THE FAR PROPERTY COMPANY LIMITED

(Registration number: CO2010/6009)

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

THE FAR PROPERTY COMPANY LIMITED
CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

COMPANY INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property and asset management
Directors	Ottapathu Ramachandran Vidya Sanooj Festus G Mogae Reetsang W Mokgatlhe Robert N Matthews Faizel Ismail Priyalal De Silva
Registered office	Plot 50370 Acumen Park Fairgrounds Office Park Gaborone Botswana
Business address	Plot 880 Gaborone International Commerce Park East Gate Kgale View Gaborone Botswana
Postal address	P.O. Box AD65 AEG, Station Gaborone Botswana
Bankers	Barclays Bank Botswana Limited Capital Bank Botswana Limited First National Bank of Botswana Limited Standard Chartered Bank Botswana Limited BIFM Capital Investment Fund One (Proprietary) Limited Investec Bank Limited Standard Bank South Africa Limited Barclays Bank Zambia Limited
Auditors	Pricewaterhouse Coopers Gaborone
Secretary	Grant Thornton Business Services (Proprietary) Limited
Registration number	CO2010/6009
Functional currency	Botswana Pula "P"

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THE FAR PROPERTY COMPANY LIMITED

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
for the year ended 30 June 2019

The directors of The FaR Property Company Limited are responsible for the consolidated and separate financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board.

The Group maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Group assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the consolidated and separate financial statements. The directors have no reason to believe that the Company and Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the board of directors.

The financial statements set out on pages 10 to 60 and the supplementary information on Annexure I, were authorised for issue by the board of directors on 20 September 2019 and are signed on its behalf by:

Priyalal De Silva

....	....
Director	Director

pwc

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF THE FAR PROPERTY COMPANY LIMITED

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of The FaR Property Company Limited (the "Company") and its subsidiaries (together the "Group") as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The FaR Property Company Limited's consolidated and separate financial statements set out on pages 10 to 60 comprise:

- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

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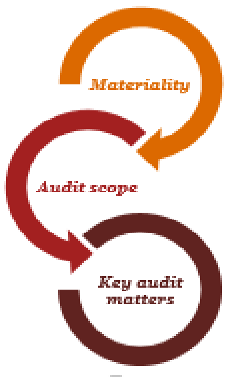
Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena

Our audit approach
Overview



Overall group materiality

- Overall group materiality: P 6,398,000, which represents 0.75% of consolidated net assets.

Group audit scope

Group audit scope has been determined based on indicators such as the contribution to the consolidated net assets by each component. The Group consists of four components, which includes the Company and three wholly owned subsidiaries. We performed a full scope audit on the holding company, which we considered to be the single financially significant component. On the South African subsidiary, Qtique 79 (Proprietary) Limited, we performed audit procedures on certain account balances and transactions based on materiality and the risk associated with these account balances and transactions. Analytical review procedures were performed on the two insignificant components.

Key Audit Matters

- Valuation of Investment Property

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*P 6,398,000*
How we determined it	*0.75% of the consolidated net assets*
Rationale for the materiality benchmark applied	*We chose consolidated net assets as the benchmark because, in our view, the net assets value and the distribution yield, which is distribution divided by the consolidated net assets, are the key criteria against which the performance of the Group is most commonly measured by users. We chose 0.75%, which is lower than the normal quantitative materiality thresholds used for similar companies in this sector, because the Group has significant exposure to third party liabilities, with related debt covenant requirements.*

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and three wholly owned subsidiaries, all of which we considered to be individual components for purposes of our group audit. Our scoping assessment included consideration of the financial significance of each component as well as taking into consideration the sufficiency of work planned to be performed over material line items in the consolidated financial statements. We identified the Company to be the only financially significant component in the Group based on its contribution to the consolidated net assets. We also included the South African subsidiary, Qtique 79 (Proprietary) Limited, in the scope of our group audit based on indicators such as the subsidiary's contribution to consolidated net assets. The remainder of the components were considered to be insignificant to the Group individually and in aggregate.

For the financially significant component, which is the holding company, we performed a full scope audit and for the other in-scope component, we performed audit procedures on certain account balances and transactions based on materiality and the risk associated with these account balances and transactions. Analytical review procedures were performed on insignificant components. All audit work was performed by the Group engagement team and did not require involvement of component auditors. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

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

Key audit matter	***How our audit addressed the key audit matter***
Valuation of Investment Property The Group accounts for investment properties at fair value in both its consolidated and separate financial statements.	We assessed the competence and capabilities of the independent valuers by verifying their qualifications and past experience. We also determined whether there are any matters that

Key audit matter	*How our audit addressed the key audit matter*
The carrying values of investment properties for the Group and Company at 30 June 2019 were BWP1,481,019,203 and BWP1,142,728,622, respectively (refer Note 3 - Investment Property). The fair value adjustment recorded in net profit before tax in respect of investment properties for the Group and Company amounted to a P6,917,117 gain and a P10,643,564 loss, respectively. At 30 June 2019, the Group's valuation of the portfolio of properties was based on valuations carried out by independent valuers, using valuation techniques such as the sales comparison, depreciated replacement cost and income capitalisation methods. These valuation techniques incorporate unobservable inputs such as future rental cash inflows, capitalisation rates, direct comparable sales, rent escalation rates, build rates and discount rates as set out in Note 3 – Investment Property. Significant judgement is required to determine the fair value of investment properties, especially with respect to the determination of unobservable inputs to be utilised. We therefore considered the valuation of Investment Property to be a matter of most significance to the current year audit due to the magnitude of the balances, combined with the significant assumptions associated with determining the fair values. *This key audit matter relates to the consolidated and separate financial statements.*	might have affected their objectivity or may have imposed scope limitations upon the work performed by them. In doing so, we obtained written confirmation from the valuers that: • all professional staff involved in the valuation process are in good standing with relevant professional bodies; • they are free from any direct or indirect shareholding or financial interest in the Group; • the Group did not place any restrictions on the valuation process; and • they are not aware of any information relevant to the valuation which had been withheld by the Group. We found no evidence to suggest that valuers are not appropriately qualified or experienced or that their objectivity in performance of the valuation was compromised. We compared the valuation techniques used by the independent valuers against IFRS guidance and industry norms to confirm that the methodologies were appropriate under the circumstances. The valuation methods were comparable to those typically used in the market. We tested a sample of data inputs used in the independent valuations. For example, we agreed future rental cash inflows and rent escalation rates to appropriate supporting documentation (such as rental agreements, business plans and historical performance) to assess the accuracy and completeness thereof. We also compared a sample of direct comparable sales values, rent escalation rates and build rates utilised in the valuation to those generally used in the market for similar properties and rates used in historical valuations. The data inputs used in the independent valuations were found to be reasonable and were applied consistently in comparison to the prior year. We compared the capitalisation rates utilised in the valuation to those generally used in the market for similar properties, rates used in historical valuations, general market factors (such as comparable long-bond yield rates) and

Key audit matter	How our audit addressed the key audit matter
	property specific risk factors. These inputs were found to be within a reasonable range.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The FaR Property Company Limited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2019", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "FaR Property Integrated Annual Report 2019", which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial 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 Group's and 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the 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.

PricewaterhouseCoopers

Individual practicing member: Rudi Binedell — **Gaborone**
Registration number: 20040091 — **20 September 2019**

THE FAR PROPERTY COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 30 June 2019

Figures in Pula	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Assets					
Non-current Assets					
Investment property	**3**	**1,481,019,203**	1,357,665,459	**1,142,728,622**	1,134,808,771
Property, plant and equipment	**4**	**627,733**	802,202	**349,418**	497,354
Investments in subsidiaries	**5**	**-**	-	**25,416,533**	2,415,821
Operating lease asset	**3**	**42,311,214**	47,723,071	**39,912,404**	42,394,439
Deferred income tax assets	**8**	**4,631,556**	3,991,504	**-**	-
		1,528,589,706	1,410,182,236	**1,208,406,977**	1,180,116,385
Current Assets					
Related party receivables	**6**	**9,095,734**	5,218,299	**102,770,264**	101,767,284
Operating lease asset	**3**	**11,017,855**	6,072,690	**8,765,105**	5,327,286
Trade and other receivables	**9**	**19,732,488**	14,942,670	**10,907,510**	10,629,806
Cash and cash equivalents	**10**	**13,738,493**	15,315,488	**7,694,618**	11,258,351
		53,584,570	41,549,147	**130,137,497**	128,982,727
Total Assets		**1,582,174,276**	1,451,731,383	**1,338,544,474**	1,309,099,112
Equity and Liabilities					
Equity Attributable to Equity Holders of Parent					
Stated capital	**11**	**405,818,336**	388,510,384	**405,818,336**	388,510,384
Foreign currency translation reserve		**(10,479,453)**	(11,133,459)	**-**	-
Retained income		**457,779,166**	419,996,382	**374,887,337**	351,703,188
		853,118,049	797,373,307	**780,705,673**	740,213,572
Liabilities					
Non-Current Liabilities					
Borrowings	**12**	**435,636,544**	302,380,187	**306,148,678**	248,964,014
Deferred income tax liabilities	**8**	**75,292,039**	90,379,037	**51,379,827**	68,423,490
		510,928,583	392,759,224	**357,528,505**	317,387,504
Current Liabilities					
Related party payables	**6**	**-**	-	**132,293**	94,126
Borrowings	**12**	**78,092,017**	150,572,400	**68,696,497**	147,591,867
Trade and other payables	**13**	**16,726,396**	15,988,207	**12,771,160**	12,977,895
Distribution payable	**29**	**71,510,176**	49,004,494	**71,510,176**	49,004,494
Current tax payable		**4,598,885**	5,402,834	**-**	1,198,737
Bank overdraft	**10**	**47,200,170**	40,630,917	**47,200,170**	40,630,917
		218,127,644	261,598,852	**200,310,296**	251,498,036
Total Liabilities		**729,056,227**	654,358,076	**557,838,801**	568,885,540
Total Equity and Liabilities		**1,582,174,276**	1,451,731,383	**1,338,544,474**	1,309,099,112

THE FAR PROPERTY COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 30 June 2019

		Group		Company	
Figures in Pula	**Notes**	**2019**	**2018**	**2019**	**2018**
Revenue	**15**	**145,481,001**	134,833,002	**112,860,176**	107,165,965
Other income	**21**	**21,617,152**	16,105,400	**15,721,334**	11,482,681
Operating expenses		**(33,763,455)**	(30,732,826)	**(19,016,725)**	(17,382,367)
Operating profit	**16**	**133,334,698**	120,205,576	**109,564,785**	101,266,279
Finance income	**17**	**522,981**	3,172,762	**12,701,377**	14,007,960
Finance costs	**18**	**(46,443,852)**	(41,018,031)	**(32,939,159)**	(33,297,340)
Net income from operations		**87,413,827**	82,360,307	**89,327,003**	81,976,899
Investment property fair value adjustment	**19**	**6,917,117**	(46,124,272)	**(10,643,564)**	(30,871,128)
Profit before income tax		**94,330,944**	36,236,035	**78,683,439**	51,105,771
Income tax credit / (charge)	**20**	**14,962,016**	3,013,924	**16,010,886**	(107,786)
Profit for the year attributable to linked unitholders		**109,292,960**	39,249,959	**94,694,325**	50,997,985
Other comprehensive income, net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		654,006	(2,585,403)	-	-
Comprehensive income for the year attributable to linked unitholders		**109,946,966**	36,664,556	**94,694,325**	50,997,985
Weighted average Linked units in issue at end of year	**30**	**404,411,057**	394,764,190	**404,411,057**	394,764,190
Basic earnings per linked unit attributable to linked unitholders	**30**	**0.27**	0.10	**0.23**	0.13

THE FAR PROPERTY COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2019

Figures in Pula	Stated capital	Foreign currency translation reserve	Retained income	Total equity
GROUP				
Balance at 1 July 2017	**341,018,021**	**(8,548,056)**	**429,750,917**	**762,220,882**
Profit for the year	-	-	39,249,959	**39,249,959**
Other comprehensive income	-	(2,585,403)	-	**(2,585,403)**
Total comprehensive income for the year	**-**	(2,585,403)	**39,249,959**	**36,664,556**
Issue of shares	**47,492,363**	-	-	**47,492,363**
Distribution declared	-	-	**(49,004,494)**	**(49,004,494)**
Balance at 30 June 2018	**388,510,384**	**(11,133,459)**	**419,996,382**	**797,373,307**
Balance at 1 July 2018	**388,510,384**	**(11,133,459)**	**419,996,382**	**797,373,307**
Profit for the year	-	-	109,292,960	**109,292,960**
Other comprehensive income	-	654,006	-	**654,006**
Total comprehensive income for the year	-	**654,006**	**109,292,960**	**109,946,966**
Issue of shares	**17,307,952**	-	-	**17,307,952**
Distribution declared	-	-	**(71,510,176)**	**(71,510,176)**
Balance at 30 June 2019	**405,818,336**	**(10,479,453)**	**457,779,166**	**853,118,049**
COMPANY				
Balance at 1 July 2017	341,018,021	-	349,709,697	**690,727,718**
Profit for the year	-	-	50,997,985	**50,997,985**
Total comprehensive income for the year	-	-	50,997,985	**50,997,985**
Issue of shares	**47,492,363**			**47,492,363**
Distribution declared	-	-	**(49,004,494)**	**(49,004,494)**
Balance at 30 June 2018	**388,510,384**	**-**	**351,703,188**	**740,213,572**
Balance at 1 July 2018	388,510,384	-	351,703,188	**740,213,572**
Profit for the year	-	-	94,694,325	**94,694,325**
Total comprehensive income for the year	-	-	94,694,325	**94,694,325**
Issue of shares	**17,307,952**			**17,307,952**
Distribution declared	-	-	**(71,510,176)**	**(71,510,176)**
Balance at 30 June 2019	**405,818,336**	**-**	**374,887,337**	**780,705,673**

THE FAR PROPERTY COMPANY LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 30 June 2019

		Group		Company	
Figures in Pula	**Notes**	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities					
Cash generated from operations	**22**	**127,895,114**	127,831,743	**103,619,725**	52,656,171
Finance income	**17**	**522,981**	3,172,762	**12,701,377**	14,007,960
Finance costs		**(46,443,852)**	(44,574,839)	**(32,939,159)**	(34,864,769)
Tax paid	**23**	**(2,076,983)**	(4,837)	**(2,231,514)**	(4,837)
Net cash generated from operating activities		**79,897,260**	86,424,829	**81,150,429**	31,794,525
Cash flows from investing activities					
Purchase of property, plant and equipment	**4**	**(79,000)**	(588,377)	**(79,000)**	(291,418)
Purchase of investment properties	**3**	**(117,072,664)**	(117,999,511)	**(20,363,415)**	(79,038,605)
Proceeds from disposal of property , plant and equipment		**115,637**	103,466	**123,564**	143,750
Investment in subsidiary	**5**	**-**	-	**-**	(15,728)
Proceeds from disposal of investment properties	**3**	**1,800,000**	-	**1,800,000**	-
Funds advanced to subsidiaries	**6**	**-**	-	**(23,046,789)**	13,627,988
Repayment of loans to subsidiaries	**6**	**-**	-	**3,689,473**	-
Net cash used in investing activities		**(115,236,027)**	(118,484,422)	**(37,876,167)**	(65,574,013)
Cash flows from financing activities					
Proceeds from borrowings		**123,788,229**	117,160,681	**37,000,000**	111,145,056
Repayment of borrowings		**(64,614,669)**	(163,737,932)	**(58,710,706)**	(159,418,370)
Distribution paid	**29**	**(31,696,542)**	(4,529,637)	**(31,696,542)**	(4,529,637)
Net cash flow from/(used in) financing activities		**27,477,018**	(51,106,888)	**(53,407,248)**	(52,802,951)
Net change in cash and cash equivalents		**(7,861,749)**	(83,166,481)	**(10,132,986)**	(86,582,439)
Cash and cash equivalents at beginning of year		**(25,315,429)**	58,246,995	**(29,372,566)**	57,209,873
Effects of exchange rate changes on cash and cash equivalents		**(284,499)**	(395,943)	**-**	-
Cash and cash equivalents at end of year	**10**	**(33,461,677)**	(25,315,429)	**(39,505,552)**	(29,372,566)

General information

The FaR Property Company Limited ('the Company') engages in the business of property rental and asset management. The Company is a limited liability company incorporated and domiciled in Botswana. The physical address of the Company's registered office is Plot 50370, Acumen Park, Fairgrounds office park, Gaborone.

The financial statements set have been approved by the board of directors on 20 September 2019.

1. Presentation of Consolidated Annual Financial Statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated and separate annual financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated annual financial statements have been prepared on 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 the Group's functional currency, Botswana Pula. These accounting policies are consistent with the previous period unless otherwise stated.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the Company and all entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

Where a subsidiary is disposed of, the investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

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

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

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

1.1 Consolidation (continued)

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

Goodwill

The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of goodwill is assessed annually for impairment. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Common control transactions

Business combinations which result from transactions between the holding Company and its subsidiaries or between subsidiaries of the Company are defined as common control transactions and are accounted for using the predecessor method of accounting.

Under the predecessor method of accounting, the results of the entities or business under common control are presented as if the business combination had been effected from the effective date. The assets and liabilities combined are accounted for prospectively, based on the carrying amounts applying the Company's accounting policies at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the net assets received. Any resulting differences are classified as equity.

1.2 Significant judgements and sources of estimation uncertainty

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

Investment property

In calculating the fair value, valuers have adopted various valuation techniques generally used by independent valuers. The key assumptions underlying the valuation techniques are based on unobservable inputs and accordingly result in the valuations being classed as level 3 in terms of the fair value hierarchy. Sensitivity of fair value measurements using significant unobservable inputs disclosed in Note 3.

1.3 Investment property

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

Investment property is a property held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Any gain or loss resulting from either a change in the fair value or the sale of investment property is immediately recognised in profit or loss within change in the fair value of the investment property.
Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised in the statement of comprehensive income.

1.3 Investment property (continued)

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

1.4 Property, plant and equipment

The cost of 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 are initially measured at cost.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Item	**Average useful life**
Plant and machinery	6 - 7 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for 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. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Investments in subsidiaries

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.
The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

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

1.6 Financial instruments: IFRS 9

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

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Financial liabilities:
- Amortised cost; or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 26 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

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 subsequently measured at amortised cost. 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. The amount of expected credit losses is updated at each reporting date. The company measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL), when there has been a significant increase in credit risk.

1.6 Financial instruments: IFRS 9 (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.

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 operating expenses in profit or loss.

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.

Trade and other payables

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

Recognition and measurement
They are recognised when the 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. Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

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

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Related party receivable / payable

These include loans to and from subsidiaries and related companies and are recognised initially at fair value plus direct transaction costs. Loans to related companies are classified as financial assets at amortised cost. Loans from related companies are classified as financial liabilities measured at amortised cost.

1.6 Financial instruments: IFRS 9 (continued)

For related party receivable that are repayable on demand, expected credit losses are based on the assumption that repayment of the receivable is demanded at the reporting date. If the related party has sufficient accessible highly liquid assets in order to repay the balance if demanded at the reporting date, the expected credit loss is accepted to be immaterial and no impairment provision is raised.

If the related party did not have sufficient accessible highly liquid assets to repay amounts owing to the company or group if demanded at the reporting date, the group considers the expected manner of recovery to measure expected credit losses.

This might be a ‘repay over time’ strategy (which allows the related party time to pay), or a fire sale of less liquid assets. If the recovery strategies indicate that the company or group would fully recover the outstanding balance, the expected credit loss is limited to the effect of discounting the amount due on the related party receivable (at the loan’s effective interest rate) over the period until cash is likely to be realised.

Bank overdraft and borrowings

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

1.7 Financial instruments: IAS 39 comparatives

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

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

Reversals of impairment losses are recognised in profit or loss.

1.7 Financial instruments: IAS 39 comparatives (continued)

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

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Related party receivable / payable

These include loans to and from subsidiaries and related companies and are recognised initially at fair value plus direct transaction costs. Loans to related companies are classified as loans and receivables. Loans from related companies are classified as financial liabilities measured at amortised cost.

Bank overdraft and borrowings

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

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been enacted by the end of the reporting period.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.8 Tax (continued)

Deferred tax assets and liabilities

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

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

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

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Company/Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Tax expenses

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

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

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

1.9 Leases

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

Operating leases-lessor

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

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

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

1.10 Impairment of non- financial assets

The group 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 group 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 other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

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

1.11 Stated capital and equity

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

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.
The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties such as Value Added Taxes. The Group recognises the revenue when it transfers control of service to a customer.

Rental income from the investment properties and recoveries as per the terms of contract are earned from letting out properties in the normal course of business. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest is recognised, in profit or loss, using the effective interest rate method. Services and recoveries are recognised in accounting period in which services are rendered.

1.14 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in 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 the reporting period:

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

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

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

Cash flows arising from transactions in a foreign currency are recorded in 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.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

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

1.15 Translation of foreign currencies (continued)

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

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

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

1.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the board of directors of the Company.

2. New standards and interpretations

(a) Standards and amendments to existing standards and interpretations effective on or after 1 July 2018 and adopted by the Group:

Following new Standards and amendments to existing standards and interpretations effective on or after 1 July 2018 and adopted by the Group.

Standard /Interpretation	**Applicable for financial years beginning on or after**	**Content**	**Expected impact**
IFRS 9 – Financial Instruments (2009 & 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets General hedge accounting	Annual periods beginning on or after 1 January 2018 (published July 2014)	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.	The adoption of this standard has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the financial statements.

Amendment to IFRS 9 -'Financial instruments', - on general hedge accounting	Annual periods beginning on or after 1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: • The own credit risk requirements for financial liabilities. • Classification and measurement (C&M) requirements for financial assets. • C&M requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.	The impacts of these amendments are not material as the Group does not have hedge accounting.
IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 1 January 2018 (published May 2014)	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.	Group's main revenue is rental income which is covered under IAS 17. Therefore, IFRS 15 is not applicable.
Amendment to IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 1 January 2018 (published April 2016)	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.	This is not applicable
Amendment to IAS 40, 'Investment property' Transfers of investment property	Annual periods beginning on or after 1 January 2018 (published December 2016)	These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.	The impacts of these amendments are not material.

IFRIC 22, 'Foreign currency transactions and advance consideration'	Annual periods beginning on or after 1 January 2018 (published December 2016)	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.	The impacts of these amendments are not material.
Annual improvements 2014-2016	Annual periods beginning on or after 1 January 2018 (published December 2016)	These amendments impact 2 standards: • IFRS 1,' First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10. • IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.	The impacts of these improvements are not material.

(b) New standards, amendments and interpretations issued, but not yet effective

The following new and amended standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2019 or later periods and are expected to be relevant to the Group:

Standard /Interpretation	Applicable for financial years beginning on or after	Content	Expected impact
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*	Unlikely there will be a material impact

Standard /Interpretation	**Applicable for financial years beginning on or after**	**Content**	**Expected impact**
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.	Annual periods on or after 1 January 2019 (issued February 2018)	These amendments require an entity to: • Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss The impact of the amendments is to confirm that these effects are not offset.	Unlikely there will be a material impact
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	Annual periods beginning on or after 1 January 2019	The narrow-scope amendment covers two issues: • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. • How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.	Unlikely there will be a material impact
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees	Unlikely there will be a material impact

Standard /Interpretation	**Applicable for financial years beginning on or after**	**Content**	**Expected impact**
	IFRS 15 is also applied. (published January 2016)	to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	
Annual improvements cycle 2015-2017	Annual periods beginning on or after 1 January 2019 (published December 2017)	These amendments include minor changes to: • IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. • IFRS 11,'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. • IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.	Unlikely there will be a material impact

Standard /Interpretation	Applicable for financial years beginning on or after	Content	Expected impact
		• IAS 23,' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.	
IFRIC 23, 'Uncertainty over income tax treatments'	Annual periods beginning on or after 1 January 2019 Published 7 June 2017)	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.	Unlikely there will be a material impact

(c) Early adoption of standards

The Group did not early adopt any new or amended standards in the current year.

Figures in Pula	Opening carrying value	Additions	Foreign exchange movements	Disposals	Fair value adjustments	Carrying value
3 Investment property						
Group						
Reconciliation of investment property - Group 2019						
Investment property	**1,357,665,459**	**117,072,664**	**1,163,963**	**(1,800,000)**	**6,917,117**	**1,481,019,203**
Reconciliation of investment property - Group 2018						
Investment property	1,292,766,546	117,999,511	(6,976,326)	-	(46,124,272)	1,357,665,459

The addition to the investment property includes direct acquisitions amounting to P87,093,884 (2018: P52,560,130) and subsequent developments to the properties amounting to P29,978,780 (2018: P65,439,381).

Company						
Reconciliation of investment property - company 2019						
Investment property	**1,134,808,771**	**20,363,415**	**-**	**(1,800,000)**	**(10,643,564)**	**1,142,728,622**
Reconciliation of investment property - company 2018						
Investment property	1,086,641,294	79,038,605	-	-	(30,871,128)	1,134,808,771

The addition to the investment property includes direct acquisitions amounting to P0 (2018: P45,913,000) and subsequent developments to the properties amounting to P20,363,415 (2018: P33,125,605).

Pledged as security

The investment property of the group have been pledged as security, towards various facilities availed by the group. The company's and group's carrying value of the properties pledged as at year end are P767 million and P1,061 million respectively.

Borrowing costs capitalised

No borrowing cost was capitalised in to the investment property during the year (2018: nil).

Carrying values of the properties of which the titles have not been transferred

The following properties have been taken under the investment property, but the title deeds have not been transferred to the Group. However, the Group has occupancy, has been earning rental from these properties and has been maintaining the properties for the full period of ownership, with no disputes or claims being raised on this.

Name of the property	*Type of property*	*Carrying Value (P)*
70661 Broadhurst	Commercial	6,925,000
6384 Lobatse	Land for development	1,800,000

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

3 Investment property (continued)

Details of Valuation

In view of the fact that the fair value of the investment property was arrived at taking into account the present value of future revenue, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

The properties were valued in accordance with guidance notes prepared by RICS and International Valuation Standards for open market basis using sales comparable, depreciable replacement cost, discounted cash flow and income capitalisation approaches.

Valuers have assumed that the properties have been maintained at a reasonable state of repair and condition as noted on their inspection notes. None of the accredited valuers is connected to the company. They have adequate experience in location and category of the investment property being valued.

The Group has engaged independent professional valuers in determining the fair value of investments properties of the group. Independent professional valuers perform comprehensive valuation in once in three years and desktop valuation for the intervening period.

Investment property portfolio in Botswana

The independent valuation was performed by Mr. David James Watson of Knight Frank Botswana (Proprietary) Limited ("Knight Frank"). He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB) and Royal Institute of Chartered Surveyors UK ("RICS"). The valuer has relevant experience for the investment property valued.

The Botswana Property Portfolio was valued by Knight Frank based on information supplied by the company in June 2019 for P1,191,406,131.

Investment property portfolio in South Africa

Properties owned by the subsidiary Q-Tique 79 (Proprietary) Limited in South Africa was valued by Ms. Susan Turner of Knight Frank Western Cape (Proprietary) Limited ("Knight Frank WC"). She holds recognised relevant professional qualifications and she is a member of the Council for Valuers Profession in South Africa and Institute of Valuers in South Africa. The valuer has relevant experience for the investment property valued. These properties were valued by Knight Frank WC for P309,664,979 at 30 June 2019.

Investment property portfolio in Zambia

Property owned by the subsidiary Far Property Company Zambia (Proprietary) Limited in Zambia was valued by Mr Jonas Chilonga of Classic Property Consultant Limited for P31,427,163 at 30 June 2019.

Amounts recognised in profit and loss for the year relating to investment property

Rental income from investment property	**145,481,001**	134,833,002	**112,860,176**	107,165,965
Recoveries	**19,744,979**	13,933,987	**10,170,429**	6,742,674
Cleaning	**(987,164)**	(718,081)	**(714,527)**	(513,526)
Insurance	**(1,308,326)**	(1,190,361)	**(827,920)**	(883,932)
Repairs and maintenance	**(1,456,857)**	(1,083,744)	**(933,156)**	(806,966)
Security	**(1,032,009)**	(1,033,214)	**(692,822)**	(695,262)
Utilities	**(12,260,220)**	(10,208,089)	**(5,572,575)**	(4,689,059)

Adjusted valuations
The following valuations were adjusted for consolidated annual financial statements purposes to avoid double counting:

Valuation as per financial statements:				
Investment property as per valuation	**1,534,348,272**	1,411,461,220	**1,191,406,131**	1,182,530,496
Recognised lease smoothening adjustment	**(53,329,069)**	(53,795,761)	**(48,677,509)**	(47,721,725)
	1,481,019,203	1,357,665,459	**1,142,728,622**	1,134,808,771
Operating lease asset				
Current asset	**11,017,855**	6,072,690	**8,765,105**	5,327,286
Non current asset	**42,311,214**	47,723,071	**39,912,404**	42,394,439
	53,329,069	53,795,761	**48,677,509**	47,721,725

The total operating expenses incurred for the unoccupied properties amounting to P 100,101 (2018: P 17,596).

Figures in Pula

3 Investment property (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) for 2019 –

Group

				Sensitivity on estimates	
Valuation technique	**Valuation**	**Input**	**Estimate**	**Impact lower**	**Impact higher**
Sales comparison	**276,147,122**	Sales price of per square meter of the property	Market value per sqm +/- 10%	**(27,614,712)**	**27,614,712**
Depreciated replacement cost	**40,187,849**	Construction cost per square meter	Build rate per sqm +/- 10%	**(2,597,500)**	**2,597,500**
Income capitalisation	**1,218,013,302**	Capitalisation rate	Capitalisation rate +/- 1%	**(112,517,682)**	**138,344,084**
Total	**1,534,348,272**				

Company

				Sensitivity on estimates	
Valuation technique	**Valuation**	**Input**	**Estimate**	**Impact lower**	**Impact higher**
Sales comparison	**239,165,245**	Sales price of per square meter of the property	Market value per sqm +/- 10%	**(23,916,525)**	**23,916,525**
Depreciated replacement cost	**26,241,608**	Construction cost per square meter	Build rate per sqm +/- 10%	**(2,624,161)**	**2,624,161**
Income capitalisation	**925,999,278**	Capitalisation rate	Capitalisation rate +/- 1%	**(85,184,661)**	**104,634,081**
Total	**1,191,406,131**				

Information about fair value measurements using significant unobservable inputs (Level 3) for 2018 –

Group

				Sensitivity on estimates	
Valuation technique	**Valuation**	**Input**	**Estimate**	**Impact lower**	**Impact higher**
Sales comparison	282,792,342	Sales price of per square meter of the property	Market value per sqm +/- 10%	(28,279,234)	28,279,234
Depreciated replacement cost	21,735,829	Construction cost per square meter	Build rate per sqm +/- 10%	(2,597,500)	2,597,500
Income capitalisation	1,106,933,049	Capitalisation rate	Capitalisation rate +/- 1%	(101,758,148)	125,024,321
Total	1,411,461,220				

Figures in Pula

3 Investment property (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) for 2018 –

Company

Valuation technique	Valuation	Input	Estimate	Sensitivity on estimates Impact lower	Impact higher
Sales comparison	246,049,000	Sales price of per square meter of the property	Market value per sqm +/- 10%	(24,604,900)	24,604,900
Depreciated replacement cost	21,735,828	Construction cost per square meter	Build rate per sqm +/- 10%	(2,173,583)	2,173,583
Income capitalisation	914,745,668	Capitalisation rate	Capitalisation rate +/- 1%	(84,840,913)	104,483,382
Total	1,182,530,496				

Valuation techniques underlying estimation of fair value

For all properties in Botswana, South Africa and Zambia with a total carrying amount of P1,534,348,272 (2018: P1,411,461,220), the valuation was determined using Depreciated replacement cost ("DRC"), sales comparison and income capitalisation based on significant unobservable inputs.

Key unobservable inputs:

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Capitalisation rates	based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Direct comparable sales	based on the data on recently transacted properties duly adjusted to reflect the subject asset's uniqueness;
Build rate	the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property;
Rent escalation rates	based on the actual rent escalations as to the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rent escalation for similar properties;

Figures in Pula	Furniture and fixtures	IT equipment	Motor Vehicles	Office equipment	Plant and machinery	Total
4 Property, Plant and equipment						
Group						
At 30 June 2017						
Cost	358,707	439,163	331,104	329,818	367,049	**1,825,841**
Accumulated depreciation	(337,653)	(417,036)	(107,141)	(329,818)	(125,570)	**(1,317,218)**
Net book amount	**21,054**	**22,127**	**223,963**	**-**	**241,479**	**508,623**
Year ended 30 June 2018						
Opening net book amount	**21,054**	**22,127**	**223,963**	**-**	**241,479**	**508,623**
Additions	75,200	47,897	446,504	18,776	-	**588,377**
Disposal	-	-	(91,891)	-	-	**(91,891)**
Depreciation	(17,734)	(44,239)	(89,752)	(7,198)	(43,984)	**(202,907)**
Closing net book amount	**78,520**	**25,785**	**488,824**	**11,578**	**197,495**	**802,202**
At 30 June 2018						
Cost	433,907	487,060	685,717	348,594	367,049	**2,322,327**
Accumulated depreciation	(355,387)	(461,275)	(196,893)	(337,016)	(169,554)	**(1,520,125)**
Net book amount	**78,520**	**25,785**	**488,824**	**11,578**	**197,495**	**802,202**
Year ended 30 June 2019						
Opening net book amount	**78,520**	**25,785**	**488,824**	**11,578**	**197,495**	**802,202**
Additions	-	-	79,000	-	-	**79,000**
Disposal	-	-	(111,299)	-	-	**(111,299)**
Depreciation	(17,735)	(25,785)	(52,788)	(1,878)	(43,984)	**(142,170)**
Closing net book amount	**60,785**	**-**	**403,737**	**9,700**	**153,511**	**627,733**
At 30 June 2019						
Cost	433,907	487,060	653,418	348,594	367,049	2,290,028
Accumulated depreciation	(373,122)	(487,060)	(249,681)	(338,894)	(213,538)	**(1,662,295)**
Net book amount	**60,785**	**-**	**403,737**	**9,700**	**153,511**	**627,733**
Company						
At 30 June 2017						
Cost	358,707	439,163	331,104	329,818	367,049	**1,825,841**
Accumulated depreciation	(337,653)	(417,036)	(107,141)	(329,818)	(125,570)	**(1,317,218)**
Net book amount	**21,054**	**22,127**	**223,963**	**-**	**241,479**	**508,623**
Year ended 30 June 2018						
Opening net book amount	**21,054**	**22,127**	**223,963**	**-**	**241,479**	**508,623**
Additions	75,200	47,897	149,545	18,776	-	**291,418**
Disposal	-	-	(132,175)	-	-	**(132,175)**
Depreciation	(17,734)	(44,239)	(57,357)	(7,198)	(43,984)	**(170,512)**
Closing net book amount	**78,520**	**25,785**	**183,976**	**11,578**	**197,495**	**497,354**
At 30 June 2018						
Cost	433,907	487,060	348,474	348,594	367,049	**1,985,084**
Accumulated depreciation	(355,387)	(461,275)	(164,498)	(337,016)	(169,554)	**(1,487,730)**
Net book amount	**78,520**	**25,785**	**183,976**	**11,578**	**197,495**	**497,354**
Year ended 30 June 2019						
Opening net book amount	**78,520**	**25,785**	**183,976**	**11,578**	**197,495**	**497,354**
Additions	-	-	79,000	-	-	**79,000**
Disposal	-	-	(119,226)	-	-	**(119,226)**
Depreciation	(17,735)	(25,785)	(18,328)	(1,878)	(43,984)	**(107,710)**
Closing net book amount	**60,785**	**-**	**125,422**	**9,700**	**153,511**	**349,418**
At 30 June 2019						
Cost	433,907	487,060	308,248	348,594	367,049	1,944,858
Accumulated depreciation	(373,122)	(487,060)	(182,826)	(338,894)	(213,538)	(1,595,440)
Net book amount	**60,785**	**-**	**125,422**	**9,700**	**153,511**	**349,418**

Figures in Pula		Group 2019	Group 2018	Company 2019	Company 2018

5 Investments in subsidiaries

	Country of Operations	% Holding	% Holding	Carrying Amount	Carrying Amount
Q Tique 79 (Proprietary) Limited	South Africa	100	100	**93**	93
Eminent (Proprietary) Limited	Botswana	100	100	**2,400,000**	2,400,000
The FaR Property Company Zambia (Proprietary) Limited (Note 5.1)	Zambia	100	100	**23,016,440**	15,728
				25,416,533	2,415,821

The carrying amounts of subsidiaries are shown net of impairment losses, if any.

5.1 During the year, board of directors has passed a resolution to transfer the loan given to The FaR Property Company Zambia (Proprietary) Limited to equity investment.

6 Related party receivables / (payables)

6.1 Loans to / (from) related companies

	Company 2019	Company 2018
Q Tique 79 (Proprietary) Limited	**93,674,530**	73,273,906
Far Property Company Zambia Limited (Note 5.1)	**(9,697)**	24,034,323

The loans to group companies do not carry any specific terms. These balances are repayable on demand and are not secured. The loan to Q Tique79 (Proprietary) Limited carries interest at market interest rate of 15% (2018: 15%).

Q Tique 79 (Pty) Ltd does not have sufficient accessible highly liquid assets to relay the above loan when it is demanded. Therefore, company has considered the opportunities available to realise Q Tiques's properties in recovering the balance and noted once properties are sold at forced sale value the balance could be recovered. Further, it is not expected to take a substantial time for this process. Therefore, no any impairment is noted in relation to the loan extended to Q Tique 79 (Pty) Ltd.

6.2 Advances to / (from) related companies

	Group 2019	Group 2018	Company 2019	Company 2018
Eminent (Proprietary) Limited	-	-	**(122,596)**	(94,126)
Prime and Prestige (Proprietary) Limited	-	843,000	-	843,000
Nestral Systems Private Limited	-	50,942	-	50,942
Time Star (Proprietary) Limited	**3,462,031**	2,081,661	**3,462,031**	2,081,661
Medupe Bridge Fin Corp (Proprietary) Limited	**877,014**	799,952	**877,014**	799,952
Adams Apple (Proprietary) Limited	-	283,000	-	283,000
Admiral Touch (Proprietary) Limited	-	400,500	-	400,500
Strides of Success (Proprietary) Limited	**4,756,689**	-	**4,756,689**	-
Feasible Investments (Proprietary) Limited	-	759,244	-	-
	9,095,734	5,218,299	**102,637,971**	101,673,158
Advances from related companies	-	-	**(132,293)**	(94,126)
Advances to related companies	**9,095,734**	5,218,299	**102,770,264**	101,767,284
	9,095,734	5,218,299	**102,637,971**	101,673,158

The short term advances to/from related parties are provided during normal course of business and do not carry any specific terms. These balances are repayable on demand, not secured and do not carry any interest.

Group has assessed the recoverability of these balances and noted that these companies either have sufficient cash to settle the balances if demanded or recovery of these balances could be possible by realising the properties within a shorter period. Therefore, there is no any impairment on these balances.

	Group 2019	Group 2018	Company 2019	Company 2018
Amount due from related companies included in trade and other payables	-	669,221	-	669,221

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

7 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Financial assets at amortised cost				
Related party receivables (Note 6)	**9,095,734**	5,218,299	**102,770,264**	101,767,284
Trade and other receivables (Note 9)	**13,616,824**	14,161,872	**10,557,899**	10,234,825
Cash and cash equivalents (Note 10)	**13,734,350**	15,314,164	**7,691,485**	11,257,748
	36,446,908	34,694,335	**121,019,648**	123,259,857

8 Deferred tax

	Group 2019	Group 2018	Company 2019	Company 2018
Deferred tax liability				
Accelerated capital allowances for tax purposes	**(44,158,289)**	(17,725,114)	**(21,224,446)**	(17,725,115)
Operating lease adjustment	**(11,687,421)**	(11,626,781)	**(10,709,052)**	(10,498,780)
Fair value adjustments	**(19,306,361)**	(60,420,017)	**(19,306,361)**	(39,700,499)
Prepaid expenses	**-**	(108,029)	**-**	-
Unrealised foreign exchange gains	**(139,968)**	(499,096)	**(139,968)**	(499,096)
	(75,292,039)	(90,379,037)	**(51,379,827)**	(68,423,490)
Deferred tax asset				
Unrealised foreign exchange losses	**3,099,032**	3,970,433	**-**	-
Accelerated capital allowances for tax purposes	**1,147,162**	12,256	**-**	-
Allowance for doubtful accounts	**385,362**	-	**-**	-
Tax losses available for set off against future tax liabilities	**-**	8,815	**-**	-
	4,631,556	3,991,504	**-**	-
Deferred tax liability (net)	**(70,660,483)**	(86,387,533)	**(51,379,827)**	(68,423,490)

Reconciliation of deferred tax asset / (liability)

	Group 2019	Group 2018	Company 2019	Company 2018
At beginning of the year	**(86,387,533)**	(91,491,289)	**(68,423,490)**	(69,341,955)
Originating temporary difference on carried forward losses	**1,133,141**	-	**-**	-
Origination of deferred tax on foreign exchange differences	**(614,694)**	(1,546,000)	**359,128**	(2,166,386)
Originating temporary difference on operating lease adjustment	**(31,388)**	(1,260,179)	**(210,272)**	(1,091,277)
Originating temporary difference on capital allowances	**(3,508,980)**	(3,068,399)	**(3,499,331)**	(3,077,469)
Originating temporary difference on fair value adjustments	**18,725,433**	10,366,631	**20,394,138**	7,253,597
Originating temporary difference on allowance for doubtful accounts	**384,762**	-	**-**	-
Originating temporary difference on prepaid expenses	**110,684**	(56,496)	**-**	-
Effect of translation of foreign subsidiary deferred tax balances	**(471,908)**	668,199	**-**	-
	(70,660,483)	(86,387,533)	**(51,379,827)**	(68,423,490)

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

9 Trade and other receivables

Trade receivables	**7,066,612**	4,137,518	**6,446,227**	2,941,731
Less: Loss allowance	**(372,131)**	-	**(372,131)**	-
	6,694,481	4,137,518	**6,074,096**	2,941,731
Other receivable	**2,759,443**	2,018,232	**682,195**	1,234,312
Deposits	**1,427,329**	2,809,185	**1,066,037**	2,457,111
Short term advances	**127,971**	127,971	**127,971**	127,971
Advance towards asset purchase	**2,607,600**	5,068,966	**2,607,600**	3,473,700
Prepayments	**6,113,137**	778,271	**347,084**	392,454
Value Added Tax	**2,527**	2,527	**2,527**	2,527
	19,732,488	14,942,670	**10,907,510**	10,629,806

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for loan facilities of the group as disclosed under Note 12.

Fair value of trade and other receivables

Trade and other receivables	**19,732,488**	14,942,670	**10,907,510**	10,629,806

At 30 June 2019, age analyses of trade receivables are as follows:

Less then 30 days	**937,442**	1,215,192	**644,584**	940,605
Between 31 and 60 days	**805,913**	430,256	**719,447**	306,163
Between 61 and 90 days	**746,158**	289,331	**677,940**	218,492
Between 91 and 120 days	**913,592**	310,840	**840,801**	219,137
More than 120 days	**3,663,507**	1,891,899	**3,563,455**	1,257,334
	7,066,612	4,137,518	**6,446,227**	2,941,731

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Movement in loss allowance

Balance at the beginning	**-**	-	**-**	-
Charge for the year	**(372,131)**	-	**(372,131)**	-
Balance at the end	**(372,131)**	-	**(372,131)**	-

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
10 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	**8,436,693**	10,041,066	**2,393,828**	5,984,650
Short-term deposits	**5,297,657**	5,273,098	**5,297,657**	5,273,098
Cash in hand	**4,143**	1,324	**3,133**	603
	13,738,493	15,315,488	**7,694,618**	11,258,351
Bank overdraft	**(47,200,170)**	(40,630,917)	**(47,200,170)**	(40,630,917)

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts.

	Group 2019	Group 2018	Company 2019	Company 2018
Cash and bank balances	**13,738,493**	15,315,488	**7,694,618**	11,258,351
Bank overdraft	**(47,200,170)**	(40,630,917)	**(47,200,170)**	(40,630,917)
	(33,461,677)	(25,315,429)	**(39,505,552)**	(29,372,566)

Security information of bank overdraft facility from Standard Chartered bank is disclosed in Note 12.

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. Credit risk attached to the Group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions.

Cash at bank	Group 2019	Group 2018	Company 2019	Company 2018
Standard Bank South Africa Limited	**5,005,571**	2,446,280	**-**	-
Standard Chartered Bank Botswana Limited	**(41,278,538)**	(33,691,236)	**(41,278,538)**	(33,691,236)
Bank of Baroda Botswana Limited	**-**	201,489	**-**	201,489
Barclays Bank Botswana Limited	**130,777**	3,513	**130,777**	3,513
First National Bank of Botswana Limited	**334,484**	942,579	**334,484**	942,579
Capital Bank Botswana Limited	**1,304,592**	3,170,486	**1,304,592**	3,170,486
Barclays Bank Zambia Limited	**1,037,294**	1,610,136	**-**	-
	(33,465,820)	(25,316,753)	**(39,508,685)**	(29,373,169)

There are no credit ratings available in Botswana for financial institutions. The above banks are reputed banks and have reported sound financial results and continued compliance with minimum capital adequacy requirements.

Standard Bank South Africa Limited is listed on the Johannesburg Stock Exchange and has a credit rating of BBB+ (Fitch rating).

11 Stated capital	Group 2019	Group 2018	Company 2019	Company 2018
Linked units	**406,307,819**	399,384,638	**406,307,819**	399,384,638
Reconciliation of number of linked units issued:				
Balance at beginning of year	**399,384,638**	380,000,000	**399,384,638**	380,000,000
Issued during the year	**6,923,181**	19,384,638	**6,923,181**	19,384,638
Balance at end of year	**406,307,819**	399,384,638	**406,307,819**	399,384,638
Movement in stated capital				
Balance at beginning of year	**388,510,384**	341,018,021	**388,510,384**	341,018,021
Issued during the year	**17,307,952**	47,492,363	**17,307,952**	47,492,363
Balance at end of year	**405,818,336**	388,510,384	**405,818,336**	388,510,384

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

12 Borrowings

Held at amortised cost

Standard Chartered Bank Botswana Limited	**95,978,954**	149,413,627	**95,978,954**	149,413,627

The company has acquired a loan facility to the value of Rand 160 million. The total loan is repayable in 23 quarterly instalments commencing from 30 September 2015 with equal capital instalments of Rand 6,956,521 and accrued interest. The interest rate equal to the 3 months Johannesburg Interbank Agreed Rate (JIBAR). As at date 30 June 2019, the applicable margin is 2.1% per annum.

The company has acquired a loan facility to the value of Pula 100 million. The total loan is repayable in 12 quarterly instalments commencing from 30 June 2018 with equal capital instalments of Pula 8,333,333 and accrued interest. The interest rates are equal to prime rate less the applicable margin, and shall accrue on the basis of a 360 day year. As at date 30 June 2019, the applicable margin is 0 % per annum.

First National Bank Botswana Limited	**30,721,165**	35,997,198	**30,721,165**	35,997,198

The company has acquired a loan facility to the value of P50 million. This loan is repayable on demand. The interest rates are equal to bank's prime lending rate less 1.5% .

BIFM Capital Investment Fund One (Proprietary) Limited	**100,000,000**	100,000,000	**100,000,000**	100,000,000

The company has acquired a loan facility to the value of P100 million. The principal amount shall be paid in full together with interest at an interest rate of 9.10% per annum. Interest is payable every 6 months starting 30 June 2013 until 31 December 2022. The principle amount shall be repaid in stages with the first principal amount of P30 million being repaid on 31 December 2020, P30 million being repaid on 31 December 2021 and final principal amount of P40 million being repaid on 31 December 2022.

Investec Bank Limited	**138,883,386**	56,396,706	**-**	-

The Group has acquired a loan facility to the value of Rand 82 million. This loan is repayable in 75 monthly instalments. Instalments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount, payable on expiry of the facility, commencing from 30 September 2014. The interest rate is equal to 0.6% below Investec's prime rate.

The Group has acquired a loan facility to the value of Rand 96 million. This loan is repayable in 60 monthly instalments. Instalments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount, payable on expiry of the facility, commencing from 1 September 2018. The interest rate is equal to 0.5% below Investec's prime rate.

The Group has acquired a loan facility to the value of Rand 10.7625 million. This loan is repayable in 60 monthly instalments. Instalments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount, payable on expiry of the facility, commencing from 1 October 2018. The interest rate is equal to 0.25% below Investec's prime rate.

	Group		Company	
Figures in Pula	2019	2018	2019	2018

12 Borrowings (continued)

Barclays Bank Botswana Ltd	**148,145,056**	111,145,056	**148,145,056**	111,145,056

The Company has acquired a loan facility to the value of P 31.145 million. This loan is repayable in 90 months with accrued interest payable on expiry of the facility. Instalments representing interest and capital to be paid monthly in arrears, payable on expiry of the facility, commencing from 30 September 2018. The interest rate is equal to 2.35% below Barclays benchmark rate (currently the prime rate).

The Company has acquired a loan facility to the value of P 80 million. This loan is repayable in 84 months with accrued interest payable on expiry of the facility . Instalments representing interest and capital to be paid monthly in arrears, payable on expiry of the facility, commencing from 27 June 2018 . The interest rate is equal to 0.75% above Barclays benchmark rate (currently the prime rate).

The Company has acquired a loan facility to the value of P 37 million. This loan is repayable in 84 months with accrued interest payable on expiry of the facility . Instalments representing interest and capital to be paid monthly in arrears, payable on expiry of the facility, commencing from 21 September 2018 . The interest rate is equal to 0.75% above Barclays benchmark rate (currently the prime rate).

	513,728,561	452,952,587	**374,845,175**	396,555,881

The loan from Standard Chartered Bank Botswana Limited is secured as follows:

i. Joint and several personal guarantees from Ramanchandran Ottapathu and Farouk Ismail.

ii. An assignment over the lease receivables.

iii. A cession over the current and future fixed assets of the borrower and the subsidiaries with an asset cover of 1.6 times.

iv. Charge over the Pula collection account into which the above receivables are paid.

v. Negative pledge.

vi. Covering mortgage bond over the properties Lot 185 Jwaneng, Lot 3618 Mochudi, Lot 1801 Molepolele, Lot 2690 Mogoditshane, Lot 8372 Serowe, Lot 8757 Palapye, Lot 6094 Mahalapye, Lot 212 Jwaneng, Lot 4674 Gaborone, Lot 146 Molepolele, Tribal Grant 2763-KO Otse, Lots 349/350 Selebi Phikwe, Lot 212 Gaborone International Commerce Park (GICP), Lease area 1779 -KO Gaborone, Plot 322 Gaborone, Lot 46 GICP, Lot 292 Lobatse, Lease area 1932-KO Gaborone, Plot 880 GICP, Portion 74 Crocodile Pools, Lot 7587 Lobatse, Lot 547 Lobatse, Lot 7603 Lobatse, Lot 13225 Gaborone, Lot 1275 Gaborone, Lot 39269 Gaborone, Lot 689 Tlokweng, Lot 7780 Tlokweng , Lots 309/310 Lobatse, Tribal Lot 176 Kumukwane, Tribal Grant 162 - KP Bokka, Lot 18390 Francistown, Lot 20602 Gaborone, Lot 1760 Pitsane and Plot 17489 Gaborone.

vii. Assignment of marketable securities relating to company shares in various asset companies.

viii. Security over shares that company owns in Q Tique 79 (Proprietary) Limited in South Africa.

ix. Lease receivable guarantee from Choppies Enterprises Limited for P160 million.

The loan from First National Bank Botswana Limited is secured as follows:

i. First covering mortgage bond by the borrower over the properties Plot 2610 Lobatse, Tribal Lot 79 & 80 Thamaga, Tribal Lot 2162 Thamaga, Tribal Lot 649 Gumare, Tribal Lot 29 Shashe, Tribal Lot 2086 Moshupa, Tribal Lot 7722 Tlokweng, Lot 4490 Gaborone, Plot 5778 and Plot 4120, 4121,4124 Mogoditshane in favour of First National Bank Botswana Limited.

ii. Cession of all current and future rental streams and insurance claims arising under the insurance cover over all bonded properties in favour of First National Bank of Botswana Limited.

iii. Cession and pledge of credit balances on all collection accounts held with First National Bank Botswana Limited.

iv. Letter of unlimited suretyship by Ottapathu Ramachandran and Farouk Ismail.

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

12 Borrowings (continued)

The loan from BIFM Capital Investment Fund One (Proprietary) Limited is secured as follows:

i. Cession of 33,333,333 Choppies Enterprises Limited shares held by Mr. Ottapathu Ramachandran.

ii. Cession of both comprehensive insurance and lease rentals over the mortgaged properties.

iii. First mortgage bond over Lots 5461,5462,5463,53836,39374,39375,37882,43103,42796 and 37883 Gaborone, Lot 2676 Selebi-Phikwe, Lots 7588,7589 and 350 Lobatse, Tribal Lot 2177 Thamaga, Lot 1366 Mogoditshane and Tribal Lot 284 Gabane and Lease area No 5017 - KO and 5025 -KO.

The loan from Investec Bank Limited is secured as follows:

i. Covering mortgage bond over Erf 934 Koster, Erf 676 Rodeon, Erf 2282 Rustenburg Ext 9, Erf 7185 Rustenburg Ext 9, Erf 16914 Boitekong, Erf 41 Magalisburg, Erf 2973 Nylstroom and Portion 12 of Farm Leeuwkopje 415 for an amount of Rand 119 million.

ii. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of Rand 10 million.

iii. Covering mortgage bond over remaining extend of ERF 41 Magalisburg for an amount of Rand 13.9 million.

iv. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of Rand 10 million.

v. A First Covering mortgage bond over Remaining Extent of ERF 13099 Pinetown Ext 107 for an amount of Rand 100 million.

vi. A first covering mortgage bond over Remaining Extent of ERF 24920 Bloemfontein for an amount of Rand 11 million.

vii. A first covering mortgage bond by Finder Properties (Proprietary) Limited over notarial deed of lease over Erf 6162 Mafikeng for an amount of Rand 38 million.

viii. Execution of a joint and several continuing guarantee by Mr. Farouk Ismail and Mr. Ottapathu Ramachandran and the Far Property Company Limited to Rand 50 million plus interest and costs, in favour of Investec.

ix. Execution of a joint and several continuing suretyship by Finder Properties (Proprietary) Limited to Rand 38 million plus interest and costs.

x. Cession in security of proceeds of Building Insurance Policy and SASRIA extension for the full asset value of the properties mortgaged.

xi. Execution of a cession of all present and future rights, title, benefit and interest in, to and under the agreements in respect of the mortgaged properties.

The loan from Barclays Bank Botswana Limited is secured as follows:

i. A first cover mortgage bond over Portion 196 of the farm forest hill no 9 KO

ii. First mortgage bond over Lots 4490, 2728 Gaborone , Plot No 1107, 1109 and 10 Lobatse Plot No. 2032 Moshupa, Nata Lodge, Plot No. 9 Nata Filling Station, Lot No. 1571 Nata Shopping Mall , Plot No. 1381 Pitsane

iii. Combined Mortgage Bond cover Plot No. 173-9-KO, 196-KO,1246, 17981 Gaborone , Plot No. 2085 Serowe , Plot No: 7620, 471, 296 & 297, 7617& 8 Lobatse, Plot No 213, 292 & 16825 Maun, Plot No. 28 & 29 , 187 Pitsane, and Plot No. 15102 Ramotswa.

iv. Combined Mortgage Bond cover Plot No. 39785, 39784, 39783, 39772, 39771, 39770, 39720, 39721, 39722, 39723, 39724,37839,37990, 37991,38000,345493, 37185, 37187,41128,15800,61312,5063-KO N1, 5064-KO N2, 5065-KO N3,5075-KON13,5007-KOM9,5008-KO M10,5009-KOM11,5025-KO J1,5017-KO flats in Gaborone, Plot No. 375 Magoditshane, Plot No.1967 Pikwe, Plot No. 11835, 18424 Francis Town, Plot No. 1167 Maun, Plot No. 1025 Tutume, Plot No.45 Pitsane, Plot No.3143 Kasane, Plot No.3161 Kazungula, Plot No 27376 Kanye, Plot No 219 Ramotswa, Plot No. 8506,8373,681 Tlokweng, Plot No. 7568 Tzabong, Plot 1301 Kasane, Plot 103 Tlokweng , Plot 38567-38576 Block -6 Gaborone, Lot 4364 Thamaga, Plot 15102 Ramotswa, Plot No 4& 9 Ghanzi, Plot 20602 Broadhurst, Plot 135 Modipane, Plot 32 Kang, Plot 4774 Metsimotlhabe, Plot 12043 Mogodisthane, Erf 2289/6 Rustenburg.

Non-current liabilities				
At amortised cost	**435,636,544**	302,380,187	**306,148,678**	248,964,014
Current liabilities				
At amortised cost	**78,092,017**	150,572,400	**68,696,497**	147,591,867
	513,728,561	452,952,587	**374,845,175**	396,555,881

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
13 Trade and other payables				
Trade payables	**4,124,731**	5,918,281	**2,466,210**	4,996,491
Value added tax	**1,562,121**	1,195,655	**1,011,835**	642,826
Deposits received	**5,108,432**	4,319,848	**4,587,048**	3,799,546
Retention payable	**1,439,104**	1,349,676	**1,439,104**	1,349,676
Other payables	**4,492,008**	3,204,747	**3,266,963**	2,189,356
	16,726,396	15,988,207	**12,771,160**	12,977,895

The fair value of trade and other payables closely approximates the carrying value.

14 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
Financial liabilities at amortised cost				
Borrowings	**513,728,561**	452,952,587	**374,845,175**	396,555,881
Related party payables	**-**	-	**132,293**	94,126
Trade and other payables	**15,164,275**	14,792,552	**11,759,325**	12,335,069
Bank overdraft	**47,200,170**	40,630,917	**47,200,170**	40,630,917
	576,093,006	508,376,056	**433,936,963**	449,615,993
15 Revenue				
Rental income	**145,642,883**	127,377,113	**111,904,392**	102,205,614
Deferred lease adjustment	**(161,882)**	7,455,889	**955,784**	4,960,351
	145,481,001	134,833,002	**112,860,176**	107,165,965
16 Operating profit				
Operating profit for the year is stated after accounting for the following:				
Legal expenses	**1,037,564**	655,898	**475,528**	319,661
Utilities	**12,260,220**	10,208,089	**5,572,575**	4,689,059
Depreciation on property, plant and equipment	**142,170**	202,907	**107,710**	170,512
Auditors remuneration				
Charge for the year	**760,553**	798,670	**658,000**	664,280
Under provision for the prior year	**30,750**	-	**30,750**	-
	791,303	798,670	**688,750**	664,280
Directors remuneration	**466,850**	711,183	**466,850**	711,183
17 Finance income				
Interest income - Banks	**36,983**	42,296	**31,250**	42,296
Interest income - Subsidiaries	**-**	-	**12,033,910**	8,640,867
Interest income - other related parties	**-**	3,056,180	**-**	3,056,180
Foreign exchange gains	**485,998**	74,286	**636,217**	2,268,617
	522,981	3,172,762	**12,701,377**	14,007,960

THE FAR PROPERTY COMPANY LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Figures in Pula		Group 2019	Group 2018	Company 2019	Company 2018
18	**Finance costs**				
	Bank borrowings	**46,443,852**	41,018,031	**32,939,159**	33,297,340
		46,443,852	41,018,031	**32,939,159**	33,297,340
19	**Fair value adjustments**				
	Investment property	**6,917,117**	(46,124,272)	**(10,643,564)**	(30,871,128)
20	**Taxation**				
	Income tax				
	Income tax expense for the year	**974,522**	1,421,635	**770,358**	1,026,251
	Prior year over provision	**(172,486)**	-	**(172,486)**	-
	Irrecoverable foreign withholding tax	**434,905**	-	**434,905**	-
		1,236,941	1,421,635	**1,032,777**	1,026,251
	Deferred income tax				
	Deferred income tax	**(16,198,957)**	(4,435,557)	**(17,043,663)**	(918,465)
		(16,198,957)	(4,435,557)	**(17,043,663)**	(918,465)
		(14,962,016)	(3,013,924)	**(16,010,886)**	107,786
	Reconciliation of accounting profit and tax expense:				
	Accounting profit	**94,330,944**	36,236,035	**78,683,439**	51,105,771
	Tax at the applicable tax rate of 22%	**20,752,808**	7,971,928	**17,310,357**	11,243,270
	Tax effect of adjustments on taxable income				
	Income not subject to tax	-	-	-	-
	Change in tax base of investment property	**(18,050,086)**	(466,669)	**(18,050,086)**	(466,669)
	Effect of difference in country tax rates	**147,369**	(820,634)	-	-
	Expenses allowed for tax purposes	**(15,590,648)**	(10,683,960)	**(15,590,648)**	(10,683,960)
	Expenses not allowed for tax purposes	**(3,372,740)**	1,131,271	**57,072**	15,145
	Prior year over provision	**(172,486)**	-	**(172,486)**	-
	Irrecoverable foreign withholding tax	**434,905**	-	**434,905**	-
	Effect of differences in exchange rates	**595,547**	(71,640)	-	-
	Effect of differences in tax base	**314,166**	(224,082)	-	-
	Deferred tax not recognised on carried forward tax losses	**(20,851)**	149,862	-	-
		(14,962,016)	(3,013,924)	**(16,010,886)**	107,786
21	**Other income**				
	Recoveries from tenants	**19,744,979**	13,933,987	**10,170,429**	6,742,674
	Fuel rebates	**1,566,796**	1,689,896	**1,566,796**	1,689,896
	Management fee	-	-	**3,706,867**	2,667,282
	Miscellaneous income	**305,377**	481,517	**277,242**	382,829
		21,617,152	16,105,400	**15,721,334**	11,482,681
22	**Cash generated from operations**				
	Profit before taxation	**94,330,944**	36,236,035	**78,683,439**	51,105,771
	Adjustments for:				
	Depreciation	**142,170**	202,907	**107,710**	170,512
	Gain on disposal of property, plant and equipment	**(4,338)**	(11,575)	**(4,338)**	(11,575)
	Finance income	**(522,981)**	(3,172,762)	**(12,701,377)**	(14,007,960)
	Finance costs	**46,443,852**	41,018,031	**32,939,159**	33,297,340
	Fair value adjustments	**(6,917,117)**	46,124,272	**10,643,564**	30,871,128
	Movements in operating lease assets	**625,701**	(7,468,585)	**(955,784)**	(4,960,351)
	Changes in working capital:				
	Related party receivable	**(3,877,435)**	3,646,713	**(4,646,376)**	(46,833,189)
	Related party payable	-	-	**38,167**	(114,039)
	Trade and other receivables	**(3,063,871)**	5,461,460	**(277,704)**	(293,351)
	Trade and other payables	**738,189**	5,795,247	**(206,735)**	3,431,885
		127,895,114	127,831,743	**103,619,725**	52,656,171

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
23 Tax paid				
Balance at beginning of year	**(5,402,834)**	(4,113,006)	**(1,198,737)**	(177,323)
Current tax for the year recognised in profit or loss	**(1,236,941)**	(1,421,635)	**(1,032,777)**	(1,026,251)
Effect of foreign currency translation	**(36,093)**	126,970	**-**	**-**
Balance at end of year	**4,598,885**	5,402,834	**-**	1,198,737
	(2,076,983)	(4,837)	**(2,231,514)**	(4,837)

24 Commitments

Authorised capital expenditure

	Group 2019	Group 2018	Company 2019	Company 2018
Investment property - contracted and not provided for	**5,614,490**	13,693,676	**90,000**	10,295,978

This committed expenditures relates to investment properties and will be financed by available bank facilities.

Operating leases — as lessor (income)

Minimum lease payments due	Group 2019	Group 2018	Company 2019	Company 2018
- within one year	**155,706,412**	124,143,525	**118,569,131**	99,983,471
- more than one year	**521,877,117**	468,885,430	**412,889,425**	432,525,886
	677,583,529	593,028,955	**531,458,556**	532,509,357

The group's investment property is held to generate rental income. Lease agreements are non-cancellable and have terms from 2 to 20 years. There are no contingent rents receivable.

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

25 Related parties

Mr. Ottapathu Ramachandran and Mr. Farouk Ismail were directors and shareholders of the companies in the group.

Related parties comprise entities sharing common shareholders and directors with the company. Mr. Ottapathu Ramachandran is a director and a shareholder of the following companies. The following transactions were carried out with the related parties:

Related party balances

Investment in subsidiaries- (Note 5)

Related party receivables / payables (Note 6)

	Group 2019	Group 2018	Company 2019	Company 2018
Related party transactions				
Interest received from related party				
Q Tique 79 (Proprietary) Limited	-	-	**12,033,910**	8,640,867
	-	-	**12,033,910**	8,640,867
Management fee received from related party				
Q Tique 79 (Proprietary) Limited	-	-	**3,706,867**	2,667,282
	-	-	**3,706,867**	2,667,282
Loans given to related parties				
Q Tique 79 (Proprietary) Limited	-	-	**8,349,345**	-
	-	-	**8,349,345**	-
Advances given to related parties				
Feasible Investments (Proprietary) Limited	-	2,421,845	-	1,662,601
Strides of Success (Proprietary) Limited	**9,356,689**	7,340,689	**9,356,689**	7,340,689
Time Star (Proprietary) Limited	**2,052,500**	-	**2,052,500**	-
Medupe Bridge Fin Corp (Proprietary) Limited	**77,062**	-	**77,062**	-
	11,486,251	9,762,534	**11,486,251**	9,003,290
Rental income received from related parties				
Aleris (Proprietary) Limited	**116,663**	353,440	**116,663**	353,440
Arcee (Proprietary) Limited	**931,208**	590,754	**931,208**	590,754
Bagpiper (Proprietary) Limited	**695,444**	635,250	**695,444**	635,250
Bakgatla Super Market (Proprietary) Limited	**191,635**	172,295	**191,635**	172,295
Balanced Fortune (Proprietary) Limited	**171,770**	57,000	**171,770**	57,000
Shaysons Investments (Proprietary) Limited, *(Formerly known as Balsam (Propriety) Limited)*	**171,766**	159,042	**171,766**	159,042
Brasslock (Propriety) Limited	-	16,755	-	16,755
Choppies Distribution Centre (Proprietary) Limited	**19,806,730**	18,724,823	**19,806,730**	18,724,823
Choppies Hyper Store Game City *(Formerly known as High Land Haven (Proprietary) Limited)*	-	131,925	-	131,925
Choppies Hyper Westgate *(Formerly known as Lisboa Trading (Proprietary) Limited)*	-	626,289	-	626,289
Choppies Hyper Store Francistown II *(Formerly known as Monte Vista (Proprietary) Limited)*	**3,055,002**	4,338,118	**3,055,002**	4,338,118
Choppies Hyper North Gate *(Formerly known as Smart Buy (Proprietary) Limited)*	-	217,014	-	217,014
Choppies Hyper Rail Park Mall *(Formerly known as Summer Queen (Proprietary Limited)*	-	131,397	-	131,397
	25,140,218	**26,154,102**	**25,140,218**	26,154,102

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
25 Related parties (continued)				
Rental income received from related parties (continued)	**25,140,218**	26,154,102	**25,140,218**	26,154,102
Choppies Superstore Thamaga *(Formerly known as Accrete Investments (Proprietary) Limited)*	**841,155**	847,394	**841,155**	847,394
Choppies Plumbing, Refrigeration and Electrical *(Formerly known as (Amphora (Proprietary) Limited)*	**1,272,721**	1,703,792	**1,272,721**	1,703,792
Choppies Superstore Kasane *(Formerly known as Asklite (Proprietary) Limited)*	**-**	85,318	**-**	85,318
Choppies Superstore Shoshong *(Formerly known as Bell Garden (Proprietary) Limited)*	**-**	112,763	**-**	112,763
Choppies Super Store Maun *(Formerly known as Bestlite (Proprietary) Limited)*	**291,156**	662,163	**291,156**	662,163
Choppies Super Store Ghanzi *(Formerly known as Bowerbird (Proprietary) Limited)*	**1,522,195**	1,641,922	**1,522,195**	1,641,922
Choppies Super Stores Phikwe Mall *(Formerly known as Chatley (Proprietary) Limited)*	**972,000**	1,353,164	**972,000**	1,353,164
Choppies Super Store Tonota *(Formerly known as Taffeta Roses (Proprietary) Limited)*	**-**	111,034	**-**	111,034
Choppies Supermarkets S.A. (Proprietary) Limited	**13,066,976**	12,993,204	**-**	-
Choppies Superstore Good Hope *(Formerly known as Kings Rifle (Proprietary) Limited)*	**-**	34,310	**-**	34,310
Choppies Superstore Ilala Mall Mahalapye *(Formerly known as Enchanted Oaks (Proprietary) Limited)*	**-**	24,000	**-**	24,000
Choppies Super Store Meriting *(Formerly known as Ganga (Proprietary) Limited)*	**-**	19,875	**-**	19,875
Choppies Superstore Nata *(Formerly known as Best stragety Nata (Proprietary) Limited)*	**1,154,445**	1,220,699	**1,154,445**	1,220,699
Choppies Superstore Ramotswa II *(Formerly known as Tanglewood (Proprietary) Limited)*	**-**	20,882	**-**	20,882
Choppies Super Store Lobatse *(Formerly known as Daisy Gardens (Proprietary) Limited)*	**486,058**	489,893	**486,058**	489,893
Choppies Super Stores - Fairground *(Formerly known as Deluxe (Proprietary) Limited)*	**-**	95,444	**-**	95,444
Choppies Super Stores Busrank Lobatse *(Formerly known as F & A Enterprises (Proprietary) Limited)*	**-**	96,481	**-**	96,481
Choppies Super Store Serowe CBD *(Formerly known as Floating Idea (Proprietary) Limited)*	**-**	48,398	**-**	48,398
Choppies Superstore Station *(Formerly known as Fresh Take (Proprietary) Limited)*	**-**	132,881	**-**	132,881
Choppies Super Store Namantle *(Formerly known as Genuine Passions (Proprietary) Limited)*	**1,127,478**	1,024,980	**1,127,478**	1,024,980
Choppies Superstore-Jerusalama Moshupa *(Formerly known as Gliftwood (Proprietary) Limited)*	**925,900**	1,423,498	**925,900**	1,423,498
	46,800,302	50,296,197	**33,733,326**	37,302,993

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
25 Related parties (continued)				
Rental income received from related parties (continued)	**46,800,302**	50,296,197	**33,733,326**	37,302,993
Choppies Super Store Jwaneng *(Formerly known as Gobrand (Proprietary) Limited)*	-	110,246	-	110,246
Choppies Superstore Hill Side *(Formerly known as Godavari (Proprietary) Limited)*	-	19,209	-	19,209
Choppies Superstore Kanye Bus Rank *(Formerly known as Gritnit (Proprietary) Limited)*	-	127,293	-	127,293
Choppies Super Store Francistown *(Formerly known as Hoovernit (Proprietary) Limited)*	-	30,300	-	30,300
Choppies Super Store Village *(Formerly known as Jarapino (Proprietary) Limited)*	-	99,818	-	99,818
Choppies Super Store Ramotswa *(Formerly known as Jobfine (Proprietary) Limited)*	-	49,434	-	49,434
Choppies Superstore Mogoditshane *(Formerly known as Kaar Distributors (Proprietary) Limited)*	-	99,818	-	99,818
Choppies Super Store Block 8 Mall *(Formerly known as Leaf Motis (Proprietary) Limited)*	-	103,081	-	103,081
Choppies Superstore Selibe Phikwe *(Formerly known as Macha Investments (Proprietary) Limited)*	-	76,181	-	76,181
Choppies Super Store Gabane Junction *(Formerly known as Million Touch (Proprietary) Limited)*	-	138,311	-	138,311
Choppies Super Store Palapye *(Formerly known as Right Time (Proprietary) Limited)*	-	237,460	-	237,460
Choppies Super Store Loja Mall *(Formerly known as Rigil (Proprietary) Limited)*	-	47,100	-	47,100
Choppies Super Store G West *(Formerly known as S & F (Proprietary) Limited)*	-	132,466	-	132,466
Choppies Meat Distribution Centre *(Formerly known as Sarfrosh Holdings (Proprietary) Limited)*	-	100,282	-	100,282
Choppies Superstore Maun 3 Boseja *(Formerly known as Shoppers Paradise (Proprietary) Limited)*	-	49,469	-	49,469
Choppies Superstore Borakalalo Molepolole *(Formerly known as Spin & Shine (Proprietary) Limited)*	-	68,310	-	68,310
Choppies Super Store Maruapula *(Formerly known as Tampatrail (Proprietary) Limited)*	-	110,562	-	110,562
Choppies Super Store Phakalane *(Formerly known as Top Shape (Proprietary) Limited)*	-	122,881	-	122,881
Choppies Super Store Tlokweng Centre *(Formerly known as Torinby (Proprietary) Limited)*	-	197,201	-	197,201
Choppies Super Store Maun II *(Formerly known as Velocity (Proprietary) Limited)*	**291,156**	-	**291,156**	-
Choppies Superstore Old Lobatse Road *(Formerly known as Walrus (Proprietary) Limited)*	**1,892,587**	1,784,556	**1,892,587**	1,784,556
Choppies Super Store Zeerust Road Lobatse *(Formerly known as Wayside Supermarket (Proprietary) Limited)*	-	-	-	-
Choppies Super Stores Tutume *(Formerly known as Whitebaite (Proprietary) Limited)*	-	73,092	-	73,092
Choppies Superstore Borogo Junction, Kazungula *(Formerly known as Wolflakde (Proprietary) Limited)*	**2,170,808**	3,293,134	**2,170,808**	3,293,134
	51,154,853	57,366,401	**38,087,877**	44,373,197

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
25 Related parties (continued)				
Rental income received from related parties (continued)	**51,154,853**	57,366,401	**38,087,877**	44,373,197
Choppies Supermarkets S.A. (Proprietary) Limited *(Formerly known as Choppies Warehousing Services (Proprietary) Limited)*	**7,767,972**	7,674,465	**-**	-
DCS Tropicana (Proprietary) Limited	**1,339,790**	18,601	**1,339,790**	18,601
Distron Botswana (Proprietary) Limited	**101,940**	5,270	**101,940**	5,270
Serowe Choppies Multisave Super Store *(Formerly known as Dostana (Proprietary) Limited)*	**-**	53,436	**-**	53,436
Feasible Investments (Proprietary) Limited	**546,943**	554,254	**546,943**	554,254
Choppies Super Store Station II *(Formerly known as Freshtake (Propriety) Limited)*	**-**	112,763	**-**	112,763
Gainville (Proprietary) Limited	**25,801**	344,425	**25,801**	344,425
Glenwally (Proprietary) Limited	**-**	30,226	**-**	30,226
Greenland (Propriety) Limited	**64,000**	45,000	**64,000**	45,000
Highland (Proprietary) Limited	**-**	-	**-**	-
Honey Guide (Proprietary) Limited	**1,425,329**	1,298,208	**1,425,329**	1,298,208
Shaysons Investments (Proprietary) Limited *(Formerly known as Hoplite (Propriety) Limited)*	**451,257**	417,830	**451,257**	417,830
ILO Industries (Proprietary) Limited	**2,147,667**	1,131,330	**2,147,667**	1,131,330
Industrial Filling station (Proprietary) Limited	**1,519,883**	1,269,619	**1,519,883**	1,269,619
Inskip Investments (Proprietary) Limited	**224,246**	244,312	**224,246**	244,312
JB Sports (Proprietary) Limited *(Formerly known as Ovais Investment (Proprietary) Limited)*	**1,144,235**	1,175,207	**1,144,235**	1,175,207
Kamoso Distribution (Proprietary) Limited	**-**	22,965	**-**	22,965
Keriotic Investments (Proprietary) Limited	**243,591**	2,536,098	**243,591**	2,536,098
Lubsoga (Propriety) Limited	**151,096**	37,337	**151,096**	37,337
Shaysons Investments (Proprietary) Limited *(Formerly known as Lumpsum Investments (Propriety) Limited)*	**387,903**	359,169	**387,903**	359,169
Mont Catering (Proprietary) Limited	**-**	40,500	**-**	40,500
Shaysons Investments (Proprietary) Limited *(Formerly known as Morava (Propriety) Limited)*	**136,454**	174,361	**136,454**	174,361
Fruit and Veg Market *(Formerly known as Motopi (Proprietary) Limited)*	**3,385,181**	3,599,841	**3,385,181**	3,504,039
Northgate Lodge (Proprietary) Limited	**724,730**	691,787	**724,730**	691,787
Cottenvale (Proprietary) Limited	**40,093**	35,200	**40,093**	35,200
Ovais Investments (Proprietary) Limited	**-**	122,501	**-**	122,501
Payless (Proprietary) Limited	**158,594**	85,040	**158,594**	85,040
Peacock Blue (Propriety) Limited	**881,712**	816,400	**881,712**	816,400
Pennywise Investments (Proprietary) Limited	**174,701**	157,594	**174,701**	157,594
Pinestone (Proprietary) Limited	**87,492**	81,389	**87,492**	81,389
Pratham Holdings (Propriety) Limited	**143,875**	454,960	**143,875**	454,960
Presprime Investments (Proprietary) Limited	**155,019**	156,240	**155,019**	156,240
Princieton (Proprietary) Limited	**321,207**	337,959	**321,207**	337,959
Prosperous People (Proprietary) Limited	**924,606**	1,026,825	**924,606**	1,026,825
Puko (Proprietary) Limited	**-**	1,852,106	**-**	1,852,106
RBV Consultants (Proprietary) Limited	**55,959**	118,368	**55,959**	118,368
Real Plastic (Proprietary) Limited	**208,151**	850,482	**208,151**	850,482
Royal Stag (Proprietary) Limited	**-**	18,040	**-**	18,040
Shaysons Investments (Propriety) Limited	**2,072,819**	1,616,213	**2,072,819**	1,616,213
Mogoditshane Choppies Multisave Store *(Formerly known as Smoothsail (Proprietary) Limited)*	**1,797,487**	-	**1,797,487**	-
Solace (Proprietary) Limited	**88,434**	74,700	**88,434**	74,700
Strides of success (Proprietary) Limited	**574,181**	555,012	**574,181**	555,012
Choppies Value Store Woodhall *(Formerly known as Sunrise (Proprietary) Limited)*	**370,270**	373,733	**370,270**	373,733
Supasave (Proprietary) Limited	**-**	124,842	**-**	124,842
Taj Supermarket (Proprietary) Limited	**-**	1,057,435	**-**	1,057,435
Teemane Plastics (Proprietary) Limited	**447,420**	86,600	**447,420**	86,600
Choppies Transport *(Formerly known as Welldone (Proprietary) Limited)*	**3,228,587**	3,295,963	**3,228,587**	3,295,963
	84,673,478	92,501,007	**63,838,530**	71,737,536

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
25 Related parties (continued)				
Rental income received from related parties (continued)	**84,673,478**	92,501,007	**63,838,530**	71,737,536
Atladis (Proprietary) Limited	**-**	256,149	**-**	256,149
Custody investment (Proprietary) Limited	**878,460**	798,600	**878,460**	798,600
Silver Light (Propriety) Limited	**1,640,721**	270,300	**1,640,721**	270,300
Shine Star Lane (Proprietary) Limited	**827,099**	780,982	**827,099**	780,982
Texo (Propriety) Limited	**47,251**	76,230	**47,251**	76,230
Tiger Square (Propriety) Limited	**1,736,640**	1,058,760	**1,736,640**	1,058,760
Tim Tam (Proprietary) Limited	**375,133**	308,446	**375,133**	308,446
Vet Agric Suppliers(Proprietary) Limited	**135,168**	137,828	**135,168**	137,828
Weal (Proprietary) Limited	**496,278**	461,516	**496,278**	461,516
ZCX Investments (Proprietary) Limited	**790,567**	1,103,972	**790,567**	1,103,972
Electrometic Enterprises (Proprietary) Limited	**93,010**	-	**93,010**	-
Choppies Superstore Sebina	**253,500**	-	**253,500**	-
Choppies Superstore Metsimotlhabe	**203,313**	-	**203,313**	-
Choppies Superstore Pitsane	**1,057,916**	-	**1,057,916**	-
Choppies Supermarkets Limited (Zambia)	**1,161,170**	-	**-**	-
	94,369,704	97,753,790	**72,373,586**	76,990,319

Goods and services purchased from related parties

Alpha Direct	**1,161,454**	945,973	**1,161,454**	945,973
Choppies Plumbing, Refrigeration and Electrical *(Formerly known as Amphora (Proprietary) Limited)*	**1,260**	20,630	**1,260**	20,630
Choppies Distribution Centre (Proprietary) Limited	**16,268**	-	**16,268**	-
Electrometric enterprises (Proprietary) Limited	**99,938**	96,226	**99,938**	96,226
Feasible investment (Proprietary) Limited	**30,124**	-	**30,124**	-
Inskip investment (Proprietary) Limited	**20,000**	-	**20,000**	-
Megatop (Proprietary) Limited	**7,500**	-	**7,500**	-
Pennywise (Proprietary) Limited	**125,239**	-	**125,239**	-
Choppies Transport *(Formerly known as Welldone (Proprietary) Limited)*	**75,232**	80,659	**75,232**	80,659
	1,537,015	1,143,488	**1,537,015**	1,143,488

Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

Directors' fee	**466,850**	711,183	**466,850**	711,183
Salaries and other short-term employment benefits	**410,020**	343,999	**410,020**	343,999
	876,870	1,055,182	**876,870**	1,055,182

Property mortgaged by the Company owned by related parties

Company has mortgaged Tribal Lot 176 Kumakwane and Tribal Grant 2763 Otse owned by Time Star Investments (Proprietary) Limited for the loan facility obtained from Standard Chartered Bank Botswana Limited.

Securities provided by related parties

Cession of 33,333,333 Choppies Enterprises Limited shares by Mr. Ottapathu Ramachandran for loan facility obtained from BIFM Capital Investment Fund One (Proprietary) Limited.

Mr. Farouk Ismail and Mr. Ottapathu Ramachandran have given joint and several personal guarantees for loan facilities obtained from Standard Chartered Bank Botswana Limited and Letter of unlimited suretyship for First National Bank Botswana Limited.

Mr. Farouk Ismail, Mr. Ottapathu Ramachandran and Far Property Company Limited have executed a joint and several continuing guarantee of Rand 50 million plus interest and costs, in favour of Investec.

	Group		Company	
Figures in Pula	**2019**	**2018**	**2019**	**2018**

26 Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 12 and 10, cash and cash equivalents disclosed in note 10 and equity as disclosed in the consolidated statement of financial

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

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 2019 and 2018 respectively were as follows:

Total borrowings	**Note**				
Related party payable	**6**	**-**	-	**132,293**	94,126
Borrowings	**12**	**513,728,561**	452,952,587	**374,845,175**	396,555,881
Bank overdraft	**10**	**47,200,170**	40,630,917	**47,200,170**	40,630,917
Total debt		**560,928,731**	493,583,504	**422,177,638**	437,280,924
Less: cash and cash equivalents	**10**	**(13,738,493)**	(15,315,488)	**(7,694,618)**	(11,258,351)
Net debt		**547,190,238**	478,268,016	**414,483,020**	426,022,573
Total equity		**853,118,049**	797,373,307	**780,705,673**	740,213,572
Total capital		**1,400,308,287**	1,275,641,323	**1,195,188,693**	1,166,236,145
Gearing ratio		**39%**	37%	**35%**	37%

Financial risk management

Overview

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

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

Risk management is carried out by a group finance department under policies approved by the board. Group finance department identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

26 Risk management (continued)

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held cash and cash equivalents of P13,738,493. (2018 – P15,315,488) that are expected to readily generate cash inflows for managing liquidity risk. Group maintains flexibility in funding by maintaining availability under committed credit lines. "As at 30 June 2019, Group's current liabilities exceeds it's current assets by BWP 164.5 Million. The liquidity gap is managed through P 384 Million undrawn facilities available to the Group and the additional income to be generated from the rental income.

Management monitors rolling forecasts of the Group’s liquidity reserve comprising the undrawn borrowing facilities and cash and cash equivalents (Note 10) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group’s liquidity management policy involves projecting cash flows, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Group - at 30 June 2019				
Borrowings	**110,374,005**	**156,925,311**	**323,162,775**	**-**
Trade and other payables	**16,726,396**	**-**	**-**	**-**
Bank overdraft	**47,200,170**	**-**	**-**	**-**
Distribution payable	**71,510,176**	**-**	**-**	**-**
Group - at 30 June 2018				
Borrowings	180,588,555	337,827,640	13,256,782	82,034,084
Trade and other payables	15,988,207	-	-	-
Bank overdraft	40,630,917	-	-	-
Distribution payable	49,004,494	-	-	-

Figures in Pula

26 Risk management (continued)

Company - at 30 June 2019	**Less than 1 year**	**Between 1 to 2 years**	**Between 2 to 5 years**	**Over 5 years**
Borrowings	88,134,795	92,885,895	233,382,231	-
Related party payables	132,293	-	-	-
Trade and other payables	12,771,160	-	-	-
Bank overdraft	47,200,170	-	-	-
Distribution payable	71,510,176	-	-	-
Company - at 30 June 2018				
Borrowings	147,591,867	117,645,649	98,501,948	44,369,819
Related party payables	94,126	-	-	-
Trade and other payables	12,977,895	-	-	-
Bank overdraft	40,630,917	-	-	-
Distribution payable	49,004,494	-	-	-

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the Pula and Rand. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulations done do not have an impact on the current period's reported figures due to the relatively short duration. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management. If interest rates on Pula denominated and Rand denominated borrowings had been 1% higher/lower with all other variables held constant, impact on profit for the year was as follows:

Company	**Impact lower**		**Impact higher**	
	2019	**2018**	**2019**	**2018**
Pula-denominated borrowings	**3,702,008**	2,453,858	**(3,396,642)**	(2,796,626)
South African Rand-denominated borrowings	**513,487**	939,912	**(514,703)**	(938,349)
Group				
Pula-denominated borrowings	**3,702,008**	2,453,858	**(3,396,642)**	(2,796,626)
South African Rand-denominated borrowings	**1,784,236**	1,586,002	**(1,804,669)**	(1,731,142)

Credit risk

Credit risk is the risk that a counterparty may cause financial loss to the group by failing to discharge an obligation.

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

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Figures in Pula

26 Risk management (continued)

Credit risk (continued)

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

	Group		Company	
Financial instrument	**2019**	**2018**	**2019**	**2018**
Related party receivables	**9,095,734**	5,218,299	**102,770,264**	101,767,284
Trade and other receivables	**13,616,824**	14,161,872	**10,557,899**	10,234,825
Cash and cash equivalents	**13,734,350**	15,314,164	**7,691,485**	11,257,748

Credit risk with respect to trade receivables is minimised by the diverse tenant base. Credit checks are performed prior to concluding leases and arrear rentals are actively managed.

Credit risk attached to the Group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions.

Credit quality of financial assets are disclosed in Note 9 and 10.

Foreign exchange risk

Foreign exchange rate risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The potential for loss arises from the process of revaluing foreign currency positions on both on- and off- balance sheet items, in Botswana Pula terms.

As at 30 June 2019, if the South African Rand that the Group is exposed to had weakened or strengthened by 5% against the respective functional currencies with all other variables held constant, Group profit for the year would have been P1,893,707 (2018: P2,717,327) higher / lower and the Company profit for the year would have been P2,790,020 (2018: P946,368) higher / lower, mainly as a result of foreign exchange gains and losses on translation of foreign currency denominated assets and liabilities.

As at 30 June 2019, if the United States Dollar that the Group is exposed to had weakened or strengthened by 5% against the respective functional currencies with all other variables held constant, Group profit for the year would have been P80,513 (2018: P73,539) higher / lower and the Company profit for the year would have been P26,044 (2018: P Nil) higher / lower, mainly as a result of foreign exchange gains and losses on translation of foreign currency denominated assets and liabilities.

Figures in Pula

27 Financial instruments -fair value hierarchy

This analysis categorises the financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measured as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
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: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

The group's financial assets and liabilities carried at fair value as at the year end were classified as follows:

	Group			Company		
2019	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**13,738,493**	-	-	**7,694,618**	-	-
Bank overdrafts	**(47,200,170)**	**-**	**-**	**(47,200,170)**	-	-
2018						
Cash and cash equivalents	15,315,488	-	-	11,258,351	-	-
Bank overdrafts	(40,630,917)	-	-	(40,630,917)	-	-

There have been no transfers between any of the hierarchy levels during the year (2018: nil)
Level 1 financial assets include only cash and cash equivalents and bank overdrafts that are based on actual values invested at the relevant financial institutions.

While not carried at fair value, the fair value of the following financial instruments were disclosed, and the analysis below reflects the fair value hierarchy relative to these instruments:

Figures in Pula

27 Financial instruments -fair value hierarchy (continued)

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2019						
Assets						
Related party receivables	**-**	**-**	**9,095,734**	**-**	**-**	**102,770,264**
Trade and other receivables	**-**	**-**	**13,616,824**	**-**	**-**	**10,557,899**
Liabilities						
Borrowings	-	**-**	**513,728,561**	**-**	**-**	**374,845,175**
Related party payables	-	**-**	**-**	**-**	**-**	**132,293**
Trade and other payables	-	**-**	**15,164,275**	**-**	**-**	**11,759,325**

	Group			Company		
2018	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Related party receivables		-	5,218,299		-	101,767,284
Trade and other receivables		-	14,161,872		-	10,234,825
Liabilities						
Borrowings		-	452,952,587		-	396,555,881
Related party payables		-			-	94,126
Trade and other payables		-	14,792,552		-	12,335,069

28 Non- financial instruments- fair value hierarchy

This analysis categorises the non-financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measure as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
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: inputs for the asset or liability that are not based on observable market date, that is unobservable inputs.

The group's non-financial assets and liabilities carried at fair value as at the year end were classified as follows:

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2019						
Investment property	-	-	**1,481,019,203**	**-**	**-**	**1,142,728,622**
2018						
Investment property	-	-	1,357,665,459	-	-	1,134,808,771

There have been no transfers between any of the hierarchy levels during the year (2018: nil).

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018

28 Non- financial instruments -fair value hierarchy (continued)

No non-financial assets carried at fair value are classified as level 1 or 2.

Level 3 financials assets comprise the investment property portfolio more fully described in note 3. The significant inputs used in determining this value are set out in note 1.2 and note 3.

The fair value for the Company's investment in its subsidiary companies are similarly disclosed and are classified as a level 3 hierarchy in view that, it is being based on the net underlying asset values which include level 3 inputs for the investment property as set out above.

29 Linked units distribution payable

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of year	**49,004,494**	52,022,000	**49,004,494**	52,022,000
Amount declared during year	**71,510,176**	49,004,494	**71,510,176**	49,004,494
Amount paid during year	**(31,696,542)**	(4,529,637)	**(31,696,542)**	(4,529,637)
Scrip in lieu of distribution on linked units	**(17,307,952)**	(47,492,363)	**(17,307,952)**	(47,492,363)
Balance at end of year	**71,510,176**	49,004,494	**71,510,176**	49,004,494
Linked unit distribution per linked unit - declared during the year	**0.18**	0.12	**0.18**	0.12

30 Earnings per linked unit

Basic earnings per linked unit is calculated by dividing the net profit attributable to linked unitholders by the weighted average number of linked units outstanding during the year.

	Group 2019	Group 2018	Company 2019	Company 2018
Net profit for the year attributable to linked unitholders	**109,292,960**	39,249,959	**94,694,325**	50,997,985
Weighted average number of linked units in issue	**404,411,057**	394,764,190	**404,411,057**	394,764,190
Basic earnings per linked unit	**0.27**	0.10	**0.23**	0.13

The Company has no dilutive potential linked units, the diluted earnings per linked unit are the same as the basic earnings per linked unit.

31 Events after the reporting period

There were no material events that occurred after the reporting date that required disclosure in or adjustment to the financial statements.

32 Operating segments

The Company and the Group adopted IFRS 8, "Operating Segments". This has resulted in a number of reportable segments presented. In addition, segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief decision maker is the Board of

Information about major customers

The revenue of the following customer amounts to more than 10% of the Company's total revenue for the year ended 30 June 2019.

Choppies Distribution Centre (Proprietary) Limited	19,806,730

This customer belongs to the "industrial properties" operating segment.

Reportable segments

Management has determined the operating segments based on the reports reviewed by the Board in making strategic decisions and the Board considers the business on the following operating decisions.
-"Residential properties" - Properties occupied for the residential purposes
-"Commercial properties " - Properties occupied for the commercial purposes
-"Industrial properties " - Properties occupied for the industrial purposes
-"Other" - includes other activities not included in other segments

The segment information provided to the Board for the reportable segments for the year ended 30 June 2019 is as follows:

Company	Residential	Commercial	Industrial	Other	Total
Revenue	**13,623,452**	**46,514,458**	**51,766,482**	**-**	**111,904,392**
Tenant recoveries	**369,081**	**6,284,721**	**3,516,627**	**-**	**10,170,429**
Operating expenses	**(1,249,191)**	**(6,284,721)**	**(3,516,627)**	**(7,966,186)**	**(19,016,725)**
Finance income	**-**	**-**	**-**	**13,904,804**	**13,904,804**
Finance costs	**-**	**-**	**-**	**(34,142,586)**	**(34,142,586)**
Investment property fair value adjustment	**(6,063,000)**	**7,040,030**	**(11,620,594)**	**-**	**(10,643,564)**
Income tax credit	**-**	**-**	**-**	**16,010,886**	**16,010,886**

Figures in Pula

32 Operating segments (continued)	Residential	Commercial	Industrial	Other	Total
Segment assets	**180,612,164**	**576,957,018**	**433,836,949**	**147,138,343**	**1,338,544,474**
Reconciliation to total assets as reported in the statement of financial position					
Property, plant and equipment	-	-	-	**349,418**	**349,418**
Investment property	**175,310,000**	**560,643,806**	**406,774,816**	-	**1,142,728,622**
Investments in subsidiaries	-	-	-	**25,416,533**	**25,416,533**
Related party receivables	-	-	-	**102,770,264**	**102,770,264**
Operating lease asset	**5,302,164**	**16,313,212**	**27,062,133**	-	**48,677,509**
Trade and other receivables	-	-	-	**10,907,510**	**10,907,510**
Cash and cash equivalents	-	-	-	**7,694,618**	**7,694,618**
Total assets as reported in the statement of financial position	**180,612,164**	**576,957,018**	**433,836,949**	**147,138,343**	**1,338,544,474**
Total liabilities	-	-	-	**557,838,801**	**557,838,801**

The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 is as follows:

Company	**Residential**	**Commercial**	**Industrial**	**Other**	**Total**
Revenue	14,530,732	54,479,488	33,195,394	-	102,205,614
Tenant recoveries	563,742	3,674,177	2,504,755	-	6,742,674
Operating expenses	(837,638)	(3,776,128)	(681,490)	(12,087,111)	(17,382,367)
Finance income	-	-	-	14,007,960	14,007,960
Finance costs	-	-	-	(33,297,340)	(33,297,340)
Investment property fair value adjustment	(518,928)	(8,107,922)	(22,244,278)	-	(30,871,128)
Income tax charge	-	-	-	(107,786)	(107,786)
Segment assets	180,740,494	471,292,977	530,497,025	126,568,616	1,309,099,112
Reconciliation to total assets as reported in the statement of financial position					
Property, plant and equipment	-	-	-	497,354	497,354
Investment property	175,456,000	457,589,168	501,763,603	-	1,134,808,771
Investments in subsidiaries	-	-	-	2,415,821	2,415,821
Related party receivables	-	-	-	101,767,284	101,767,284
Operating lease asset	5,284,494	13,703,809	28,733,422	-	47,721,725
Trade and other receivables	-	-	-	10,629,806	10,629,806
Cash and cash equivalents	-	-	-	11,258,351	11,258,351
Total assets as reported in the statement of financial position	180,740,494	471,292,977	530,497,025	126,568,616	1,309,099,112
Total liabilities	-	-	-	568,885,540	568,885,540

Figures in Pula

32 Operating segments (continued)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2019 is as follows:

	Botswana				**South Africa**				**Zambia**				
Group	**Residential**	**Commercial**	**Industrial**	**Other**	**Residential**	**Commercial**	**Industrial**	**Other**	**Residential**	**Commercial**	**Industrial**	**Other**	**Total**
Revenue	**13,707,452**	**46,514,458**	**51,766,482**	**-**	**395,012**	**15,997,613**	**15,220,233**	**-**	**-**	**2,041,633**	**-**	**-**	**145,642,883**
Tenant recoveries	**369,081**	**6,284,721**	**3,516,627**	**-**	**60,282**	**6,058,866**	**3,455,402**	**-**	**-**	**-**	**-**	**-**	**19,744,979**
Operating expenses	**(1,269,019)**	**(6,284,721)**	**(3,516,627)**	**(7,966,186)**	**(60,282)**	**(6,058,867)**	**(3,834,896)**	**(4,244,046)**	**-**	**(528,811)**	**-**	**-**	**(33,763,455)**
Finance income	**-**	**-**	**-**	**3,529,055**	**-**	**-**	**-**	**2,270,751**	**-**	**(5,276,825)**	**-**	**-**	**522,981**
Finance costs	**-**	**-**	**-**	**(34,142,586)**	**-**	**-**	**-**	**(12,301,266)**	**-**	**-**	**-**	**-**	**(46,443,852)**
Investment property fair value adjustment	**(6,063,000)**	**7,040,030**	**(11,620,594)**	**-**	**(14,621)**	**3,849,384**	**(1,112,457)**	**-**	**-**	**14,838,375**	**-**	**-**	**6,917,117**
Income tax	**-**	**-**	**-**	**16,010,886**	**-**	**-**	**-**	**(844,706)**	**-**	**(204,164)**	**-**	**-**	**14,962,016**
Segment assets	**182,462,164**	**576,957,018**	**433,836,949**	**28,102,280**	**3,470,978**	**212,543,826**	**93,650,174**	**18,260,381**	**-**	**32,890,506**	**-**	**-**	**1,582,174,276**
Reconciliation to total assets as reported in the statement of financial position													
Property, plant and equipment	**-**	**-**	**-**	**349,418**	**-**	**-**	**-**	**278,315**	**-**	**-**	**-**	**-**	**627,733**
Investment property	**177,160,000**	**560,643,806**	**406,774,816**	**-**	**3,431,812**	**210,145,540**	**92,593,452**	**-**	**-**	**30,269,777**	**-**	**-**	**1,481,019,203**
Related party receivables	**-**	**-**	**-**	**9,095,734**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,095,734**
Operating lease asset	**5,302,164**	**16,313,212**	**27,062,133**	**-**	**39,166**	**2,398,286**	**1,056,722**	**-**	**-**	**1,157,386**	**-**	**-**	**53,329,069**
Trade and other receivables	**-**	**-**	**-**	**10,962,510**	**-**	**-**	**-**	**8,344,573**	**-**	**425,405**	**-**	**-**	**19,732,488**
Cash and cash equivalents	**-**	**-**	**-**	**7,694,618**	**-**	**-**	**-**	**5,005,937**	**-**	**1,037,938**	**-**	**-**	**13,738,493**
Deferred income tax assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,631,556**	**-**	**-**	**-**	**-**	**4,631,556**
Total assets as reported in the statement of financial position	**182,462,164**	**576,957,018**	**433,836,949**	**28,102,280**	**3,470,978**	**212,543,826**	**93,650,174**	**18,260,381**	**-**	**32,890,506**	**-**	**-**	**1,582,174,276**
									-				
Total liabilities	**-**	**-**	**-**	**557,838,801**	**-**	**-**	**-**	**171,217,426**	**-**	**-**	**-**	**-**	**729,056,227**

32 Operating segments (continued)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 is as follows:

	Botswana				South Africa				Zambia				
Group	**Residential**	**Commercial**	**Industrial**	**Other**	**Residential**	**Commercial**	**Industrial**	**Other**	**Residential**	**Commercial**	**Industrial**	**Other**	**Total**
Revenue	14,530,732	54,479,488	33,195,394	-	336,542	15,642,395	7,325,212	-	-	1,867,351	-	-	127,377,114
Tenant recoveries	563,742	3,674,177	2,504,754	-	18,699	5,604,895	1,567,720	-	-	-	-	-	13,933,987
Operating expenses	(918,810)	(3,776,128)	(681,490)	(12,087,112)	(20,128)	(3,842,024)	(1,030,397)	(7,856,842)	-	(519,897)	-	-	(30,732,828)
Finance income	-	-	-	(14,007,960)	-	-	-	10,835,198	-	-	-	-	(3,172,762)
Finance costs	-	-	-	(33,297,340)	-	-	-	(7,720,691)	-	-	-	-	(41,018,031)
Investment property fair value adjustment	(1,118,928)	(8,107,922)	(22,244,278)	-	(113,233)	(9,984,615)	(2,662,978)	-	-	(1,892,318)	-	-	(46,124,272)
Loss on sale of investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	(107,786)	-	-	-	3,308,445	-	-	-	(186,735)	3,013,924
Segment assets	182,590,494	471,292,977	530,497,025	27,603,810	3,345,987	116,559,107	85,437,704	12,666,353	-	21,737,925	-	-	1,451,731,382
Reconciliation to total assets as reported in the statement of financial													
Property, plant and equipment	-	-	-	497,354	-	-	-	304,848	-	-	-	-	802,202
Investment property	177,306,000	457,589,168	501,763,603	-	3,328,318	113,949,704	84,036,200	-	-	19,692,466	-	-	1,357,665,458
Related party receivables	-	-	-	5,218,299	-	-	-	-	-	-	-	-	5,218,299
Operating lease asset	5,284,494	13,703,809	28,733,422	-	17,670	2,609,403	1,401,504	-	-	2,045,459	-	-	53,795,761
Trade and other receivables	-	-	-	10,629,806	-	-	-	4,312,864	-	-	-	-	14,942,670
Cash and cash equivalents	-	-	-	11,258,351	-	-	-	4,057,137	-	-	-	-	15,315,488
Deferred income tax assets	-	-	-	-	-	-	-	3,991,504	-	-	-	-	3,991,504
Total assets as reported in the statement of financial position	182,590,494	471,292,977	530,497,025	27,603,810	3,345,987	116,559,107	85,437,704	12,666,353	-	21,737,925	-	-	1,451,731,382
Total liabilities	**-**	**-**	**-**	**568,885,540**	**-**	**-**	**-**	**85,472,536**	**-**	**-**	**-**	**-**	**654,358,076**

DETAILED CONSOLIDATED AND SEPARATE INCOME STATEMENT
for the year ended 30 June 2019

		Group		Company	
Figures in Pula	**Notes**	**2019**	**2018**	**2019**	**2018**
Revenue					
Rental income		**145,642,883**	127,377,113	**111,904,392**	102,205,614
Deferred lease adjustment		**(161,882)**	7,455,889	**955,784**	4,960,351
		145,481,001	134,833,002	**112,860,176**	107,165,965
Other income					
Fuel rebates		**1,566,796**	1,689,896	**1,566,796**	1,689,896
Recoveries		**19,744,979**	13,933,987	**10,170,429**	6,742,674
Management fee		**-**	-	**3,706,867**	2,667,282
Miscellaneous income		**305,377**	481,517	**277,242**	382,829
Operating expenses		**(33,763,455)**	(30,732,826)	**(19,016,725)**	(17,382,367)
Operating profit		**133,334,698**	120,205,576	**109,564,785**	101,266,279
Finance income	**17**	**522,981**	3,172,762	**13,904,804**	14,007,960
Finance costs	**18**	**(46,443,852)**	(41,018,031)	**(34,142,586)**	(33,297,340)
Net income from operations		**87,413,827**	82,360,307	**89,327,003**	81,976,899
Investment property fair value adjustment		**6,917,117**	(46,124,272)	**(10,643,564)**	(30,871,128)
Profit before income tax		**94,330,944**	36,236,035	**78,683,439**	51,105,771
Income tax credit / (charge)	**20**	**14,962,016**	3,013,924	**16,010,886**	(107,786)
Profit for the year		**109,292,960**	39,249,959	**94,694,325**	50,997,985
Operating expenses					
Accounting fees		**(358,387)**	(272,985)	**(296,397)**	(262,842)
Rates		**(3,007,931)**	(1,258,290)	**(756,897)**	(466,892)
Auditors remuneration		**(791,303)**	(798,670)	**(688,750)**	(664,280)
Bank charges		**(79,939)**	(56,527)	**(58,019)**	(37,370)
Cleaning		**(987,164)**	(718,081)	**(714,527)**	(513,526)
Depreciation		**(142,170)**	(202,907)	**(107,710)**	(170,512)
Insurance		**(1,308,326)**	(1,190,361)	**(827,920)**	(883,932)
Legal expenses		**(1,037,564)**	(655,898)	**(475,528)**	(319,661)
Professional charges		**(1,907,702)**	(1,717,647)	**(758,485)**	(936,206)
Levies		**(1,994,764)**	(1,168,550)	**(1,952,520)**	(1,166,574)
Commission		**(88,793)**	(309,429)	**(42,898)**	(274,366)
Loss on disposal of investment property		**(15,541)**	-	**(15,541)**	-
Repairs and maintenance		**(1,456,857)**	(1,083,744)	**(933,156)**	(806,966)
Rentals		**(410,081)**	(104,295)	**(320,135)**	-
Security		**(1,032,009)**	(1,033,214)	**(692,822)**	(695,262)
SAT penalty interest		**(17,644)**	-	**(17,644)**	-
Staff cost		**(1,851,296)**	(1,947,135)	**(1,851,296)**	(1,947,135)
Impairment of trade receivable		**(2,583,366)**	(4,252,521)	**(751,166)**	(1,862,190)
Utilities		**(12,260,220)**	(10,208,089)	**(5,572,575)**	(4,689,059)
Directors remuneration		**(466,850)**	(711,183)	**(466,850)**	(711,183)
Other charges		**(1,965,548)**	(3,043,300)	**(1,715,889)**	(974,411)
		(33,763,455)	(30,732,826)	**(19,016,725)**	(17,382,367)

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 4 to 9".