plant and equipment

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

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 company, 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.

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 company. 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

Accounting Policies

1.3 Property, plant and equipment (continued)

Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6-7 years
Computer & software	Straight line	4 years

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

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

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

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

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Accounting Policies

1.4 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue primarily since all the contracts are long term contracts) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Accounting Policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

Tax expenses

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

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

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

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

1.6 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 - lessor

The company recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease.

Accounting Policies

1.6 Leases (continued)

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

Operating leases - lessor

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

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

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

Operating leases – lessee

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

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

1.7 Impairment of assets

The company 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 company estimates the recoverable amount of the asset.

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

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

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

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

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

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

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

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

Accounting Policies

1.7 Impairment of assets (continued)

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.

1.8 Stated capital and equity

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

1.9 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.

1.10 Provisions and contingencies

Provisions are recognised when:
- the company 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.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

Accounting Policies

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.13 Cost of sales

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

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

Contract costs comprise:

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

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Accounting Policies

1.14 Borrowing costs (continued)

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

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 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 Statements

	2018	2017
	P	P

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2018			2017		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	67,339	(65,234)	2,105	67,339	(64,532)	2,807
Motor vehicles	57,000	(57,000)	-	57,000	(42,750)	14,250
Office equipment	92,809	(92,809)	-	92,809	(92,809)	-
Computer & software	72,221	(61,371)	10,850	72,221	(55,947)	16,274
Total	**289,369**	**(276,414)**	**12,955**	**289,369**	**(256,038)**	**33,331**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Depreciation**	**Total**
Furniture and fixtures	2,807	(702)	2,105
Motor vehicles	14,250	(14,250)	-
Computer & software	16,274	(5,424)	10,850
	33,331	**(20,376)**	**12,955**

Reconciliation of property, plant and equipment - 2017

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	3,509	-	(702)	2,807
Motor vehicles	28,500	-	(14,250)	14,250
Computer & software	1,971	21,697	(7,394)	16,274
	33,980	**21,697**	**(22,346)**	**33,331**

4. Deferred tax

Deferred tax liability

Deferred tax liability - Employee long term benefit	(17,287)	(15,498)

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	(17,287)	(15,498)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(15,498)	(13,749)
Movement in provisions	(1,789)	(1,749)
	(17,287)	**(15,498)**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Notes to the Annual Financial Statements

5. Trade and other receivables

Trade receivables	989,803	1,767,838
Employee costs in advance	38,348	-
Prepaid insurance	2,188	-
Deposits	-	15,000
	1,030,339	**1,782,838**

Trade and other receivables pledged as security

None of the Trade and other receivables were pledged as security.

Fair value of trade and other receivables

Trade and other receivables	1,030,339	1,782,838

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March, 2018, P 21,538 (2017: P 1,767,838) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	9,675	615,779
2 months past due	11,863	1,015,069
3 months or more past due	32,194	138,804
Current	976,607	-

The carrying amount of trade and other receivables are denominated in Pula.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	43,910	48,408
Bank balances	2,331,115	1,129,681
	2,375,025	**1,178,089**

The carrying amounts of cash and cash equivalents approximate their fair values.

7. Stated capital

Issued

Ordinary	10,000	10,000

Notes to the Annual Financial Statements

8. Provisions

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Severance provision	16,983	3,039	(16,983)	3,039
Leave pay Provision	53,461	93,419	-	146,880
	70,444	**96,458**	**(16,983)**	**149,919**

Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Severance provision	9,033	7,950	16,983
Leave pay provision	53,461	-	53,461
	62,494	**7,950**	**70,444**

Severance benefit is a function of the employee basic pay and number of years worked.

9. Trade and other payables

Trade payables	435,385	206,916
VAT	52,158	76,020
Withholding tax payable	60,571	8,968
Other Withholding tax payable	2,408	1,534
Accrued expense	14,132	14,132
Office rent payable	279	278
Retention money payable	232,938	17,099
Withholding tax payable on dividend	7,500	3,750
Accrued audit fees	37,500	37,500
Deposits received	4,661	4,661
Rites India Current account	76,295	254,806
	923,827	**625,664**

Fair value of trade and other payables

Trade payables	923,827	625,664

The carrying amounts of trade and other payables are denominated in the Pula.

10. Revenue

Rendering of services	8,115,577	2,337,154

11. Cost of sales

Rendering of services

Cost of services	4,753,944	784,034

Notes to the Annual Financial Statements

	2018 P	2017 P

12. Other income

	2018 P	2017 P
Fees earned	-	7,500
Rental income	96,364	91,940
Interest Income - FD	32,324	42,666
Interest Received On Call	10,069	3,108
	138,757	**145,214**

13. Operating expense

The following items are included within operating expenses:

	2018 P	2017 P
Accounting fees	37,800	42,750
Advertising	-	20,079
Auditors remuneration	75,000	37,500
Bad debts	224,003	-
Bank charges	8,399	5,898
Cleaning	1,881	-
Computer expenses	7,580	6,109
Consulting and professional fees	50,000	-
Depreciation, amortisation and impairments	20,376	22,346
Employee costs	1,584,893	104,228
Entertainment and business promotion	8,356	8,343
Director's remuneration	662,922	455,172
Office expenses	35,669	36,820
Training levy	19,737	3,628
Interest paid to BURS - Non-deductible	-	29,801
Insurance	-	10,938
Lease rentals on operating lease	256,181	368,853
Medical expenses	36,804	34,991
Motor vehicle expenses	4,383	9,014
Petrol and oil	6,023	20,285
Postage	1,500	1,660
Printing and stationery	9,482	40,712
Profit and loss on exchange differences	-	143,268
Repairs and maintenance	3,959	918
Secretarial fees	26,020	6,198
Security	-	14,099
Staff welfare	16,178	10,443
Subscriptions	58,114	8,197
Telephone and fax	19,487	22,121
Travelling expenses	177,469	172,907
Electricity & water	-	3,314
	3,352,216	**1,640,592**

14. Operating profit

Operating profit for the year is stated after accounting for the following:

	2018 P	2017 P
Operating lease charges		
Premises		
• Contractual amounts	209,681	209,681
Guest house rent		
• Contractual amounts	36,000	124,172
Operating lease charges		
• Contractual amounts	10,500	35,000
	256,181	**368,853**

Notes to the Annual Financial Statements

	2018 P	2017 P

14. Operating profit (continued)

Profit on exchange differences	-	143,268
Depreciation on property, plant and equipment	20,376	22,346
Employee costs	1,584,893	104,228

15. Employee costs

The following items are included within employee benefits expense:

Employee costs		
Basic	1,584,893	104,228

16. Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

Depreciation		
Property, plant and equipment	20,376	22,346

17. Taxation

Major components of the tax expense

Current		
Current tax	32,599	19,259
Deferred		
Deferred tax	1,789	1,749
	34,388	**21,008**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	148,174	57,742
Tax at the applicable tax rate of 22% (2017: 22%)	32,599	12,703
Tax effect of adjustments on taxable income		
Deferred tax effect income	1,789	1,749
Disallowed interest	-	6,556
	34,388	**21,008**

18. Auditors' remuneration

Fees	75,000	37,500

Notes to the Annual Financial Statements

	2018 P	2017 P

19. Cash generated from operations

Profit before taxation	148,174	57,742
Adjustments for:		
Depreciation and amortisation	20,376	22,346
Movements in provisions	79,475	7,950
Other non-cash items	(32,293)	(32,284)
Changes in working capital:		
Trade and other receivables	752,499	(1,516,224)
Trade and other payables	298,163	(106,118)
	1,266,394	**(1,566,588)**

20. Tax paid

Balance at beginning of the year	(12,693)	(155,838)
Current tax for the year recognised in profit or loss	(32,599)	(19,259)
Balance at end of the year	25,834	12,693
	(19,458)	**(162,404)**

21. Dividends paid

Balance at beginning of the year	(46,250)	(46,250)
Dividends	(50,000)	-
Balance at end of the year	46,250	46,250
	(50,000)	**-**

Dividends are from capital profits.

22. Contingencies

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

23. Comparative figures

Certain comparative figures have been reclassified.

Notes to the Annual Financial Statements

24. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2018							
Assets							
Non-Current Assets							
Property, plant and equipment	3	-	-	-	-	12,955	12,955
Investment- FD		-	-	-	-	1,251,324	1,251,324
		-	**-**	**-**	**-**	**1,264,279**	**1,264,279**
Current Assets							
Trade and other receivables	5	-	989,803	-	-	40,536	1,030,339
Current tax receivable		-	-	-	-	198	198
Cash and cash equivalents	6	-	2,375,025	-	-	-	2,375,025
		-	**3,364,828**	**-**	**-**	**40,734**	**3,405,562**
Total Assets		**-**	**3,364,828**	**-**	**-**	**1,305,013**	**4,669,841**

Notes to the Annual Financial Statements

24. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
Equity and Liabilities							
Equity Attributable to Equity Holders of Parent:							
Stated capital	7	-	-	-	-	10,000	10,000
Accumulated profit	7	-	-	-	-	3,496,526	3,496,526
		-	**-**	**-**	**-**	**3,506,526**	**3,506,526**
Total Equity		**-**	**-**	**-**	**-**	**3,506,526**	**3,506,526**
Liabilities							
Non-Current Liabilities							
Deferred tax	4	-	-	-	-	17,287	17,287
Current Liabilities							
Trade and other payables	9	-	-	975,985	(52,158)	-	923,827
Current tax payable		-	-	-	-	26,032	26,032
Provisions	8	-	-	-	-	149,919	149,919
Dividend payable		-	-	46,250	-	-	46,250
		-	**-**	**1,022,235**	**(52,158)**	**175,951**	**1,146,028**
Total Liabilities		**-**	**-**	**1,022,235**	**(52,158)**	**193,238**	**1,163,315**
Total Equity and Liabilities		**-**	**-**	**1,022,235**	**(52,158)**	**3,699,764**	**4,669,841**

Notes to the Annual Financial Statements

24. Categories of financial instruments (continued)

Categories of financial instruments - 2017

	Note(s)	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
Assets							
Non-Current Assets							
Property, plant and equipment	3	-	-	-	-	33,331	33,331
Investment - FD		-	-	-	-	1,219,031	1,219,031
		-	**-**	**-**	**-**	**1,252,362**	**1,252,362**
Current Assets							
Trade and other receivables	5	-	1,782,838	-	-	-	1,782,838
Current tax receivable		-	-	-	-	10,713	10,713
Cash and cash equivalents	6	-	1,178,089	-	-	-	1,178,089
		-	**2,960,927**	**-**	**-**	**10,713**	**2,971,640**
Total Assets		**-**	**2,960,927**	**-**	**-**	**1,263,075**	**4,224,002**

Notes to the Annual Financial Statements

24. Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
Equity and Liabilities							
Equity Attributable to Equity Holders of Parent:							
Stated capital	7	-	-	-	-	10,000	10,000
Accumulated profit	7	-	-	-	-	3,432,740	3,432,740
		-	**-**	**-**	**-**	**3,442,740**	**3,442,740**
Total Equity		**-**	**-**	**-**	**-**	**3,442,740**	**3,442,740**
Liabilities							
Non-Current Liabilities							
Deferred tax	4	-	-	-	-	15,498	15,498
Current Liabilities							
Trade and other payables	9	-	-	701,684	(76,020)	-	625,664
Current tax payable		-	-	-	-	23,406	23,406
Provisions	8	-	-	-	-	70,444	70,444
Dividend payable		-	-	46,250	-	-	46,250
		-	**-**	**747,934**	**(76,020)**	**93,850**	**765,764**
Total Liabilities		**-**	**-**	**747,934**	**(76,020)**	**109,348**	**781,262**
Total Equity and Liabilities		**-**	**-**	**747,934**	**(76,020)**	**3,552,088**	**4,224,002**

25. Risk management

Capital risk management

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

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

Financial risk management

The company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company’s financial performance.

Liquidity risk

The company’s risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as held-to-maturity investments and available-for-sale financial assets. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks.

The company mainly holds fixed deposits with banks with maturity within 3 months and the exposure is considered not significant. It also invests surplus funds in fixed rate debt securities only and such investments are not normally material. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the company closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

In order to manage the cash flow interest rate risk, the company will repay the corresponding borrowings when it has surplus funds.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

	2018	2017
Trade and other receivables	1,030,339	1,782,838
Cash & cash equivalents	2,375,025	1,178,089

Notes to the Annual Financial Statements

26. Going concern

The 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.

27. Events after the reporting period

No events occurred between 31 March 2018 and the date the director approved the financial statements that would have a material impact on the results as disclosed in the financial statements or the continued existence of the company as a going concern.

Detailed Income Statement

	Note(s)	2018 P	2017 P
Revenue			
Rendering of services		8,115,577	2,337,154
Cost of sales			
Cost of services		(4,753,944)	(784,034)
Gross profit		**3,361,633**	**1,553,120**
Other income			
Fees earned		-	7,500
Rental income		96,364	91,940
Interest Income - FD		32,324	42,666
Interest Received On Call		10,069	3,108
		138,757	**145,214**
Expenses (Refer to page 35)		**(3,352,216)**	**(1,640,592)**
Profit before taxation		**148,174**	**57,742**
Taxation	17	34,388	21,008
Profit for the year		**113,786**	**36,734**

Detailed Income Statement

	Note(s)	2018 P	2017 P
Operating expenses			
Accounting fees		(37,800)	(42,750)
Advertising		-	(20,079)
Auditors remuneration	18	(75,000)	(37,500)
Bad debts		(224,003)	-
Bank charges		(8,399)	(5,898)
Cleaning		(1,881)	-
Computer expenses		(7,580)	(6,109)
Consulting and professional fees		(50,000)	-
Depreciation, amortisation and impairments		(20,376)	(22,346)
Employee costs		(1,584,893)	(104,228)
Entertainment and business promotion		(8,356)	(8,343)
Director's remuneration		(662,922)	(455,172)
Office expenses		(35,669)	(36,820)
Training levy		(19,737)	(3,628)
Interest paid to BURS - Non-deductible		-	(29,801)
Insurance		-	(10,938)
Lease rentals on operating lease		(256,181)	(368,853)
Loss on exchange differences		-	(143,268)
Medical expenses		(36,804)	(34,991)
Motor vehicle expenses		(4,383)	(9,014)
Petrol and oil		(6,023)	(20,285)
Postage		(1,500)	(1,660)
Printing and stationery		(9,482)	(40,712)
Repairs and maintenance		(3,959)	(918)
Secretarial fees		(26,020)	(6,198)
Security		-	(14,099)
Staff welfare		(16,178)	(10,443)
Subscriptions		(58,114)	(8,197)
Telephone and fax		(19,487)	(22,121)
Travelling expenses		(177,469)	(172,907)
Electricity & water		-	(3,314)
		(3,352,216)	**(1,640,592)**

The accounting policies on pages 11 to 20 and the notes on pages 21 to 33 form an integral part of the annual financial statements.