letlole la rona

'Our Basket of Wealth'

ANNUAL REPORT 2014

letlole la rona

'Our Basket of Wealth'

'Our Basket Of Wealth'

Contents

Our Mission

Mission

To Grow Wealth For Batswana

Vision

To Become The Property Investment Choice For Batswana Through Considering The Interests Of Our Shareholders And Delivering Returns

Values

Humility, Strength, Innovation, Integrity

Letlole la Rona

Company Profile

The Company is a variable rate loan stock company that was listed on the Botswana Stock Exchange on the 15th June 2011.

The core business of the company is to invest in real estate and real estate instruments in order to maximize returns to unit holders.

Letlole La Rona in direct translation means "Our Basket Of Wealth"

To the Company and its Management, wealth translates to investment, education, culture and people.

The mission of the Company being to grow wealth for Batswana, encompasses all these components of wealth to drive its investment principles and guidelines, ensuring that it is indeed a basket of wealth for the unit holders, giving them long term sustainable returns.

Executive Management

Letlole La Rona Management is proud to serve the Letlole La Rona unit holders and deliver good and sustainable returns to them

Magdeline Tsiane
Financial Manager

Maranyane Makhondo
Financial Accountant

Board Of Directors

The Board of Directors is pleased with this year's performance and looks forward to more years of continued success

Roderick Boyd
Chairman

Montle Phuthego
Board Member

Peter Stevenson
Board Member

Jane Tselayakgosi
Board Member

Marina Bathuleng-Mookodi
Executive Director

Chairman's Report

Letlole La Rona Limited (LLRL) has been operating with outsourced services since its inception four years ago and during the year under review the Board took the decision to reduce the company's reliance on outsourced functions and accordingly terminated the Asset Manager contract with the intention of appointing a substantive CEO to run the operations of the Company. I am pleased to report that the CEO has been identified and will commence work with LLRL early in the New Year.

The Board will continue to evaluate on an ongoing basis the benefits of outsourcing each of the Property Management, Financial Management and Company Secretarial functions and when it is considered appropriate the Board will give consideration to bringing these functions in-house.

It is against this backdrop that Letlole La Rona Limited recently established its own office at the Central Business District (CBD) and it is from here that the CEO will operate.

In the year under review the Company focussed on completing a 9,800m^2 extension of industrial premises to create 22,000m^2 factory warehouse space. This was done at an accelerated pace to meet our tenant's requirements and I am pleased to report that the project has now been completed at a cost of P41 million. With this expansion our tenant has become the largest industrial operator in Botswana with some 3,000 staff of which 1,800 were recruited as a consequence of the expansion.

In addition to this expansion, the Company initiated the rehabilitation of 3 industrial units that were burnt out in the year under review. I am also pleased to report that this project is at completion stage at a cost of P5 million, most of which was recovered from our insurers.

I would like to express my gratitude to the Executive Director who devoted much time and energy to ensure the satisfactory completion of these projects.

With regard to the property market, it is worth noting that demand for industrial space continues to outstrip supply. With industrial premises making up some 46% of the LLRL portfolio, this bodes well in the short term, but the Board is well aware that this might well change in the medium to long term and we will maintain our efforts to balance the portfolio in terms of sector and geographical exposure.

Recent research shows an oversupply of commercial space particularly in Gaborone where rentals have dropped significantly as landlords seek to find occupants for their premises. As is evident in this Annual Report, only some 10% of the LLRL portfolio is in commercial property, so whilst this downturn has had some impact on the revenue stream, this impact is not material.

The retail sector in Gaborone is also oversupplied with even more space planned for the future, but this has not yet been translated into lower rentals in this sector. Again, this is not an area where the Company has any significant exposure so at this juncture there is little cause for concern.

The Company is still committed to monitoring its performance by benchmarking with other property investment companies locally and regionally. This is achieved by participating annually in the assessments by the Independent Property Databank (IPD) and I am pleased to report that once again Letlole La Rona Limited has been ranked as one the best two performing companies in Botswana by that organisation.

In conclusion I would like to thank my Board for their not insignificant contribution over the past year which has undoubtedly contributed to the success of the Company.

Roderick Boyd
Chairman

Executive Director's Report

It is with great pleasure that I present to you the Letlole La Rona Limited 2013/14 Annual Report for the year ended 30 June 2014.

In our quest to grow 'Our basket of wealth' and deliver good and sustainable returns for shareholders, Letlole La Rona Limited continues to thrive in an otherwise stagnant property market. We have been able to complete our two main development projects within budget.

The Board and Management continuously keep track of sector performance in the property environment that impact on the Company's strategy to have doubled its portfolio in the next two years. Recent property market research shows that the industrial market is the best performing in the region and it is in this sector that the Company's portfolio is concentrated. Our strategy in the immediate future is aligned to this sector's performance and we shall be concentrating our efforts on not only face-lifting our industrial properties so that they can compete with modern facilities but also by focusing on proactive and preventative maintenance programmes.

Financial Performance

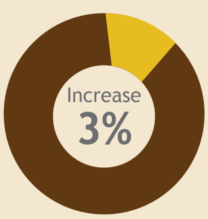
Despite the challenging market conditions financial performance has been consistent and as such the company continues to honour its promise to its unit holders reflected by a 4% increase in the earnings per linked unit.

Statement of Comprehensive Income

Contractual revenue increased by 8% while total revenue decreased marginally to P60.5million. This was caused by a reduction in the deferred rentals from contracted leases. Total expenses increased by 17% reflecting the impact of finance costs arising from borrowings obtained in the current year to fund the factory warehouse expansion. A focus on cost efficiencies continues and the company's cost to income ratio remains low at 23%. The company has realised a Profit Before Tax of P92.6million representing a 3% increase over the prior year.

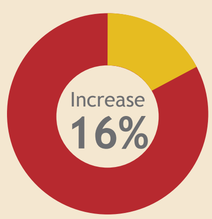
Statement of Financial Position

The Company's statement of financial position remains strong, growing by some 11% (net assets). The property portfolio value grew by 16% which includes the 8,900m² factory warehouse extension which will contribute to rental income growth in the current year. The Company negotiated a P41 million loan to finance the extension but this debt has had little impact on leverage with the debt/equity ratio at 0.08:1.



Profit Before Tax (in Pula Million)

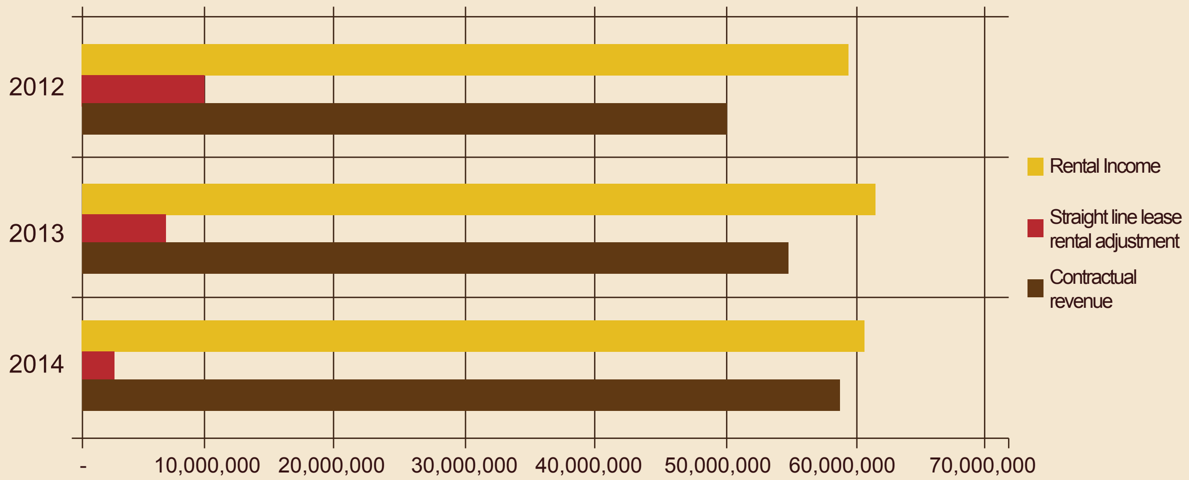
P92.6m



Property Portfolio Value (in Pula Million)

P578.5m

Rental Income over the last three years



Share price movement

The LLRL's share price has steadily grown from P1.65 per linked unit in July 2013 to P2.05 per linked unit in June 2014 reflecting an overall growth of 24.2%.

Distributions for the year ended 30 June 2014

The Board declared two distributions comprising dividends of 0.10 thebe and interest of 13.10 thebe per linked unit, the total distribution for the year being 13.20 thebe per linked unit, a 7% increase over the prior year.

Corporate Governance

The Board of Directors of Letlole La Rona Limited remains accountable for the performance and affairs of the company. In addition to the Executive Director, there are four independent members on the Board of Directors, bringing a wealth of expertise and knowledge from different fields of their professional expertise.

All directors are subject to retirement by rotation and may seek re-election by shareholders in accordance with the Constitution of the Company.

In the year under review management of the company was vested in the Executive Director who had responsibility for day to day operations of the Company while a substantive Chief Executive Officer was being recruited. This process is now complete and a substantive CEO has been appointed.

The Company continues to subscribe to the principles of good corporate governance in all its dealings with all stakeholders.

Conclusion

The Board is confident that the Company will continue to steadily progress in the year ahead, fulfilling its ambition to be the premier property investment company in Botswana.

Marina Bathuleng-Mookodi
Executive Director

Properties

Plot 14457. Value BWP P4,900,000.00

Plot 28911. Value BWP 49,000,000.00

Moedi House Plot 50380. Value BWP 60,000,000.00

Bosele Hotel Plot 276. Value BWP 24,000,000.00

Plot 14454. Value BWP P6,500,000.00

Plot 14453. Value BWP 5,500,000.00

President Hotel Plot 1169. Value BWP P70,500,000.00

Plot 14458. Value BWP 4,450,000.00

Plot 14455. Value BWP 5,350,000.00

Plot 54233. Value BWP 68,500,000.00

Plot 14459. Value BWP P4,800,000.00

Thapama Hotel Plot 6348. Value BWP 56,000,000.00

Plot 9787. Value BWP P7,470,000.00

Plot 14460. Value BWP P4,950,000.00

Shoppers Plot 4738. Value BWP P34,500,000.00

Plot 14398. Value BWP 14,000,000.00

Cresta Lodge Plot 50719. Value BWP 69,000,000.00

Plot 22038. Value BWP 22,000,000.00

Kromberg & Schubert Plot 32084 Expansion

Plot 32084. Value BWP 66,500,000.00

Letlole La Rona Limited is proud to announce the extension of Plot 32084 popularly known as K&S. The warehouse was extended by 9800m^{2}. The total floor area now measures 22 091m^{2}. The total rental income for the extension amounts to P382 000 per month. This is in addition to the P237 008 rental for the existing space. A total of P619 008 per month will be collected amounting to P7 428 096 annually.

Financial Statements

30 June 2014

LETLOLE LA RONA LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

R Boyd*	Chairman
M Bathuleng-Mookodi	Executive Director
M Phuthego	(Appointed 26 August 2013)
P Stevenson	
J Tselayakgosi	
J Kamyuka	(Resigned 24 September 2013)

*British

INCORPORATED IN THE REPUBLIC OF BOTSWANA

Registration number : CO2010/6316

Date of Incorporation: 8 July 2010

NATURE OF BUSINESS

The company is a Variable Loan Stock company engaged in property investment and deriving revenue primarily from property rentals and trade in property and property instruments.

REGISTERED OFFICE

Moedi House

Plot 50380, Fairgrounds

Private Bag 0183

Gaborone

PHYSICAL ADDRESS

1st Floor, 5 Matante Mews, Plot 54373, CBD

P O Box 700ABG

Gaborone

DEBENTURE TRUST TRUSTEE

Desert Secretarial Services (Proprietary) Limited (t/a Stevens, Fricker & Associates)

Plot 64518, Fairgrounds

P O Box 211008, Bontleng

Gaborone

LETTLOLE LA RONA LIMITED

CORPORATE INFORMATION (CONTINUED)

COMPANY SECRETARY

Botswana Development Corporation Limited
Moedi House
Plot 50380, Fairgrounds
Private Bag 160
Gaborone

INDEPENDENT AUDITORS

Deloitte & Touche
Plot 64518, Fairgrounds
P O Box 778
Gaborone

TRANSFER SECRETARIES

DPS Consulting Services (Proprietary) Limited
Plot 50371, Fairgrounds
P O Box 1453
Gaborone

LEGAL ADVISORS

Armstrongs Attorneys Acacia House
Plot 54358, New CBD
P O Box 1368
Gaborone

PROPERTY MANAGERS

Botswana Development Corporation Limited
Property Development and Management Division
Moedi House
Plot 50380, Fairgrounds
Private Bag 160
Gaborone

LETLOLE LA RONA LIMITED

DIRECTORS' REPORT

30 June 2014

The directors have pleasure in submitting to the linked unitholders their report and audited annual financial statements of the Company for the year ended 30 June 2014.

Nature of Business

The Company is a variable rate loan stock public company and derives its revenue primarily from the rental of investment properties.

Stated Capital and Debentures

The stated capital of the Company consists of 280 000 000 linked units, each comprising one ordinary share and one variable debenture which are indivisibly linked.

There was no change in the stated capital and debentures during the year.

Linked Unit Distribution Policy

Distributions to linked unit holders is primarily in the form of debenture interest. The Company has adopted the policy of distributing profits to linked unit holders by means of debenture interest payments with a nominal amount being dividends. The directors intend to ensure that rolling over any period of three consecutive financial years the Company distributes at least 75% of available cash after prudent retention and provision for forseeable capital expenditure and cash flow requirements as per the Trust Deed of the Company.

Administration and Property Management

The management of the properties in the property portfolio is undertaken by Botswana Development Corporation Limited (BDC), pursuant to a property management services agreement.

Interests of Directors

None of the Directors who held office at 30 June 2014 had any interest in the Company.

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DIRECTOR DIRECTOR

17 September 2014

LETLOLE LA RONA LIMITED
DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS
30 June 2014

Directors' statement of responsibility

The directors are responsible for the preparation and fair presentation of the annual financial statements of Letlole la Rona Limited, comprising the statement of financial position at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with the International Financial Reporting Standards ("IFRS").

The directors are required by the Companies Act of Botswana (Companies Act, 2003) 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, give fair view of 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 year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management.

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 infrustructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

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 external auditors are responsible for independently reviewing and reporting on the Company's annual financial statements, and their unmodified report is presented on Page 28.

Approval of annual financial statements

The annual financial statements set out on pages 29 to 52, which have been prepared on the going concern basis, were approved by the Board of Directors on 17 September 2014 and were signed on its behalf by:

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DIRECTOR DIRECTOR

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE COMBINED UNITHOLDERS OF LETLOLE LA RONA LIMITED

We have audited the financial statements of Letlole la Rona Limited, which comprise the statement of financial position as at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 52.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Letlole la Rona Limited as at 30 June 2014, and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte + Touche

Deloitte & Touche
Certified Auditors
Practicing Member: P. Naik (19900296)

Gaborone
17 September 2014

LETOLE LA RONA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 P	2013 P
Rental income		60 472 782	61 311 510
- Contractual revenue		58 702 743	54 398 690
- Straight line lease rental adjustment	6	1 770 039	6 912 820
Investment income	3	661 668	736 663
Other income		542 424	-
Finance costs	2	(746 986)	-
Property related expenses	1	(6 595 004)	(5 622 705)
Administration expenses	1	(6 586 818)	(6 257 778)
Profit before fair value adjustment		47 748 066	50 167 690
Fair value adjustment of investment properties		44 842 089	39 689 414
- As per valuation	6	46 612 128	46 602 234
- Straight line lease adjustment	6	(1 770 039)	(6 912 820)
Profit before tax		92 590 155	89 857 104
Income tax expense	4	(11 150 884)	(11 566 423)
Total profit and comprehensive income for the year		81 439 271	78 290 681
Number of linked units in issue at end of the year		280 000 000	280 000 000
Weighted average number of linked units in issue		280 000 000	280 000 000
Earnings per linked unit (thebe)		31.97	30.66
Earnings per linked unit is calculated based on the average number of linked units in issue and total comprehensive income for the year, adjusted by the taxation on debenture interest credited to the statement of changes in equity of:	5	89 508 871	85 855 161
Distribution per linked unit (thebe)	16	13.20	12.38
Dividends per linked unit (thebe)		0.10	0.10
Debenture interest per linked unit (thebe)		13.10	12.28

Distribution per linked unit is calculated on the number of linked units in issue during the period.

LETLOLE LA RONA LIMITED
STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	2014 P	2013 P
ASSETS			
Non-current assets			
Investment properties	6	559 222 318	417 572 357
Straight line rental adjustment	6	19 297 682	17 527 643
Plant and equipment	7	167 980	-
Deferred taxation recoverable - related party	8	5 722 744	6 107 642
		584 410 724	441 207 642
Current assets			
Taxation refundable		185 324	1 964 840
Trade and other receivables	9	1 827 793	1 385 584
Cash and cash equivalents	10	42 332 616	24 163 867
		44 345 733	27 514 291
Assets classified as held for sale	11	-	63 000 000
Total current assets		44 345 733	90 514 291
Total assets		**628 756 457**	**531 721 933**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	2 718 884	2 718 884
Debentures	13	405 113 547	405 113 547
Accumulated profits	14	138 553 555	86 004 684
		546 385 986	493 837 115
Non-current liabilities			
Borrowings	18	41 000 000	-
Deferred taxation	15	16 965 586	14 269 200
		57 965 586	14 269 200
Current liabilities			
Debenture interest and dividend payable	16	18 480 000	18 480 000
Trade and other payables	17	5 924 885	5 135 618
		24 404 885	23 615 618
Total equity and liabilities		**628 756 457**	**531 721 933**

LETLOLE LA RONA LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Notes	Stated capital	Debentures	Accumulated profits	Total
		P	P	P	P
Balance at 01 July 2012		**2 718 884**	**405 113 547**	**34 813 523**	**442 645 954**
Total comprehensive income for the year		-	-	78 290 681	78 290 681
Dividends declared	16	-	-	(280 000)	(280 000)
Debenture interest declared	16	-	-	(34 384 000)	(34 384 000)
Taxation attributable to debenture interest	4	-	-	7 564 480	7 564 480
Balance at 30 June 2013		**2 718 884**	**405 113 547**	**86 004 684**	**493 837 115**
Total comprehensive income for the year		-	-	81 439 271	81 439 271
Dividends declared	16	-	-	(280 000)	(280 000)
Debenture interest declared	16	-	-	(36 680 000)	(36 680 000)
Taxation attributable to debenture interest	4	-	-	8 069 600	8 069 600
Balance at 30 June 2014		**2 718 884**	**405 113 547**	**138 553 555**	**546 385 986**

LETLOLE LA RONA LIMITED
STATEMENT OF CASH FLOWS
for the year ended 30 June 2014

	Notes	2014 P	2013 P
Cash flows from operating activities			
Profit before taxation		92 590 155	89 857 104
Adjustments for:			
Fair value adjustment of investment properties	6	(46 612 128)	(46 602 234)
Investment income	3	(661 668)	(736 663)
Finance costs	2	746 986	-
Depreciation expense		546	-
Operating income before working capital changes		46 063 891	42 518 207
Working capital changes			
(Increase)/decrease in trade and other receivables		(442 209)	5 695 038
Increase in trade and other payables		789 267	1 914 032
Cash generated from operations		46 410 949	50 127 277
Taxation refunded/(paid)		1 779 516	(374 185)
Net cash generated from operating activities		48 190 465	49 753 092
Cash flows used in investing activities			
Additions to investment properties	6	(33 807 872)	(2 297 766)
Finance income	3	661 668	736 663
Acquisition of plant and equipment	7	(168 526)	-
Net cash used in investing activities		(33 314 730)	(1 561 103)
Cash flows from/(used in) financing activities			
Borrowings raised	18	41 000 000	-
Finance costs	2	(746 986)	-
Decrease in amount due to related party		-	(159 465)
Dividends paid	16	(280 000)	(280 000)
Debenture interest paid	16	(36 680 000)	(36 344 000)
Net cash generated from/(used) in financing activities		3 293 014	(36 783 465)
Net increase in cash and cash equivalents		18 168 749	11 408 524
Cash and cash equivalents at beginning of the year		24 163 867	12 755 343
Cash and cash equivalents at end of the year	10	**42 332 616**	**24 163 867**

LETLOLE LA RONA LIMITED
SIGNIFICANT ACCOUNTING POLICIES
30 June 2014

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

These financial statements are presented in Pula (P) as that is the currency of Botswana and the functional currency of the Company's operations.

STATEMENT OF COMPLIANCE - PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Standards and interpretations affecting amounts reported in the current period.

In the current period, the Company has adopted the following new and revised Standards of the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2013.

	New/Revised International Financial Reporting Standard
IFRS 1	Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)
IFRS 7	Financial Instruments: Disclosures (Amendments related to the offsetting of assets and liabilities)
IFRS 13	Fair Value Measurement (Amendments resulting from Annual Improvements 2010-2012 Cycle)
IAS 1	Presentation of Financial Statements (Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)
IAS 16	Property, Plant and Equipment (Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)
IAS 19	Employee Benefits (Amended standard resulting from the post-employment benefits and termination benefits projects)
IAS 32	Financial Instruments: Presentation (Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)
IAS 34	Interim Financial Reporting (Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets))

The adoption of these standards has not had a signficant impact on the Company's results.

New and revised Standards and Interpretations in issue but not yet effective

	New/Revised International Financial Reporting Standards	**Effective Date**
IFRS 2	Share-based Payment (Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	Annual periods beginning on or after 1 July 2014
IFRS 3	Business Combinations (Amendments resulting from Annual Improvements 2011-2013 Cycle (scope exception for joint ventures)	Annual periods beginning on or after 1 July 2014
IFRS 8	Operating Segments (Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments,	Annual periods beginning on or after 1 July 2014
IFRS 10	Consolidated Financial Statements (Amendments for investment entities)	Annual periods beginning on or after 1 January 2014
IFRS 11	Joint Arrangements (Amendments regarding the accounting for acquisitions of an interest in a joint operation)	Annual periods beginning on or after 1 January 2016
IFRS 12	Disclosure of Interests in Other Entities (Amendments for investment entities)	Annual periods beginning on or after 1 January 2014

LETLOLE LA RONA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
30 June 2014

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

New and revised Standards and Interpretations in issue but not yet effective (continued)

	New/Revised International Financial Reporting Standards	Effective Date
IFRS 13	Fair Value Measurement (Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	Annual periods beginning on or after 1 January 2014
IFRS 14	Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016
IFRS 15	Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2017
IAS 16	Property, Plant and Equipment (Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods beginning on or after 1 July 2014
IAS 16	Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)	Annual periods beginning on or after 1 January 2016
IAS 19	Employee Benefits (Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service)	Annual periods beginning on or after 1 July 2014
IAS 24	Related Party Disclosures (Amendments resulting from Annual Improvements 2010-2012 Cycle management entities)	Annual periods beginning on or after 1 July 2014
IAS 27	Separate Financial Statements (Amendments for investment entities)	Annual periods beginning on or after 1 January 2014
IAS 27	Separate Financial Statements (Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements)	Annual periods beginning on or after 1 January 2016
IAS 32	Financial Instruments: Presentation (Amendments relating to the offsetting of assets and liabilities)	Annual periods beginning on or after 1 January 2014
IAS 36	Impairment of Assets (Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets)	Annual periods beginning on or after 1 January 2014
IAS 38	Intangible Assets (Amendments resulting from Annual Improvements 2010- 2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods beginning on or after 1 July 2014
IAS 38	Intangible Assets (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)	Annual periods beginning on or after 1 January 2016
IAS 39	Financial Instruments: Recognition and Measurement (Amendments for novations of derivatives)	Annual periods beginning on or after 1 January 2014
IAS 40	Investment Property (Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	Annual periods beginning on or after 1 July 2014
IFRIC 21	Levies	Annual periods beginning on or after 1 January 2014

Management has not yet evaluated the effect of all the new standards, amendments and interpretations in issue but not yet effective.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits, rebates and other similar allowances.

Rental income

Rental income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the term of the relevant leases.

Other Operating Revenue

Other operating revenue comprises utility expenses, service levies and other cost recovery from tenants.

Interest Revenue

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

TAXATION (CONTINUED)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than Botswana Pula are recognised at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the reporting date.

Profits and losses arising on foreign exchange differences are recognised in profit or loss in the period in which they arise.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Costs incurred for additions to investment properties in the interim period between the fair value measurements are capitalised to the carrying value of such investment properties at cost. Gains and losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the period in which they arise.

The change in fair value of investment properties is offset against the rental straight-line adjustment in the statement of comprehensive income.

PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of 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.

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to the asset. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to write off the depreciable value of the assets over their estimated useful lives down to their residual values, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The following methods were used during the year to depreciate plant and equipment to estimated residual values:

- Furniture, fittings and equipment	10 years
- Computers	4 years

WORK IN PROGRESS

Properties in the course of construction or development for use as investment properties are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

IMPAIRMENT

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the expected future cash flows from the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in prior years.

FINANCIAL INSTRUMENTS

Financial Assets

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Bank balances and cash are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Impairment of financial assets
Trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

Financial Liabilities and Equity Instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments, which comprise stated capital and variable rate unsecured debentures, are recognised at the proceeds received, net of direct issue costs.

FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities and Equity Instruments (continued)

Financial liabilities
The company's significant financial liabilities include related party balances and trade payables which have been classified as other financial liabilities.

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Gains and Losses on Subsequent Measurement of Financial Instruments

Gains and losses arising from a change in the fair value of financial instruments are included in net profit or loss in the period in which the change arises.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

DEBENTURE INTEREST AND DIVIDENDS

Debenture interest and dividends proposed after the reporting date are shown as a component of equity.

LEASING

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

The Company as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

LEASING (CONTINUED)

The Company as Lessee

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at 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.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight- line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and funds held in bank accounts. The carrying amounts of these approximates to their fair value.

PROVISIONS

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

RELATED PARTY TRANSACTIONS

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, if the party:
(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
(ii) has an interest in the entity that gives it significant influence over the entity; or
(b) that are members of the key management personnel of the entity, including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit or loss for the year.

SEGMENTAL REPORTING

A segment is a distinguishable component of a company that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The company's primary segment is based on business segments. There are no secondary segments. The business segments are determined based on the company's management and internal reporting structure.

On a primary basis, the company operates in the following segments:

- Leisure
- Industrial
- Commercial & retail

The company will from time to time invest in/divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

Segmental results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily from other sources. The estimates and associated assumptions are based on historical experience and other from other factors that are considered to be relevant. 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 estimate is revised affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts within the risk of causing a material adjustment to the carrying amounts within the next financial year.

Fair value of investment properties

The directors use their judgment in selecting an appropriate valuation technique for the investment properties. Investment properties are valued using a discounted cash flow analysis based on assumptions properties.

Trade and receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when the collectability is considered to be doubtful. Management believes that the impairment write-off is conservative and there are no significant trade receivables that are doubtful and have not been provided for. In determining whether a particular receivable could be doubtful, the and have not been provided for. In determining whether a particular receivable could be doubtful, the following factors are taken into consideration e.g. age, customer current financial status, security held and disputes with customer. disputes with customer.

LETLOLE LA RONA LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 June 2014

	2014 P	2013 P
1 PROPERTY RELATED AND ADMINISTRATION EXPENSES		
Included in property related and administration expenses are the following costs:		
Asset management fees - related party (note 20)	2 818 171	3 146 979
Auditor's remuneration - audit fees	200 000	240 000
- other services	22 500	39 500
Provision for bad debts raised during the year (note 9)	1 000 537	426 024
Directors' emoluments - for fees as directors (note 20)	600 000	600 000
- executive remuneration (note 20)	195 571	-
	795 571	600 000
Depreciation (note 7)	546	-
Management and administration fees - related party (note 20)	3 690 531	3 544 735
Rates	1 664 344	676 747
Rent	57 278	-
Repairs and maintenance	527 062	1 378 824
2 FINANCE COSTS		
Interest on borrowings	746 986	-
3 INVESTMENT INCOME		
Bank interest	661 668	736 663
4 TAXATION		
4.1 Company taxation		
Normal taxation	-	-
Deferred tax charge	674 183	-
Deferred capital gains tax	2 407 101	4 001 943
Charge to statement of comprehensive income	3 081 284	4 001 943
Income tax expense comprises:		
Charged to statement of comprehensive income	11 150 884	11 566 423
Attributable to debenture interest credited to statement of changes in equity	(8 069 600)	(7 564 480)
	3 081 284	4 001 943

4.2 Estimated tax losses
The company has estimated tax losses amounting to P29 056 925 (2013: P19 765 889) available to be set off against future taxable income.

4.3 The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2014 P	2013 P
Profit before taxation	92 590 155	89 857 104
Taxation at 22%	20 369 834	19 768 563
Allowable deductions - debenture interest	(8 069 600)	(7 564 480)
Exempt income - fair value adjustment	(10 254 668)	(10 252 491)
Deferred capital gains tax	2 407 101	4 001 943
Utilisation of unrecognised deferred tax asset	(1 371 383)	(1 951 592)
	3 081 284	4 001 943

	2014 P	2013 P
5 EARNINGS PER LINKED UNIT		
The earnings and weighted average number of linked units used in the calculation of earnings per linked unit are as follows:		
Total profit and comprehensive income for the year	81 439 271	78 290 681
Taxation on debenture interest credited to the statement of changes in equity	8 069 600	7 564 480
Earnings for the period attributable to linked unit holders	89 508 871	85 855 161
Weighted average number of linked units in issue for the year	280 000 000	280 000 000
6 INVESTMENT PROPERTIES		
At fair value	70 500 000	65 000 000
Freehold properties	508 020 000	370 100 000
Leasehold properties	578 520 000	435 100 000
Straight line rental adjustment	(19 297 682)	(17 527 643)
Total investment properties	559 222 318	417 572 357
Reconciliation of fair value:		
Opening fair value	417 572 357	438 585 177
At valuation	435 100 000	449 200 000
Straight line lease rental adjustment	(17 527 643)	(10 614 823)
Additions during the year	33 807 872	2 297 766
Increase in fair value during the year	46 612 128	46 602 234
Straight line rental adjustment	(1 770 039)	(6 912 820)
Transfer from/(to) assets classified as held for sale (note 11)	63 000 000	(63 000 000)
	559 222 318	417 572 357

The fair value of the company's investment properties at 30 June 2014 has been arrived at on the basis of the open market value of the properties as at year end. The valuation was carried out by Riberry Botswana (Proprietary) Limited, independent valuers. Riberry Botswana (Proprietary) Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. The valuations, which conform to International Valuation Standards, were determined by reference to commercial rental streams and market evidence of transaction prices for similar properties.

6 INVESTMENT PROPERTIES (CONTINUED)

Freehold properties comprise:
- Plot 1169 Gaborone

Leasehold properties comprise:

- Plot 4738 Gaborone	50 year State Grant from 30 August 1977
- Plot 14398 Gaborone	50 year State Grant from 3 February 1984
- Plot 14453 Gaborone	50 year State Grant from 16 November 1984
- Plot 14454 Gaborone	50 year State Grant from 16 November 1984
- Plot 14455 Gaborone	50 year State Grant from 16 November 1984
- Plot 14457 Gaborone	50 year State Grant from 28 August 1989
- Plot 14458 Gaborone	50 year State Grant from 22 August 1986
- Plot 14459 Gaborone	50 year State Grant from 22 August 1986
- Plot 14460 Gaborone	50 year State Grant from 22 August 1986
- Plot 22038 Gaborone	50 year State Grant from 28 June 2002
- Plot 28911 Gaborone	50 year State Grant from 27 August 1989
- Plot 32084 Gaborone	50 year State Grant from 10 July 1995
- Plot 50380 Gaborone	50 year State Grant from 4 February 1994
- Plot 50719 Gaborone	50 year State Grant from 6 December 1990
- Plot 54233 Gaborone	50 year State Grant from 10 October 1997
- Plot 6384 Francistown	50 year State Grant from 6 December 1984
- Plot 9787 Francistown	50 year State Grant from 23 August 1991
- Plot 276 Selebi Phikwe	50 year State Grant from 28 June 1973

Plots 54233 and 14398, with a total carrying value of P82.5 million have been encumbered as described in note 18.

7 PLANT AND EQUIPMENT

	Furniture, fittings & equipment	Computers	Total
	P	P	P
At 30 June 2014			
COST			
Additions	142 327	26 199	168 526
Balance at the end of the year	142 327	26 199	168 526
At 30 June 2014			
ACCUMLATED DEPRECIATION			
Charge for the year	-	(546)	(546)
Balance at the end of the year	-	(546)	(546)
At 30 June 2014			
Cost			
Accumulated depreciation	142 327	26 199	168 526
Carrying value value	-	(546)	(546)
	142 327	25 653	167 980
At 30 June 2013			
Cost	-	-	-
Accumulated depreciation	-	-	-
Carrying value value	-	-	-

	2014 P	2013 P

8 DEFERRED TAXATION RECOVERABLE

Amount of capital gains tax recoverable from Botswana Development Corporation Limited ("the Vendors") on disposal of investment properties aquired as part of listing (note 15).	5 722 744	6 107 642

As part of the Initial Public Offer, exemption was obtained from Botswana Unified Revenue Services for the payment of capital gains tax on transfer of properties from the subsidiaries of Botswana Development Corporation Limited ("the Vendors"), until such time as the properties are disposed of by the Company.

The actual liability arising on the disposal of any of the properties will be settled on disposal of the properties by the Company. This amount represents the potential deferred capital gains tax liability at 30 June 2014, calculated on the purchase price of the properties paid by the Company which is recoverable from the Vendor.

9 TRADE AND OTHER RECEIVABLES

	2014 P	2013 P
Trade receivables	1 372 767	1 657 731
Less: Provision for doubtful debts	(860 662)	(966 566)
	512 105	691 165
Other receivables and prepayments	1 315 688	694 419
	1 827 793	1 385 584

The average credit period is 30 days. No interest is charged on overdue trade receivables. The Company has provided for all past due and impaired trade receivables based on estimated irrecoverable amounts determined by reference to past default experience. Included in trade receivables are amounts past due at the reporting date for which the Company has not provided for as they are still considered recoverable.

Ageing of past due but not impaired	2014 P	2013 P
30 - 60 days	144 160	181 380
60 - 90 days	106 400	141 294
90 - 120 days	-	959
Total	250 560	323 633

Movement in the allowance for doubtful debts	2014 P	2013 P
Opening balance	966 566	540 542
Provision raised during the year	1 000 537	426 024
Bad debts written off	(1 106 441)	-
Closing balance	860 662	966 566

The Company considers the concentration of credit risk to be limited due to the customer base being small and unrelated. There are no other impaired receivables. Accordingly, the directors believe that no futher provision is required in excess of the allowance for doubtful debts.

	2014 P	2013 P
10 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise:		
Bank balances and deposits	42 332 616	24 163 867
11 ASSETS CLASSIFIED AS HELD FOR SALE		
Investment property available for sale	-	63 000 000

In the prior year the Company was in the process of negotiating the sale of an investment property. Negotiations were not concluded (note 6).

	2014 P	2013 P
12 STATED CAPITAL		
280 000 000 (2013: 280 000 000) fully paid up ordinary shares	2 718 884	2 718 884

Each Linked Unit in the Company comprises one ordinary share and one variable rate unsecured debenture as per Note 13, which are indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures separately from one another.

The linked units are listed on the Botswana Stock Exchange.

All of the issued shares are of the same class and rank pari passu in every respect.

In accordance with the Constitution, at any general meeting, every shareholder present in person or by authorised representative or proxy shall have one vote on a show of hands and on a poll, every member present in person, by authorised representative or by proxy shall have one vote for every share held.

	2014 P	2013 P
13 DEBENTURES		
280 000 000 (2013: 280 000 000) variable rate unsecured debentures	405 113 547	405 113 547

Each Linked Unit in the Company comprises on ordinary share per note 12, and one variable rate unsecured debenture, which are indivisibly linked. It is not possible to trade with shares or the variable rate unsecured debenture separately from one another.

All of the variable rate unsecured debentures are of the same class and rank pari passu in every respect.

The debentures are governed in terms of a Trust Deed entered into between the Company and the Trustee for the debenture holders.

14 ACCUMULATED PROFITS

	2014 P	2013 P
Arising from normal operations	21 844 837	14 138 055
Arising from revaluation of investments	116 708 718	71 866 629
	138 553 555	86 004 684

The Company has adopted the policy of distributing profits to linked unit holders by means of debenture interest payments with a nominal amount being dividends. The directors intend to ensure that rolling over any period of three consecutive financial years the Company distributes at least 75% of available cash after prudent retention and provision for foreseeable capital expenditure and cash flow requirements as per the Trust Deed of the Company.

15 DEFERRED TAXATION

	2014 P	2013 P
Balance at beginning of the year	14 269 200	10 764 320
Capital gains tax deferred - related parties (note 8)	(384 898)	(497 063)
Capital gains tax charged to statement of comprehensive income (note 4.1)	2 407 101	4 001 943
Deferred tax charge	674 183	-
Balance at end of the year	16 965 586	14 269 200
Deferred taxation arises as follows:		
Deferred taxation - capital gains tax on revaluation of the investment properties	10 568 659	8 161 558
Deferred taxation - capital allowances	674 183	-
Amount of capital gains tax recoverable from Botswana Development Corporation Limited ("the Vendors") on disposal of investment properties acquired as part of listing (note 8).	5 722 744	6 107 642
	1 6 965 586	14 269 200

16 DEBENTURE INTEREST AND DIVIDENDS DECLARED

		2014 P	2013 P
Debenture interest			
Interim paid	6.55 (2013: 5.73) thebe	18 340 000	16 044 000
Final declared	6.55 (2013: 6.55) thebe	18 340 000	18 340 000
	13.10	36 680 000	34 384 000
Dividends			
Interim paid	0.05 (2013: 0.05) thebe	140 000	140 000
Final declared	0.05 (2013: 0.05) thebe	140 000	140 000
	0.10	280 000	280 000
		36 960 000	34 664 000
Debenture interest and dividend payable			
Debenture interest		18 340 000	18 340 000
Dividend payable		140 000	140 000
		18 480 000	18 480 000

The interim debenture interest and dividend per linked unit was paid on 14 April 2014. A final debenture interest and dividend per linked unit was declared by the Board of Directors on 18 June 2014 and was paid to unitholders registered on 11 July 2014.

	2014 P	2013 P
17 TRADE AND OTHER PAYABLES		
Refundable deposits held for tenants	1 650 994	1 506 033
Value Added Tax	674 147	376 141
Trade payables and accruals	3 366 112	2 781 250
Related parties:		
Botswana Development Corporation Limited (note 20)	233 632	183 006
Stanlib Investment Management Services (Proprietary) Limited (note 20)	-	289 188
	5 924 885	5 135 618
18 BORROWINGS		
Stanbic Bank Botswana Limited	41 000 000	-

The loan facility of P41 million accrues interest at prime lending rate (currently 9% per annum) less 2%. The loan is repayable as follows: P2 million in each of the financial years 2016, 2017 and 2018, and P35 000 000 in 2019.
The loan is secured by a First Mortgage Bond of P34 million over plot 54233 and P7 million over plot 14398 as well as a cession of a material damage policy over those properties (note 6).

19 FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments	2014 P	2013 P
Financial assets		
Receivables (including cash and cash equivalents)	43 189 596	24 855 032
Interest income from financial assets	661 668	736 663
Financial liabilities		
Borrowings	41 000 000	-
Payables (including related party balances)	23 730 738	23 239 477
	64 730 738	23 239 477
Finance costs incurred on financial liabilities	746 986	-

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements represent their fair values.

Capital Risk Management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising the stated capital, the variable rate unsecured debentures and accumulated profits as disclosed in the statement of financial position. At 30 June 2014, the Company had interest bearing borrowings of P41 000 000 (2013: Pnil) (note 18).

Financial Risk Management Objectives
The directors monitor and manage the financial risks relating to the operations of the Company through analysis of exposures by degree and magnitude of each risk. These risks include market risk (including currency risk and interest rate risk) and credit risk.

Market Risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as described below.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk
In the normal course of business, the Company enters into transactions denominated in foreign currencies. At 30 June 2014, the Company had no liabilities in foreign currencies, which would expose it to fluctuations in foreign currency exchange rates.

Credit Risk
At the reporting date there were no significant concentrations of credit risk for receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for receivables.

Interest Rate Risk
Fluctuations in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

Financial instruments that are sensitive to interest rate risk are bank balances on call and long term borrowings, whose interest rates are linked to the prime lending rate. If interest rates were 1% higher while all other variables were held constant the profit for the year would increase by P9 956 (2013: P: 241 634). An exact and opposite effect would occur if the interest rates were 1% lower.

20 RELATED PARTY TRANSACTIONS

The Company has entered into a Property Management Agreement with Botswana Development Corporation Limited (BDC). BDC owned 59.48% of the issued linked units of the Company at 30 June 2014 (30 June 2013: 77.78%).

The other company listed below is an asset management company, Stanlib Investment Management Services (Proprietary) Limited, who was the asset manager to 31 March 2014 (the Company's chief executive officer role was performed by an employee of the asset manager). During the year, the Company entered into the following trading transactions with related parties and had the following balances with related parties:

	2014	2013
	P	P
Payables due to related parties (note 16)		
Botswana Development Corporation Limited	233 632	183 006
Stanlib Investment Management Services (Proprietary) Limited	-	289 188
	233 632	472 194
The following trading transactions were carried out with related parties.		
Botswana Development Corporation Limited		
Rental Income	9 210 044	8 527 818
Management and administration fees		
Management fees	2 318 365	2 162 610
Lease renewal fees	162 166	182 125
Administration fees	1 210 000	1 200 000
	3 690 531	3 544 735

Management fees are calculated on a fixed percentage of net rental collections. Administration and lease renewal fees are calculated on a commercial basis.

20 RELATED PARTY TRANSACTIONS (CONTINUED)

	2014 P	2013 P
Stanlib Investment Management Services (Proprietary) Limited		
Asset management fees	2 818 171	3 146 979

The asset management fees were calculated in terms of an agreement based on market capitalisation.

The amounts owed by or owed to related parties are unsecured and will be settled in cash.
No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of any amounts owed by related parties.

	2014 P	2013 P
Directors' emoluments		
Directors' emoluments - fees as directors	600 000	600 000
- executive remuneration	195 571	-
	795 571	600 000

21 OPERATING LEASE ARRANGEMENTS

The Company as a lessor

Operating leases receivable by the Company as a lessor relate to the investment properties owned by the Company with lease terms of between 1 and 10 years. The lessees do not have an option to purchase the properties at the expiry of the lease period.

The property rental income earned by the Company from its investment properties, before straight-line adjustment, amounts to P58 702 743 (2013: P54 398 690) as reflected in the statement of comprehensive income. Direct operating expenses arising on the investment property for the year amounted to P6 595 004 (2013: P5 622 705).

At the end of the reporting period the Company had contracted with tenants for the following future minimum lease payments:

	2014 P	2013 P
Not longer than 1 year	48 920 898	56 885 799
Longer than 1 year and not longer than 5 years	125 617 440	148 530 795
Longer than 5 years	30 745 328	59 213 225
	205 283 666	264 629 819

22 CAPITAL COMMITMENTS

	2014 P	2013 P
Commitments for expansion of investment property	-	38 702 234

23 EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period that may require adjustment or disclosure in the financial statements.

24 SEGMENTAL REPORTING

The Company's business activities are concentrated in the segment of property rentals and are carried out within the geographical region of Botswana.

	Corporate	Commercial & retail	Leisure	Industrial	Total
	P	P	P	P	P
Segmental Statement of Financial Position - 30 June 2014					
Investment property including straight lining of rental income	-	94 500 000	219 500 000	264 520 000	578 520 000
Plant and equipment	167 980	-	-	-	167 980
Deferred tax recoverable from Vendors	-	3 405 128	-	2 317 616	5 722 744
Taxation refundable	185 324	-	-	-	185 324
Trade and other receivables	394 575	403 617	235 167	794 434	1 827 793
Cash and cash equivalents	42 332 616	-	-	-	42 332 616
Total assets	43 080 495	98 308 745	219 735 167	267 632 050	628 756 457

Due to the pooling of funds, liabilities have not been segmented.

	Corporate	Commercial & retail	Leisure	Industrial	Total
Segmental Statement of Comprehensive Income for the year ended 30 June 2014					
Segment revenue - rental income	-	11 562 717	24 754 474	24 155 591	60 472 782
Property operating expenses	-	(1 237 172)	(1 952 236)	(3 405 596)	(6 595 004)
Net rental and related revenue	-	10 325 545	22 802 238	20 749 995	53 877 778
Finance income	661 668	-	-	-	661 668
Other income	542 424	-	-	-	542 424
Finance costs	(746 986)	-	-	-	(746 986)
Fair value gain on investment property net of adjustment resulting from straight lining of rental revenue	-	3 969 039	13 367 854	27 505 196	44 842 089
Depreciation	546	-	-	-	546
Other administration expenses	(6 587 364)	-	-	-	(6 587 364)
Loss/Profit before tax	(6 129 712)	14 294 584	36 170 092	48 255 191	92 590 155
Income tax expense	(8 743 783)	(550 000)	(289 855)	(1 567 246)	(11 150 884)
Total segmental result	(14 873 495)	13 744 584	35 880 237	46 687 945	81 439 271
Rental income from individual customers contributing more than 10% of rental income	-	8 563 744	8 796 817	-	17 360 561

LETLOLE LA RONA LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
30 June 2014

24 SEGMENTAL REPORTING (CONTINUED)

	Corporate	Commercial & retail	Leisure	Industrial	Total
	P	P	P	P	P
Segmental Statement of Financial Position - 30 June 2013					
Investment property including straight lining of rental income	-	92 000 000	139 400 000	203 700 000	435 100 000
Deferred tax recoverable from Vendors	-	3 502 343	-	2 605 299	6 107 642
Taxation refundable	1 964 840	-	-	-	1 964 840
Trade and other receivables	52 500	138 762	256 595	937 727	1 385 584
Cash and cash equivalents	24 163 867	-	-	-	24 163 867
Assets classified as held for sale	-	-	63 000 000	-	63 000 000
Total assets	26 181 207	95 641 105	202 656 595	207 243 026	531 721 933

Due to the pooling of funds, liabilities have not been segmented.

	Corporate	Commercial & retail	Leisure	Industrial	Total
Segmental Statement of Comprehensive Income for the year ended 30 June 2013					
Segment revenue - rental income	-	12 741 596	24 565 851	24 004 063	61 311 510
Property operating expenses	-	(764 767)	(1 315 710)	(3 542 228)	(5 622 705)
Net rental and related revenue	-	11 976 829	23 250 141	20 461 835	55 688 805
Finance income	736 663	-	-	-	736 663
Fair value gain on investment property net of adjustment resulting from straight lining of rental revenue	-	8 357 916	11 702 729	19 628 769	39 689 414
Administration expenses	(6 257 778)	-	-	-	(6 257 778)
Loss/Profit before tax	5 521 115)	20 334 745	34 952 870	40 090 604	89 857 104
Income tax expense	(7 564 480)	(955 411)	(684 471)	(2 362 061)	(11 566 423)
Total segmental result	(13 085 595)	19 379 334	34 268 399	37 728 543	78 290 681
Rental income from individual customers contributing more than 10% of rental income	-	8 950 967	8 796 817	-	17 747 784

	2014 P	2013 P

25 FAIR VALUE MEASUREMENT

Assets measured at fair value

The investment properties of the Company measured at fair value at the end of the reporting period fall under Level 3 - Significant unobservable inputs. The valuation process for the Level 3 category is described below.

	2014 P	2013 P
Recurring measurement at the end of the reporting period		
Investment properties	559 222 318	417 572 357
Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy		
Investment properties		
Opening value	417 572 357	438 585 177
Total gains for the period included in profit or loss	44 842 089	39 689 414
Additions	33 807 872	2 297 766
Transfers	63 000 000	(63 000 000)
Closing balance	559 222 318	417 572 357

Gains and losses arising from the fair valuation of the investment properties are shown as the statement of comprehensive income as follows:

	2014 P	2013 P
Total gains for the period included in profit or loss	44 842 089	39 689 414

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Valuation technique	Unobservable input	Range
Discounted cash flow	Capitalisation rate	8.5%-14%

Valuation process

The fair value of the company's investment properties at 30 June 2014 has been arrived at on the basis of the open market value of the properties as at year end. The valuation was carried out by Riberry Botswana (Proprietary) Limited, independent valuers. Riberry Botswana (Proprietary) Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. The valuations, which conform to International Valuation Standards, were determined by reference to commercial rental streams and market evidence of transaction prices for similar properties.

Information about the sensitivity to changes in unobservable inputs

The significant unobservable inputs used in the fair value measurement of the investment properties are the capitalisation rates. Significant increases /(decreases) in the capitalisation rates would result in significantly lower/(higher) fair value measurement. The changes to capitalisation rates are dependant on various market factors including location of properties, interest rates, length of leases and quality of tenants.

NOTICE TO MEMBERS

LETLOLE LA RONA LIMITED
Incorporated in the Republic of Botswana (Company registration number C02010/6316)

1st Floor, 5 Matante Mews, Plot 54373, CBD
P. O Box 700ABG, Gaborone, Botswana
Tel: +267 3180350; Fax: +267 3180357
Website: www.letlole.co.bw

THE ANNUAL GENERAL MEETING OF THE COMPANY

WILL BE HELD AT FAIRGROUND HOLDINGS, THE PAVILLION
ON WEDNESDAY 03 DECEMBER 2014 AT 1400HRS

AGENDA

1. Notice of Meeting.
2. Apologies.
3. Confirmation of the minutes of previous Annual General Meeting.
4. Report by the Chairman.
5. To receive, consider and adopt the Audited Annual Financial Statements of the Company and the reports of the Auditors and Directors for the year ended 30 June 2014.
6. Dividend Declaration.
7. Appointment and/or Removal of Directors.
8. To approve the Directors' fees for the year ended 30 June 2014.
9. To approve the remuneration of the Auditors for the year ended 30 June 2014.
10. To appoint Auditors for the ensuing year.
11. Any Other Matters.

Jennifer Dube
Company Secretary
By order of the Board

5 November 2014
Gaborone

A member entitled to attend and vote may appoint a proxy to attend and vote for him, on his behalf, and such proxy need not also be a member of the company.

A proxy form must be deposited at the registered office of the Company not less than 48hrs before the time of holding the meeting.

LETLOLE LA RONA LIMITED
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FORM OF PROXY

I/We ____ of

(Name/s in block letters)

(Address) __________________________________, ____________ (town)

Being the registered holder/s of _________________ units in the above-named company, hereby appoint

________________________________ of _____________________________

Or failing him ______________________ of ______________________________

As my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Letlole La Rona Limited to be held on 03 December 2014 and at any adjournment thereof and to vote for or against the resolutions in respect of the units registered in my/our name/s.

Signature __________________

Signed at __________________ on this _________ day of _______________ 2014

A member entitled to vote is entitled to appoint a proxy to attend, speak, vote and on a poll, vote in his stead, and such Proxy need not also be a member of Letlole La Rona Limited.

SL NO: ____________ TOTAL NUMBER OF SHARES: ________________

	FOR	AGAINST	ABSTAIN
To receive, consider and adopt Audited Annual Financial Statements of the Company and the reports of the Auditors and Directors for the year ended 30 June 2014			
Appointment and/or Removal of Directors			
To approve the Directors' fees for the year ended 30 June 2014			
To approve the remuneration of the Auditors for the year ended 30 June 2014			
To appoint Auditors for the ensuing year			

REGISTERED OFFICE
MOEDI HOUSE, PLOT 50380, FAIRGROUNDS, GABORONE
PRIVATE BAG 160, GABORONE

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