Letlole La Rona Limited

Annual Financial Statements
for the year ended 30 June 2021

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	The company is a Variable Rate Loan Stock company engaged in property investment and deriving revenue primarily from property rentals.
Directors	F Selolwane (Board chairperson) B Knight O Keabetswe M Setlhare (Appointed 25 January 2021) S Serumola (Appointed 25 January 2021) O Ogotseng (Appointed 25 January 2021) T Kgatlwane (Resigned 29 January 2021) B. Mogopa (Retired 11 December 2020) T. Dambe (Retired 11 December 2020) S. Leburu (Retired 11 December 2020)
Registered office	Letlole la Rona Limited Unit 2B, 1st Floor Peelo Place, Plot 54366 CBD P O Box 700ABG Gaborone Botswana
Business address	Unit 2B, 1st Floor Peelo Place, Plot 54366, CBD P O Box 700ABG Gaborone Botswana
Auditors	Grant Thornton Chartered Accountants and Certified Auditors of Public Interest Entities
Secretary	Bothepha Obuseng
Company registration number	BW00001394482
Date of incorporation	08 July 2010
Transfer secretaries	Central Securities Depository Company Botswana 4th Floor, Landscape Precint Plot 70667 Fairgrounds Gaborone Botswana
Legal Advisors	Armstrongs Attorney Accacia House Plot 54358, New CBD Gaborone Botswana
Debenture Trust Trustees	Corpserve Transaction Management Services (Proprietary) Limited

Contents

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Letlole La Rona Limited for the year ended 30 June 2021.

1. 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. Each linked unit comprises an ordinary share issued at P0.01 and one variable rate unsecured debenture issued at P1.49. The yield on the unit comprises a dividend on the share component and interest on the debenture component of the linked unit.

There have been no material changes to the nature of the company's business from the prior year.

2. Financial statements

The operating results for the year ended 30 June 2021 and state of affairs of the company are fully set out in the attached annual financial statements.

3. Linked Units 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 will distribute at least 80% of available cash after prudent retention and provision for foreseeable capital expenditure and cash flow requirements as per the Trust Deed of the Company.

The following distributions were paid/declared during the year:

30 June 2021	**Debenture interest (thebe)**	**Dividend (thebe)**	**Total (thebe)**
Interim-paid	7.85	0.05	7.90
Final declared	9.41	0.05	9.46
	17.26	**0.10**	**17.36**

30 June 2020	**Debenture interest (thebe)**	**Dividend (thebe)**	**Total (thebe)**
Interim-paid	7.14	0.05	7.19
Final declared	8.88	0.05	8.93
	16.02	**0.10**	**16.12**

4. Directors

The directors in office at the date of this report are as follows:

Directors
F Selolwane (Board chairperson)
B Knight
O Keabetswe
M Setlhare (Appointed 25 January 2021)
S Serumola (Appointed 25 January 2021)
O Ogotseng (Appointed 25 January 2021)
T Kgatlwane (Resigned 29 January 2021)
B. Mogopa (Retired 11 December 2020)
T. Dambe (Retired 11 December 2020)
S. Leburu (Retired 11 December 2020)

The above are the only appointments and resignations to the directorate for the year under review.

Directors' Report

5. Interests of Directors and Secretary

None of the Directors or Secretary who held office at 30 June 2021 had any interest in the company, except for the one's below:

Director's name	Shareholding	Services provider
F Selolwane	Applicable	Applicable
B Knight	Applicable	N/A
M Setlhare	Applicable	N/A

6. Events after the reporting period

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

Director

Director

Directors' Responsibilities and Approval

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 2021, and the Statement of Profit or Loss and Other Comprehensive Income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors are required in terms of the Companies Act of Botswana (Cap 42:01) 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 directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 responsibilities also include maintaining adequate accounting records and 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 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 pages 6 to 9.

The annual financial statements set out on pages 10 to 56, which have been prepared on the going concern basis, were approved by the board of directors on 23 | 9 | 21 and were signed on their behalf by:

Approval of financial statements

Director

Director

Grant Thornton

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P O Box 1157
Gaborone, Botswana

T +267 395 2313
F +267 397 2357

linkedin.com/company/Grant-Thornton-Botswana
twitter.com/GrantThorntonBW

Independent Auditor's Report

To the unit holders of Letlole La Rona Limited

Opinion

We have audited the annual financial statements of Letlole La Rona Limited set out on pages 10 to 54, which comprise the statement of financial position as at 30 June 2021, 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 give a true and fair view of, the financial position of Letlole La Rona Limited as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the 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 annual 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.

GRANT THORNTON
CHARTERED ACCOUNTANTS
GABORONE

Grant Thornton

Independent Auditor's Report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
Valuation of the investment property The company's significant assets are the investment properties valued at P 958 731 477 in various segments as disclosed under note 12 of the annual financial statements. The values of these properties are determined using valuation experts in the field of real estate valuations. Significant judgement is required to determine the fair value of investment property, especially with respect to determination of appropriate capitalization rates and net cash flows. We considered the valuation of these assets to be a matter of most significance to the current year audit due to magnitude of balances combined with significant assumptions associated with determining the fair values.	Experts appointed by the management determined the fair values of the external properties. We assessed the competence and capabilities of the valuer by verifying qualifications and experience. We held discussions with these experts to gather an understanding of the various inputs, assumptions, estimates and process used in arriving at the values. We compared the valuation approach used by the valuer against IFRS requirements and Industry norms to confirm that the methodology was appropriate. The valuation method was comparable to those typically used in the market. We verified on a sample basis the underlying data used by the valuers, significant ones being rental income, escalation terms and lease periods. We compared the capitalization rates utilized in the valuation to rates used in historical valuations, general market factors (such as comparable bond yield rates) and property specific risk factors. These inputs were found to be within a reasonable range. Our audit procedures have resulted in appropriate audit evidence with regards to the values of the investment properties. We also noted that the valuation is reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation- Global Standards. Consequently, less certainty- and a higher degree of caution- should be attached to the external valuers valuation than would normally be the case. Since the future impact that COVID-19 might have on the real estate market is still unknown, its recommend by the external valuers that the valuation of the property are under frequent review.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

Grant Thornton

Independent Auditor's Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Letlole La Rona Limited annual financial statements for the year ended 30 June 2021", which includes the Directors' Report and the Detailed Income Statement, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The 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 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

Grant Thornton

Independent Auditor's Report (continued)

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

GRANT THORNTON

Chartered Accountants
Certified Auditor: Mr. Sunny Mulakulam: 20050097
Certified Auditor of Public Interest Entity
Certificate Number: CAP 0034 2021

23 SEPT 2021
Gaborone

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 P	2020 P
Continuing operations			
Revenue	3	102 865 916	81 155 468
Other operating income	4	634 607	3 577 190
Other non-operating gains	5	212 329	-
Movement in credit loss allowances	6	(3 011 736)	(3 311 256)
Impairment loss on investment property	6	-	(3 741 907)
Administrative expenses		(24 599 869)	(22 652 529)
Property related expenses		(10 573 643)	(7 077 400)
Operating profit	6	**65 527 604**	**47 949 566**
Finance income	7	2 347 319	7 614 790
Finance costs	8	(15 232 305)	(16 449 873)
Share of profit from equity accounted investments	9	2 978 328	5 773 534
Fair value adjustment of investment properties	10	7 731 845	33 309 781
Profit before taxation		**63 352 791**	**78 197 798**
Taxation	11	(8 780 725)	(17 635 063)
Profit from continuing operations		**54 572 066**	**60 562 735**
Discontinued operations			
Profit from discontinued operations	20	256 085	1 788 098
Profit for the year		**54 828 151**	**62 350 833**
Other comprehensive income		-	-
Total comprehensive income for the year		**54 828 151**	**62 350 833**
Profit attributable to:			
Owners of the parent:			
From continuing operations		54 572 066	60 562 735
From discontinued operations		256 085	1 788 098
		54 828 151	**62 350 833**
Per linked unit information			
Earnings per linked unit			
Basic earnings per linked unit (thebe) from continuing operations	26	23.29	25.15
Basic earnings per linked unit (thebe) from discontinued operations	26	0.09	0.64
		23.38	**25.79**
Basic headline earnings per linked unit (thebe)			
Basic headline earnings per share (thebe) - continuing operations	26	23.38	26.20
Basic headline earnings per share (thebe) - discontinuing operations	26	0.09	0.64
		23.47	**26.84**
Distribution, dividends and debenture interest per linked unit			
Dividend per linked unit (thebe)	27	0.10	0.10
Debenture interest per linked unit (thebe)	27	17.27	16.02
Distribution per linked unit (thebe)		**17.37**	**16.12**

Statement of Financial Position as at 30 June 2021

	Note	2021 P	2020 P
Assets			
Non-Current Assets			
Investment property	12	958 731 477	892 495 663
Operating lease asset		21 614 523	19 300 338
Property, plant and equipment	13	1 290 927	1 697 101
Right-of-use assets	14	1 415 915	1 887 886
Investments in associates	16	42 171 622	42 993 294
Investments at fair value	17	6 250 000	6 250 000
Deferred tax	24	11 858 968	9 048 190
Deferred taxation recoverable - related party	15	4 698 769	5 125 126
		1 048 032 201	**978 797 598**
Current Assets			
Taxation refundable		1 614 021	1 399 579
Trade and other receivables	18	6 215 675	9 027 428
Cash and cash equivalents	19	76 739 821	122 590 894
		84 569 517	**133 017 901**
Total Assets		**1 132 601 718**	**1 111 815 499**
Equity and Liabilities			
Equity			
Stated capital	21	2 718 884	2 718 884
Debentures - unit linked	22	405 113 547	405 113 547
Retained income		380 146 859	363 308 582
		787 979 290	**771 141 013**
Liabilities			
Non-Current Liabilities			
Borrowings	23	228 661 072	231 288 123
Lease liabilities	14	717 770	1 333 279
Deferred tax	24	65 541 990	65 012 963
		294 920 832	**297 634 365**
Current Liabilities			
Debenture interest and dividend payable	27	26 492 760	25 001 200
Trade and other payables	25	18 980 977	13 983 959
Borrowings	23	3 612 350	3 512 900
Lease liabilities	14	615 509	542 062
		49 701 596	**43 040 121**
Total Liabilities		**344 622 428**	**340 674 486**
Total Equity and Liabilities		**1 132 601 718**	**1 111 815 499**

Statement of Changes in Equity

	Stated capital	Debentures	Retained income	Total equity
	P	P	P	P
Balance at 1 July 2019	**2 718 884**	**405 113 547**	**336 224 115**	**744 056 546**
Profit for the year	-	-	62 350 833	62 350 833
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**62 350 833**	**62 350 833**
Taxation attributable to debenture interest	-	-	9 867 950	9 867 950
Dividends and debenture interest declared (Note 28)	-	-	(45 134 316)	(45 134 316)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(35 266 366)**	**(35 266 366)**
Balance at 1 July 2020	**2 718 884**	**405 113 547**	**363 308 582**	**771 141 013**
Profit for the year	-	-	54 828 151	54 828 151
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**54 828 151**	**54 828 151**
Taxation attributable to debenture interest	-	-	10 636 118	10 636 118
Dividends and debenture interest declared (Note 28)	-	-	(48 625 992)	(48 625 992)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(37 989 874)**	**(37 989 874)**
Balance at 30 June 2021	**2 718 884**	**405 113 547**	**380 146 859**	**787 979 290**
Note	21	22		

Statement of Cash Flows

	Note(s)	2021 P	2020 P
Cash flows from operating activities			
Profit before taxation from continuing operations		63 352 791	78 197 798
Profit before taxation from discontinued operations		256 085	1 788 098
Adjustments for:			
Depreciation		1 049 598	1 140 743
Profit on disposal of investment property		(210 000)	-
Profit on disposal of property,plant and equipment		(2 329)	-
Results from equity accounted investments		(2 978 328)	(5 773 534)
Finance income		(2 347 319)	(7 614 790)
Finance costs		15 232 305	16 449 873
Fair value adjustment of investment properties		(7 731 845)	(33 309 781)
Impairment on investment property		-	3 741 907
Credit loss allowance		3 011 736	3 311 256
Movements in operating lease assets		(2 314 185)	(1 475 841)
Changes in working capital:			
Trade and other receivables		(199 983)	16 748 816
Trade and other payables		4 997 015	(23 564 680)
Cash generated from operations		**72 115 541**	**49 639 865**
Tax paid	29	(214 442)	(753 294)
Net cash generated from operating activities		**71 901 099**	**48 886 571**
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(176 109)	(187 957)
Sale of property, plant and equipment	13	6 986	-
Additions of investment property	12	(65 993 969)	(146 416 285)
Proceeds on sale of investment property		7 700 000	9 000 000
Distributions from associate		3 800 000	2 400 000
Finance Income		2 347 319	7 614 790
Net cash used in investing activities		**(52 315 773)**	**(127 589 452)**
Cash flows from financing activities			
Repayment of borrowings		(2 527 601)	(2 151 764)
Payment on lease liabilities		(542 062)	(484 516)
Dividends and debenture interest	28	(47 134 432)	(50 233 120)
Finance costs		(15 232 305)	(16 449 873)
Net cash used in financing activities		**(65 436 400)**	**(69 319 273)**
Total cash and cash equivalents movement for the year		**(45 851 074)**	**(148 022 154)**
Cash and cash equivalents at the beginning of the year		122 590 895	270 613 048
Total cash and cash equivalents at end of the year	19	**76 739 821**	**122 590 894**

Accounting Policies

1. Basis of preparation and compliance

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

Impairment of financial assets

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

Fair value estimation

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

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

Information about the specific techniques and inputs of the valuation of investment property is disclosed in note 12 and note 33.

Useful lives of property, plant and equipment

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

Taxation

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

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

Accounting Policies

1.2 Revenue and income

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 significantly earned from rental income and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits 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 costs recovered 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. This is presented as finance income.

Dividend and distribution Income
Dividend and distribution income is recognised when the right to receive payment is established.

1.3 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 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 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.

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.

Accounting Policies

1.4 Translation of foreign currencies

Foreign currency transactions

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

1.5 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:
- 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.

Accounting Policies

1.6 Investment property

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 profit or loss 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 profit or loss and other comprehensive income.

1.7 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.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

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
Plant and machinery	Straight line	6-7 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6-7 years
IT equipment	Straight line	4 years
Computer software	Straight line	4 years
Leasehold improvements	Straight line	5 years

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

The depreciation charge for each 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, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item.

Accounting Policies

1.8 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 construction costs, professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

1.9 Investments in associates

An associate is an entity over which the company has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment losses.

The company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the company and an associate are eliminated to the extent of the company's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company.

When the company reduces its level of significant influence or loses significant influence, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.10 Impairment of assets

The company assesses at the end of each 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.

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

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

Accounting Policies

1.11 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:
- Designated as at fair value through other comprehensive income.

Financial assets
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 32 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets and are subsequently measured at amortised cost (note 18).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

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

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

Accounting Policies

1.11 Financial instruments (continued)

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 18.

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

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 18) and the financial instruments and risk management note (note 32).

Derecognition

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

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 17. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the company may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs (incremental costs directly attributable to the acquisition of a financial asset) are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (and accumulated in equity in the reserve for valuation of investments). Details of the valuation policies and processes are presented in note 33.

Dividends received on equity investments are recognised in profit or loss when the company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Accounting Policies

1.11 Financial instruments (continued)

Derecognition

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

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Trade and other payables

Classification

Trade and other payables (note 25), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 8).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

Cash and cash equivalents

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

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the 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

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

Accounting Policies

1.11 Financial instruments (continued)

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.12 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.

1.13 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 6) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 14 Leases (company as lessee).

Accounting Policies

1.13 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 6).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 8).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. The initial measurement of cost of the right-of-use asset includes;
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

1.13 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.14 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.

1.15 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 cost of long-term employee benefits, (those are all other employee benefits other than short term employee benefits and are not expected to be settled within 12 months after the year end after the service is rendered, deferred bonuses and remunerations), are recognised in the period in which the service is rendered on a discounted basis.

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.

Accounting Policies

1.16 Related party

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.

1.17 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.18 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
- Residential

In addition, the company's corporate and administrative functions are managed at corporate level.

The company will from time to time invest/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.

1.19 Distributions

Distributions to linked unit holders are recognised as a liability in the company's financial statements in the period in which the distributions are approved by the board.

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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	1 June 2020	The impact of the amendment is not material.
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020	The impact of the amendment is not material.
• Definition of a business - Amendments to IFRS 3	1 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2022	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 16	1 January 2021	Unlikely there will be a material impact

Notes to the Annual Financial Statements

		2021 P	2020 P

3. Revenue

Revenue from contracts with customers			
Contractual income		97 909 463	77 517 804
Straightline lease rental adjustment		2 344 792	1 475 841
Operating cost recoveries		2 611 661	2 161 823
		102 865 916	**81 155 468**

4. Other operating income

Administration and management fees received		55 918	70 155
Bad debts recovered		254 701	-
Insurance claim (Refer to note 12)		323 988	3 507 035
		634 607	**3 577 190**

5. Other non-operating gains

Gains on disposals			
Property, plant and equipment	13	2 329	-
Investment property		210 000	-
		212 329	**-**

6. Operating profit

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

Auditor's remuneration - external			
Audit fees		311 905	300 850
Employee costs			
Salaries, wages, bonuses and other benefits		11 661 910	8 734 396
Leases			
Operating lease charges			
Premises		177 304	113 845
Equipment		60 282	45 505
		237 586	**159 350**
Depreciation and amortisation			
Depreciation of property, plant and equipment		577 626	668 772
Depreciation of right-of-use assets		471 972	471 971
Total depreciation and amortisation		**1 049 598**	**1 140 743**
Impairment losses			
Investment property		-	3 741 907

Notes to the Annual Financial Statements

		2021 P	2020 P
6. Operating profit (continued)			
Movement in credit loss allowances			
Trade and other receivables		3 011 736	3 311 256
Other			
Consulting and professional fees		3 397 705	3 744 021
Insurance		768 338	703 919
Security		2 481 987	1 408 385
Assessment rates		1 103 048	629 604
Legal expenses		1 933 381	857 525
Repairs and maintenance		1 857 033	1 620 980
7. Finance income			
Interest income			
Investments in financial assets:			
Bank and other cash		2 347 319	7 614 790
8. Finance costs			
Lease liabilities		117 209	147 491
Bank borrowings and interest		15 115 096	16 302 382
Total finance costs		**15 232 305**	**16 449 873**
9. Share of profit from equity accounted investments			
Investment in associate		2 978 328	5 773 534
10. Fair value adjustment of investment properties			
Fair value gains			
Investment property	12	10 076 638	34 785 622
Straightline lease adjustment		(2 344 793)	(1 475 841)
		7 731 845	**33 309 781**

Notes to the Annual Financial Statements

	2021 P	2020 P

11. Taxation

Major components of the tax expense

	2021 P	2020 P
Current		
Attributable to debenture interest credited to statement of changes in equity	10 636 118	9 867 950
Deferred		
Arising from tax losses	(2 810 778)	(8 859 559)
Deferred tax charge	4 246 292	9 627 399
Deferred capital gains tax	(2 864 550)	7 067 073
Arising due to Capital gains tax recoverable from related party	(426 357)	(67 800)
	(1 855 393)	**7 767 113**
	8 780 725	**17 635 063**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2021 P	2020 P
Accounting profit	63 352 791	78 197 798
Tax at the applicable tax rate of 22% (2020: 22%)	13 937 614	17 203 516
Tax effect of adjustments on taxable income		
Effects of fair value surplus	(1 701 006)	(7 328 152)
Expenses not deductable for tax	196 856	405 463
Income from associate not subject to tax	(836 000)	(528 000)
Tax effect due to capital gains	(2 864 550)	7 134 873
Effects from discontinued operations	56 339	393 382
Other permanent differences	(8 528)	353 981
	8 780 725	**17 635 063**

Notes to the Annual Financial Statements

	2021 P	2020 P

12. Investment property

At fair value

	2021 P	2020 P
Freehold properties	126 020 000	53 730 000
Leasehold properties	854 326 000	858 066 000
	980 346 000	911 796 000
Less : Straight line rental adjustment	(21 614 523)	(19 300 337)
	958 731 477	**892 495 663**

	2021 P	2020 P
Reconciliation of fair value:		
At valuation	911 796 000	734 336 000
Straight line lease rental adjustment at the beginning of the year	(19 300 337)	(17 824 497)
Opening fair value	**892 495 663**	**716 511 503**
Additions (new acquisitions) during the year	61 763 817	146 190 000
Existing buildings (Refurbishment)	4 230 152	226 285
Disposals during the year	(7 490 000)	-
Impairment of investment property	-	(3 741 907)
Increase in fair value during the year	10 076 638	34 785 622
Straight line rental adjustment	(2 344 793)	(1 475 840)
	958 731 477	**892 495 663**

The was no impairment in the current financial year. In the prior year, investment property was impaired due to fire, an impairment of 3 741 907 was recorded in the books. The damages were assessed by the insurance company and an amount of 3 734 330 is shown as a receivable.

The fair value of the company's investment properties at 30 June 2021 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 Knight Frank Botswana (Proprietary) Limited. Knight Frank 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 carried out using the comparative and DCF methods (Discounted cashflows with reversion to market rentals).

	2021 P	2020 P

12. Investment property (continued)

Freehold land comprises of:
-Plot 4738 Gaborone
-Plot 6371 Lobatse
-Plot 54060 Gaborone
-Plot 2989 Gaborone

Leasehold properties comprises of:

- Plot 14398 Gaborone	50 year State Grant from 03 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 22033 Gaborone	99 year State Grant from 29 June 1992
- 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 04 February 1994
- Plot 74204 Gaborone	50 year State Grant from 10 October 1997
- Plot 29052 Mahalapye	50 year State Grant from 21 March 2003
- Plot 64260 Gaborone	50 year State Grant from 23 September 2010
- Plot 69365 Gaborone	99 year State Grant from 10 October 1997
- Plot 69368 Gaborone	99 year State Grant from 09 February 1984
- Plot 69369 Gaborone	99 year State Grant from 09 February 1984
- Plot 22047 Gaborone	50 year State Grant from 09 February 1984
- Plot 276 Selebi-Phikwe	50 years State Grant from 28 June 1973

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.

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

	2021 P	2020 P
Minimum lease payments due		
-within one year	99 498 504	88 892 346
-In second to fifth year Inclusive	241 470 184	204 425 218
-later than five years	45 747 091	37 183 800
	386 715 779	**330 501 364**

Amounts recognised in profit and loss for the year

	2021 P	2020 P
Rental income from investment property	(102 865 916)	(81 155 468)
Direct operating expenses from rental generating property	10 573 643	7 077 400
	(92 292 273)	**(74 078 068)**

Notes to the Annual Financial Statements

	2021 P	2020 P

13. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property Improvements	1 216 639	(644 690)	571 949	1 216 639	(401 363)	815 276
Plant and machinery	41 033	(41 033)	-	41 033	(41 033)	-
Motor vehicles	472 114	(377 221)	94 893	472 114	(312 447)	159 667
Office equipment	471 035	(200 827)	270 208	458 392	(154 201)	304 191
IT equipment	896 146	(645 627)	250 519	1 037 589	(748 923)	288 666
Computer software	274 446	(171 088)	103 358	274 446	(145 145)	129 301
Total	**3 371 413**	**(2 080 486)**	**1 290 927**	**3 500 213**	**(1 803 112)**	**1 697 101**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property Improvements	815 276	-	-	(243 327)	571 949
Motor vehicles	159 667	-	-	(64 774)	94 893
Office equipment	304 191	12 643	-	(46 626)	270 208
IT equipment	288 666	163 466	(4 657)	(196 956)	250 519
Computer software	129 301	-	-	(25 943)	103 358
	1 697 101	**176 109**	**(4 657)**	**(577 626)**	**1 290 927**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Leasehold property Improvements	1 027 229	31 375	(243 328)	815 276
Motor vehicles	277 696	-	(118 029)	159 667
Office equipment	350 030	-	(45 839)	304 191
IT equipment	361 737	156 582	(229 653)	288 666
Computer software	161 224	-	(31 923)	129 301
	2 177 916	**187 957**	**(668 772)**	**1 697 101**

Fully depreciated assets in use (cost)

	2021	2020
IT equipment	522 835	481 125
Motor vechicles	232 383	-
Plant and machinery	41 033	41 033
	796 251	**522 158**

Notes to the Annual Financial Statements

	2021 P	2020 P

14. Right of use asset

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

Year ended	**Buildings**	**Buildings**
Opening net book amount - 30 June 2021	1 887 886	-
Adoption of IFRS 16	-	2 359 857
Opening net book amount at 01 July 2020	1 887 886	**2 359 857**
Depreciation	(471 971)	(471 971)
Closing net book vlaue	**1 415 915**	**1 887 886**

Made up as follows;		
Cost	2 359 857	2 359 857
Accumulated depreciation	(943 942)	(471 971)
Net carrying amounts of right-of-use assets	**1 415 915**	**1 887 886**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6).

Buildings	471 972	471 971

Other disclosures

Interest expense on lease liabilities	117 209	147 491

At 30 June 2021, the company is committed to P237 586 (2020: P 159 350-) for short-term leases. This differs from the portfolio of leases for which an expense was recognised in the current financial period.

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	705 420	659 271
Two to five years	776 693	1 468 540
	1 482 113	2 127 811
Less finance charges component	(148 834)	(252 470)
	1 333 279	**1 875 341**
Non-current liabilities	717 770	1 333 279
Current liabilities	615 509	542 062
	1 333 279	**1 875 341**

The table below describes the nature of the company's leasing activities by type of right of use asset recognised on balance sheet. There were no leases with variable payments linked to an index and termination option.

Right of use asset	**No of right of use assets leased**	**Range of remaining term**	**Average remaining lease term**	**No of leases with extension options**	**No of leases with option to purchase**
Buildings	1	3-3.2 years	3.2 years	1	0

	2021 P	2020 P

15. Deferred taxation recoverable - related party

Amount of capital gains tax recoverable from Botswana Development Corporation Limited ("the Vendors") on disposal of investment properties acquired as part of listing.

Capital gains tax recoverable from Botswana Development Corporation Limited	4 698 769	5 125 126

In the year ended 30 June 2011, the company acquired all the investment properties that were held by Botswana Development Corporation Limited.

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. As per the terms of acquisition, vendors have given commitment to the company to reimburse the capital gains tax upon eventual disposal of the property on a future date.

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 2021, calculated on the purchase price of the properties paid by the Company which is recoverable from the Vendors.

16. Investments in associates

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

Name of company	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021	Carrying amount 2020
NBC Developments (Partnership)	33.33 %	33.33 %	42 171 622	42 993 294

Notes to the Annual Financial Statements

	2021 P	2020 P

16. Investments in associates (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	NBC Developments	
	2021	2020
Revenue	14 511 252	15 614 875
Other income and expenses	(4 014 450)	(4 318 234)
Profit (loss) from continuing operations	10 496 802	11 296 641
Total comprehensive income	10 496 802	11 296 641

Summarised Statement of Financial Position	NBC Developments	
	2021	2020
Assets		
Non-current	122 946 700	124 570 387
Current	5 727 475	6 850 467
Total assets	128 674 175	131 420 854
Liabilities		
Current	2 159 308	2 440 971
Total liabilities	2 159 308	2 440 971
Total net assets	126 514 867	128 979 883

Reconciliation of net assets to equity accounted investments in associates	NBC Developments	
	2021	2020
Interest in associates at percentage ownership	42 171 622	42 993 294
Carrying value of investment in associate	42 171 622	42 993 294
Investment at beginning of period	42 993 294	39 619 760
Share of profit	2 978 328	5 773 534
Dividends received from associate	(3 800 000)	(2 400 000)
Investment at end of period	42 171 622	42 993 294

The summarised information presented above is unaudited and unpublished information.

Notes to the Annual Financial Statements

	2021 P	2020 P

17. Investments at fair value

Investments held by the company which are measured at fair value, are as follows:		
Equity investments at fair value through other comprehensive income	6 250 000	6 250 000
Equity investments at fair value through other comprehensive income:		
Mogo'lori Mall (Proprietary) Limited 15% shareholdings of shares and linked debentures.	6 250 000	6 250 000
	6 250 000	**6 250 000**

Fair value information

Refer to note 33 Fair value information for details of valuation policies and processes.

Risk exposure

The investments held by the company expose it to various risks, including credit risk, interest rate risk and price risk. Refer to note 32 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Equity instruments at fair value through other comprehensive income

The specific investments which are measured at fair value through other comprehensive income are as follows:

Investments held at reporting date

	2021 Fair value	2021 Dividends received	2020 Fair value	2020 Dividends received
Mogo'lori Mall (Proprietary) Limited	6 250 000	-	6 250 000	-

18. Trade and other receivables

	2021	2020
Financial instruments:		
Trade receivables	11 190 290	8 831 903
Loss allowance	(7 002 711)	(4 481 838)
Trade receivables at amortised cost	4 187 579	4 350 065
Deposits	189 394	158 394
Other receivable	978 434	3 734 330
Non-financial instruments:		
Prepayments	860 268	784 639
Total trade and other receivables	**6 215 675**	**9 027 428**

Financial instrument and non-financial instrument components of trade and other receivables

	2021	2020
At amortised cost	5 355 407	8 242 789
Non-financial instruments	860 268	784 639
	6 215 675	**9 027 428**

18. Trade and other receivables (continued)

Trade and other receivables pledged as security

The rental income and related receivables from certain properties which have been mortgaged to the bankers are also pledged as security.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due. More information is presented in the risk management note.

Trade receivables arise from rental income. The customer base is spread across commercial, retail, industrial and residential with no specific significant concentration of credit risk from these trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2021	2021	2020	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due	2 613 488	(353 329)	3 370 356	(620 858)
30 - 60 days past due	2 715 021	(1 164 625)	3 087 412	(1 568 558)
More than 90 days past due	5 861 781	(5 484 757)	2 374 135	(2 292 422)
Total	**11 190 290**	**(7 002 711)**	**8 831 903**	**(4 481 838)**

Reconciliation of loss allowances

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

Opening balance in accordance with IFRS 9	**(4 481 838)**	**(1 170 582)**
Amounts recovered	490 863	-
Provision raised on new trade receivables	(3 011 736)	(3 311 256)
Closing balance	**(7 002 711)**	**(4 481 838)**

Notes to the Annual Financial Statements

	2021 P	2020 P

19. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 000	2 000
Bank balances	65 280 882	69 000 836
Short-term deposits	11 456 939	53 588 058
	76 739 821	**122 590 894**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. None of the banks in Botswana are rated, but are subsidiaries of reputed and rated financial institutions in Southern Africa.

20. Non-current assets held for sale

Letlole La Rona Limited entered into a sale agreement with a third party for the sale of Plot 9787 Francistown. The transaction was concluded in April 2021.

Plot 276 Selebi-Phikwe Cresta Bosele Hotel was sold to a third party during the prior year. The transaction was concluded in February 2020.

The revenue and operating expenses relating to the discontinued operations are disclosed below:

Profit and loss

Revenue	721 001	1 908 705
Expenses	(464 916)	(120 607)
Net profit before tax	256 085	1 788 098
Net profit after tax	256 085	1 788 098
	256 085	**1 788 098**

Assets and liabilities

21. Stated capital

Issued		
280 000 000 (2020: 280 000 000) Ordinary shares of no par value	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 22, which are indivisibly linked. It is not possible to trade the shares or the variable rate unsecured debentures separately from one another.

The linked units are listed on the Botswana Stock Exchange Limited.

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.

Notes to the Annual Financial Statements

	2021 P	2020 P

22. Debentures- unit linked

Each Linked Unit in the Company comprises one ordinary share as per note 21, and one variable rate unsecured debenture, which are indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures 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.

The debentures have been sub-ordinated to First National Bank of Botswana Limited for facilities availed.

	2021 P	2020 P
280 000 000 (2020: 280 000 000)	405 113 547	405 113 547

23. Borrowings

	2021 P	2020 P
Held at amortised cost		
First National Bank of Botswana Limited	194 074 034	194 127 999
Bank Gaborone Limited	38 199 388	40 673 024
	232 273 422	**234 801 023**

Split between non-current and current portions

	2021 P	2020 P
Non-current liabilities	228 661 072	231 288 123
Current liabilities	3 612 350	3 512 900
	232 273 422	**234 801 023**

Bank Gaborone Limited

The loan facility of P47.75 million carries interest at prime rate (base rate of the bank) plus 1% currently at 5.25% (2020: 5.75%) per annum. The loan is repayable in 180 months installments and is secured by a first covering mortgage bond of P24 million over Lot 4738 station, Gaborone and first covering mortgage bond of P24 million over Lot 50380, showgrounds, Gaborone.

First National Bank of Botswana Limited

The loan facility is for P230 million split as Tranche A carrying interest at 7.28% and Tranche B carrying interest at 5.25% (2020: 5.75%). The loan is repayable after 5 years from initial drawdown in 2018. The loan is secured by
(i) a first covering mortgage bond for P80 million over Lot 74204, Gaborone.
(ii) a first covering mortgage bond for P82 million over Lot 32084, Gaborone
(iii) a first covering mortgage bond of P137 million over Lot 29052, Mahalapye.
(iv) a first continuing covering mortgage bond of P32.25 million over Lot 22038, Gaborone.
(v) a first continuing covering mortgage bond of P73.5 million over Lot 28911, Gaborone.
(vi) a first continuing covering mortgage bond of P22 million over Lot 14398, Gaborone.
(vii) a first continuing covering mortgage bond of P31.1 million over Lot 64260, Gaborone
(viii) cession of lease rentals in relation to mortgaged properties
(xi) cession of insurance policies and proceeds with regards to mortgaged properties.
(x) cession of receivable balances.

Notes to the Annual Financial Statements

	2021 P	2020 P

24. Deferred tax

Deferred tax liability

	2021 P	2020 P
Capital gains on fair value increase in investment property	(33 762 953)	(36 627 503)
Accelerated capital allowances	(27 080 268)	(23 260 334)
Capital gains on disposal of investment property recoverable from related party	(4 698 769)	(5 125 126)
Total deferred tax liability	**(65 541 990)**	**(65 012 963)**

Deferred tax asset

	2021 P	2020 P
Tax losses available for set off against future taxable income	11 858 968	9 048 190

	2021 P	2020 P
Deferred tax liability	(65 541 990)	(65 012 963)
Deferred tax asset	11 858 968	9 048 190
Total net deferred tax liability	**(53 683 022)**	**(55 964 773)**

Reconciliation of deferred tax asset / (liability)

	2021 P	2020 P
At beginning of year	(55 964 773)	(48 265 459)
Increases in tax loss available for set off against future taxable income	2 810 778	8 859 559
Movement in capital gains tax recoverable/payable to related party	426 357	67 800
Other movements in deferred tax assets and liabilities	1 909 166	(7 128 970)
Capital gains charges to the statement of comprehensive income	(2 864 550)	(9 497 703)
	(53 683 022)	**(55 964 773)**

25. Trade and other payables

	2021 P	2020 P
Financial instruments:		
Trade payables and accruals	3 033 090	3 489 434
Refundable deposit held	11 177 674	6 965 882
Other payables	622 285	553 486
Non-financial instruments:		
Amounts received in advance	2 631 419	1 319 204
Accrued gratuity and leave pay	1 117 055	1 587 156
Value added tax	399 454	68 797
	18 980 977	**13 983 959**

Notes to the Annual Financial Statements

	2021 P	2020 P

26. Earnings per linked unit

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.

The earnings and weighted average number of linked units used in the calculation of earnings per linked unit are as follows:

	2021 P	2020 P
Total profit and comprehensive income for the year	54 828 151	62 350 833
Taxation on debenture interest credited to the income statement	10 636 118	9 867 950
Earnings attributable to linked unit holders	**65 464 269**	**72 218 783**
Weighted average number of linked units in issue for the year	280 000 000	280 000 000
Profit before taxation	63 352 791	78 197 798
Taxation	(8 780 725)	(17 635 063)
Profit from continuing operations	**54 572 066**	**60 562 735**
Profit from discontinued operations	256 085	1 788 098
Profit for the year	**54 828 151**	**62 350 833**

	2021 P	2020 P
Earnings per linked unit from		
Continuing operations (including taxation on debenture interest)	23.29	25.15
Discontinued operations (excluding taxation on debenture interest)	0.09	0.64
Total Earnings per linked unit (thebe)	**23.38**	**25.79**

Basic headline earnings per share (thebe)

The calculation of headline earnings and diluted headline earnings per share is based on the weighted average number of ordinary shares

	2021 P	2020 P
Basic headline earnings per linked unit (thebe)		
Basic headline earnings per share (thebe) - continuing operations	23.38	26.20
Basic headline earnings per share (thebe) - discontinuing operations	0.09	0.64
	23.47	**26.84**

Notes to the Annual Financial Statements

	2021 P	2020 P

26. Earnings per linked unit (continued)

Diluted headline earnings per linked unit (thebe)		
Diluted headline earnings per share (thebe) - continuing operations	23.38	26.20
Diluted headline earnings per share (thebe) - discontinued operations	0.09	0.64
	23.47	**26.84**

Reconciliation between earnings and headline earnings		
Continuing operations	65 208 184	70 430 685
Discontinued operations	256 085	1 788 098
Profit for the year attributable to owners of the company (Pula)	65 464 269	72 218 783
Re-measurement:		
Impairment losses	-	3 741 907
Tax effect on re-measurement	-	(823 220)
	65 464 269	**75 137 470**

Continuing operations		
Reconciliation between earnings and headline earnings		
Continuing operations	65 208 184	70 430 685
Discontinued operations	-	-
Profit for the year attributable to owners of the company (Pula)	65 208 184	70 430 685
Re-measurement:		
Profit on disposal of investment property	210 000	-
Profit on disposal of property,plant and equipment	2 329	-
Impairment losses	-	3 741 907
Tax effect on re-measurement	46 712	(823 220)
	65 467 225	**73 349 372**

Discontinued operations		
Reconciliation between earnings and headline earnings		
Continuing operations	-	-
Discontinued operations	256 085	1 788 098
Profit for the year attributable to owners of the company (Pula)	256 085	1 788 098
	256 085	**1 788 098**

Notes to the Annual Financial Statements

	2021 P	2020 P

27. Debenture interest and dividend payable

	2021 P	2020 P
Debenture interest		
Interim paid - 7.85 (2020: 7.14) thebe	21 993 232	19 993 120
Final declared - 9.41 (2020: 8.88)thebe	26 352 760	24 861 200
Total debenture interest	48 345 992	44 854 320
Dividend		
Interim paid - 0.05 (2020: 0.05) thebe	140 000	140 000
Final declared- 0.05 (2020: 0.05) thebe	140 000	140 000
Total distribution	**48 625 992**	**45 134 320**
Debenture interest and dividend payable		
Debenture interest	(26 352 760)	(24 861 200)
Dividend payable	(140 000)	(140 000)
	(26 492 760)	**(25 001 200)**

28. Dividends and debenture interest

	2021 P	2020 P
Balance at beginning of the year	(25 001 200)	(30 100 000)
Dividends & Debenture Interest	(48 625 992)	(45 134 320)
Balance at end of the year	26 492 760	25 001 200
	(47 134 432)	**(50 233 120)**

29. Tax paid

	2021 P	2020 P
Balance at beginning of the year	1 399 579	646 285
Balance at end of the year	(1 614 021)	(1 399 579)
	(214 442)	**(753 294)**

30. Commitments

Authorised capital expenditure

	2021 P	2020 P
Already contracted for but not provided for		
• Investment property	-	61 500 000

The prior year committed expenditure relates to acquisition of investment property which was financed by available cash reserves.

Notes to the Annual Financial Statements

	2021 P	2020 P

31. Related parties

Parties are considered related when one has power, through ownership, contractual right, family relationship, or otherwise, to directly or indirectly control or significantly influence the other party. Parties also are related when they are under the common control or significant influence of a third party.

Botswana Development Corporation Limited owns 40% of the issued linked units of the Company as at 30 June 2021 (2020: 40%)

Grit services Limited owns 30% of the issued linked units of the company as at 30 June 2021 (2020: 30%).

During the year the Company entered into the following trading transactions with related parties and had the following balances with related parties.

Relationships

Shareholders	Botswana Development Corporation Limited Grit Services Limited
Associates	Refer to note 16
Board of directors	Refer to page 1
Members of key management	Mr C Shenjere-Mutiswa (Former CEO, 01 July 2020 to 18 September 2020) Ms Kamogelo Mowaneng (Acting CEO, 26 August 2020 to date) Mr B Nlumbile (Property Manager) Mr B Mokotedi (Acting CEO From 26 May to 26 August 2020)

Related party balances

	2021 P	2020 P
Deferred tax recoverable from related party		
Botswana Development Corporation Limited	4 698 769	5 125 126

Related party transactions

	2021 P	2020 P
Dividend received/Distribution income		
NBC Partnership	3 800 000	2 400 000
Share of profit from partnership		
NBC Partnership	2 978 328	5 773 534
Dividend and debenture interest paid		
Botswana Development Corporation Limited	19 623 722	18 559 251
Grit Services Limited	14 588 028	13 539 960
	34 211 750	**32 099 211**
Directors' emoluments		
Directors fees	2 842 913	1 998 687
Remuneration paid to members of key management		
Short term employee benefits	4 611 949	4 098 340
Post-employment benefit	344 996	585 591
	4 956 945	**4 683 931**

Notes to the Annual Financial Statements

32. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total
Investments at fair value	17	6 250 000	-	6 250 000
Trade and other receivables	18	-	5 355 407	5 355 407
Cash and cash equivalents	19	-	76 737 821	76 737 821
		6 250 000	**82 093 228**	**88 343 228**

2020

	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total
Investments at fair value	17	6 250 000	-	6 250 000
Trade and other receivables	18	-	8 242 789	8 242 789
Cash and cash equivalents	19	-	122 588 894	122 588 894
		6 250 000	**130 831 683**	**137 081 683**

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Total
Trade and other payables	25	14 833 049	14 833 049
Borrowings	23	232 273 422	232 273 422
Lease liabilities	14	1 333 279	1 333 279
		248 439 750	**248 439 750**

2020

	Note(s)	Amortised cost	Total
Trade and other payables	25	11 008 808	11 008 808
Borrowings	23	234 801 023	234 801 023
Lease liabilities	14	1 875 341	1 875 341
		247 685 172	**247 685 172**

Notes to the Annual Financial Statements

		2021 P	2020 P

32. Financial instruments and risk management (continued)

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 2021, the Company had interest bearing borrowings of P 232 273 422 (2020: 234 801 024).

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

		2021 P	2020 P
Borrowings	23	232 273 422	234 801 023
Cash and cash equivalents	19	(76 739 821)	(122 590 895)
Net borrowings		**155 533 601**	**112 210 128**
Equity		787 979 282	744 056 542
Gearing ratio		20 %	15 %

Financial risk management

Overview

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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the board of directors.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The audit committee is responsible for monitoring compliance with the company's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to risks faced by the company. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk.

Credit risk

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

The company is exposed to credit risk on debt instruments at fair value through other comprehensive income, trade and other receivables, and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring at the inception of the lease agreement. The company evaluates credit worthiness of its tenants through several mechanism and only deals with reputable counterparties with consistent payment histories. Deposits are also obtained when necessary. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

Notes to the Annual Financial Statements

32. Financial instruments and risk management (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is operating, external credit references etc. If amounts are 30 days past due, then the credit risk is assumed to have increased since initial recognition.

Where necessary, the assessment for an increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

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

		2021			2020		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Trade and other receivables (excluding non-financial instruments	18	12 358 118	(7 002 711)	5 355 407	12 724 627	(4 481 838)	8 242 789
Cash and cash equivalents	19	76 739 821	-	76 739 821	122 590 894	-	122 590 894
		89 097 939	**(7 002 711)**	**82 095 228**	**135 315 521**	**(4 481 838)**	**130 833 683**

32. Financial instruments and risk management (continued)

Liquidity risk

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

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

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

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2021

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	23	-	2 814 403	202 676 677	23 169 992	228 661 072	228 661 072
Lease liabilities		-	-	717 770	-	717 770	717 770
Current liabilities							
Trade and other payables		14 833 049	-	-	-	14 833 049	14 833 049
Borrowings	23	3 612 350	-	-	-	3 612 350	3 612 350
Lease liabilities		615 509	-	-	-	615 509	615 509
Dividend and distribution payable	27	26 492 760	-	-	-	26 492 760	26 492 760
		45 553 668	**2 814 403**	**203 394 447**	**23 169 992**	**274 932 510**	**274 932 510**

2020

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	23	-	2 927 293	202 373 828	25 987 002	231 288 123	231 288 123
Lease liabilities		-	630 649	702 630	-	1 333 279	1 333 279
Current liabilities							
Trade and other payables	25	11 008 802	-	-	-	11 008 802	11 008 802
Borrowings	23	3 512 900	-	-	-	3 512 900	3 512 900
Lease liabilities		542 062	-	-	-	542 062	542 062
Dividend and distribution payable	27	25 001 200	-	-	-	25 001 200	25 001 200
		40 064 964	**3 557 942**	**203 076 458**	**25 987 002**	**272 686 366**	**272 686 366**

Notes to the Annual Financial Statements

32. Financial instruments and risk management (continued)

Interest rate risk

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

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

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

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.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2021	2021	2020	2020
Increase or decrease in rate by 10%	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Net finance income and finance costs	1 288 499	(1 288 499)	883 508	(883 508)

Notes to the Annual Financial Statements

		2021 P	2020 P

33. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Note(s)	2021 P	2020 P
Investment property			
Investment property	12	958 731 477	892 495 663
Financial assets at fair value through other comprehensive income			
Investments at fair value	17	6 250 000	6 250 000
Total		**964 981 477**	**898 745 663**

Notes to the Annual Financial Statements

33. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Fair value adjustment	Straight line rental adjustment	Additions	Impairment	Disposals during the year	Closing balance
2021								
Assets								
Investment property	12							
Investment property		892 495 663	10 076 638	(2 344 793)	65 993 969	-	(7 490 000)	958 731 477
Fair value through other comprehensive income	17							
Investments at fair value in unlisted entities		6 250 000	-	-	-	-	-	6 250 000
Total		**898 745 663**	**10 076 638**	**(2 344 793)**	**65 993 969**	**-**	**(7 490 000)**	**964 981 477**
2020								
Assets								
Investment property	12							
Investment property		716 511 503	34 785 623	(1 475 841)	146 416 285	(3 741 907)	-	892 495 663
Fair value through other comprehensive income	17							
Investments at fair value in unlisted entities		6 250 000	-	-	-	-	-	6 250 000
Total		**722 761 503**	**34 785 623**	**(1 475 841)**	**146 416 285**	**(3 741 907)**	**-**	**898 745 663**

Notes to the Annual Financial Statements

33. Fair value information (continued)

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

Valuation process

The fair value of the company's investment properties at 30 June 2021 has been carried out using the comparative DCF methods (Discounted cashflows with reversion to market rentals. The valuation was carried out by Knight Frank Botswana (Proprietary) Limited. Knight Frank 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, In undertaking our valuation of the Property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, covenant terms and other material factors. We have used MRI (Cougar) software to process the DCF valuation. The software takes into account the following assumptions;

- That passing rents run and are indexed each year in line with and until the end of lease contracts
- Anticipated take up of vacant space based on current negotiations
- A running void of 2,5% for both investment buildings
- 2.5 % growth in market rents per year
- The net operating costs as detailed in the report
- Budgeted capital expenditure allocated to the improvements
- 10 year holding period
- All risk reversion yields of between 8% and 9%
- Discount rates between 10.25% and 11%

The fair value of investments in unlisted entities measured through other comprehensive income is determined based on inputs that the management receives. At the year end, the fair value of this investment is estimated to be no different from the cost due to the timing of the investment coupled with the underlying business operations of the investee company which has not changed significantly from the time the investment was initially made.

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 dependent on various market factors including location of properties, interest rates, length of leases and quality of tenants.

Valuation techniques	Unobservable input	Range
Discounted cash flow	Capitalisation rate	8.5%-11%

34. Going concern

In assessing the going concern of the company, the directors did consider the uncertainty of the future impact of the COVID-19 pandemic. Thus far, management has observed a minimal material impact on the business due to COVID-19.

The company continues to monitor the situation closely and performs various sensitivity analysis on its liquidity, solvency and profitability to assess its requisite levels of preparedness for the effects of COVID-19 going forward. COVID-19 pandemic had impacted the profitability of the company for the year ending 30 June 2021 in respect of the valuations of the properties. Although there was no impairment of investment properties, the growth in the property valuations were not within their normal rates of 4% and 6%. During the current year, the investment property portfolio grew by 2%, when excluding acquisitions and disposals made. The pandemic is still present but declining as the government works tirelessly to vaccinate the population.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company.

35. Events after the reporting period

We are not aware of any events which occurred after the reporting date and up to the date of the report.

Notes to the Annual Financial Statements

36. 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.

Segmental Statement Financial Position at 30 June 2021	Corporate P	Commercial & Retail P	Leisure P	Industrial P	Residential P	Total P
Non-current Assets						
Investment Property including straight lining of rental income	-	248 450 000	7 586 000	677 110 000	47 200 000	980 346 000
Property Plant and Equipment	1 290 927	-	-	-	-	1 290 927
Right Use of Asset	1 415 915	-	-	-	-	1 415 915
Investment in Associate	42 171 622	-	-	-	-	42 171 622
Investments at fair value	6 250 000	-	-	-	-	6 250 000
Deferred Tax	11 858 968	-	-	-	-	11 858 968
Deferred tax recoverable-related party	4 698 769	-	-	-	-	4 698 769
	67 686 201	**248 450 000**	**7 586 000**	**677 110 000**	**47 200 000**	**048 032 201**
Current Assets						
Taxation refundable	1 614 021	-	-	-	-	1 614 021
Trade and other receivables	2 028 096	777 517	-	3 327 750	82 312	6 215 675
Cash and cash equivalents	76 739 821	-	-	-	-	76 739 821
Total assets	**148 068 139**	**249 227 517**	**7 586 000**	**680 437 750**	**47 282 312**	**132 601 718**

Segmental Statement Financial Position at 30 June 2020	Corporate P	Commercial & Retail P	Leisure P	Industrial P	Residential P	Total P
Non-current Assets						
Investment property including straight lining of rental income	-	246 260 000	7 586 000	610 000 000	47 950 000	911 796 001
Property Plant and equipment	1 697 101	-	-	-	-	1 697 101
Right Use of Asset	1 887 886	-	-	-	-	1 887 886
Investment in Associate	42 993 294	-	-	-	-	42 993 294
Investments at fair value	6 250 000	-	-	-	-	6 250 000
Deferred Tax	9 048 190	-	-	-	-	9 048 190
Deferred tax recoverable-related party	5 125 126	-	-	-	-	5 125 126
	67 001 597	246 260 000	7 586 000	610 000 000	47 950 000	978 797 598
Current Assets						
Taxation refundable	1 399 579	-	-	-	-	1 399 579
Trade and other receivables	386 806	1 753 225	180	6 473 879	413 337	9 027 428
Cash and cash equivalents	122 590 895	-	-	-	-	122 590 894
Total assets	**191 378 877**	**248 013 225**	**7 586 180**	**616 473 879**	**48 363 337**	**1 111 815 499**

Due to the pooling of funds, all liabilities in the statement of financial position are corporate liabilities.

36. Segmental reporting (continued)

Segmental Statement of Comprehensive Income for the year ended 30 June 2021	Corporate	Commercial & Retail	Leisure	Industrial	Residential	Total
	P	P	P	P	P	P
Segment revenue-rental income	-	24 875 555	-	73 460 754	4 529 607	102 865 916
Other operating income	168 074	-	-	323 988	142 545	634 607
Movement in Credit loss allowances	(3 011 736)	-	-	-	-	(3 011 736)
Profit on sale of Investment Property	-	-	-	210 000	-	210 000
Profit on sale of Plant & Equipment	2 329	-	-	-	-	2 329
Property related expenses	-	(2 572 579)	-	(6 776 396)	(1 224 669)	(10 573 644)
Administration expenses	(24 183 213)	(108 501)	-	(266 665)	(41 489)	(24 599 868)
Operating Profit	(27 024 546)	22 194 475	-	66 741 681	3 405 994	65 527 604
Finance income	2 347 319	-	-	-	-	2 347 319
Finance costs	(1 994 984)	(11 175 616)	-	(2 061 705)	-	(15 232 305)
Share of profit from Associate	2 978 328	-	-	-	-	2 978 328
Fair value gain on investment property net of adjustment resulting from straight lining	-	(693 050)	-	9 524 167	(1 099 272)	7 731 845
Profit before tax	(23 693 883)	10 325 809	-	74 204 143	2 306 722	63 352 791
Income tax	(8 780 725)	-	-	-	-	(8 780 725)
Profit from continuing operations	(32 474 608)	10 325 809	-	74 204 143	2 306 722	54 572 066
Discontinued operations						
Profit from discontinued operations	-	-	-	256 085	-	256 085
Profit for the year	**(32 474 608)**	**10 325 809**	**-**	**74 460 228**	**2 306 722**	**54 828 151**

Segmental Statement of Comprehensive Income for the year ended 30 June 2020	Corporate	Commercial & Retail	Leisure	Industrial	Residential	Total
	P	P	P	P	P	P
Segmental revenue-rental income	-	25 177 614	-	51 793 139	4 184 715	81 155 468
Other operating income	2 525	11 400	-	3 528 635	34 630	3 577 190
Movement in Credit loss allowances	(3 311 256)	-	-	-	-	(3 311 256)
Impairment loss on investment property	-	-	-	(3 741 907)	-	(3 741 907)
Property related expenses	-	(2 614 606)	-	(3 194 634)	(1 268 160)	(7 077 400)
Administrative expenses	(22 652 529)	-	-	-	-	(22 652 529)
Net rental and related revenue	**(25 961 260)**	**22 574 408**	**-**	**48 385 233**	**2 951 185**	**47 949 566**
Finance income	7 614 790	-	-	-	-	7 614 790
Finance costs	(3 609 426)	(10 619 499)	-	(2 220 948)	-	(16 449 873)
Share of profit from equity accounting investments	5 773 534	-	-	-	-	5 773 534
Fair value gain on investment property net of adjustment	-	(2 835 750)	-	36 174 145	(28 614)	33 309 781
Profit before tax	**(16 182 362)**	**9 119 159**	**-**	**82 338 430**	**2 922 571**	**78 197 798**
Income tax expense	(17 635 063)	-	-	-	-	(17 635 063)
Profit from continuing operations	**(33 817 425)**	**9 119 159**	**-**	**82 338 430**	**2 922 571**	**60 562 735**
Discountinued operations						
Profit from discounted operations	-	-	1 788 098	-	-	1 788 098
Profit for the year	**(33 817 425)**	**9 119 159**	**1 788 098**	**82 338 430**	**2 922 571**	**62 350 833**

Letlole La Rona Limited

(Registration number BW00001394482)
Annual Financial Statements for the year ended 30 June 2021

Detailed Income Statement

	Note(s)	2021 P	2020 P
Continuing operations			
Revenue			
Contractual income		97 909 463	77 517 804
Straightline lease rental adjustment		2 344 792	1 475 841
Operating cost recoveries		2 611 661	2 161 823
	3	**102 865 916**	**81 155 468**
Other operating income			
Administration and management fees received		55 918	70 155
Bad debts recovered		254 701	-
Other income		323 988	3 507 035
	4	**634 607**	**3 577 190**
Other operating gains (losses)			
Profit on disposal of property, plant and equipment		212 329	-
Movement in credit loss allowances	6	(3 011 736)	(3 311 256)
Impairment	6	-	(3 741 907)
Expenses (Refer to page 56)		**(35 173 512)**	**(29 729 929)**
Operating profit	6	**65 527 604**	**47 949 566**
Finance income	7	2 347 319	7 614 790
Finance costs	8	(15 232 305)	(16 449 873)
Share of profit from equity accounted investments		2 978 328	5 773 534
Fair value adjustment of investment properties			
Fair value adjustment of investment properties		7 731 845	33 309 781
Profit before taxation		**63 352 791**	**78 197 798**
Taxation	11	(8 780 725)	(17 635 063)
Profit for the year from continuing operations		**54 572 066**	**60 562 735**
Discontinued operations		256 085	1 788 098
Profit for the year		**54 828 151**	**62 350 833**

Detailed Income Statement

	Note(s)	2021 P	2020 P
Other operating expenses			
AGM expenses		(10 735)	(100 465)
Advertising		(270 395)	(295 706)
Auditors remuneration - external auditors	6	(311 905)	(300 850)
Annual report cost		(291 256)	(136 223)
Bank charges		(64 812)	(67 457)
BSE Sustaining fee		(150 580)	(136 600)
Cleaning		(162 725)	(54 512)
Commission paid		(326 653)	-
Computer expenses		(218 544)	(188 763)
CSDC Fees		(13 753)	(10 000)
Consulting and professional fees		(3 397 705)	(3 744 021)
Legal fees		(1 933 381)	(857 525)
Depreciation		(1 049 598)	(1 140 743)
Directors fees		(2 842 913)	(1 998 687)
Employee costs		(11 661 910)	(8 734 396)
Entertainment		(62 890)	(102 410)
Property management costs		(219 999)	(227 255)
Fees Letting		-	(36 921)
Corporate social responsibility		(102 193)	(1 101 694)
Fines and penalties		-	(292 168)
Garden		(1 748 162)	(1 533 636)
Insurance		(768 338)	(703 919)
Lease rentals on operating lease		(237 586)	(159 350)
Levies		(155 477)	(102 568)
Motor vehicle expenses		(31 293)	(40 634)
Municipal expenses		(2 096 992)	(1 316 775)
Other expenses		(348 203)	(226 855)
Refuse collection		(199 561)	(155 831)
Pest control		(18 015)	(49 509)
Postage		(27 064)	(38 370)
Printing and stationery		(56 876)	(64 237)
Repairs and maintenance		(1 857 033)	(1 620 980)
Secretarial fees		(409 664)	(527 930)
Security		(2 481 987)	(1 408 385)
Staff welfare		(71 823)	(12 583)
Subscriptions		(470 956)	(322 120)
Telephone and fax		(176 369)	(371 824)
Training		(69 307)	(172 079)
Travel - local		(39 204)	(618 427)
Trustees fees		(25 278)	(19 615)
Valuation fees		(792 377)	(737 906)
		(35 173 512)	**(29 729 929)**

The supplementary information presented does not form part of the annual financial statements and is unaudited