

Citizen Entrepreneurial Development Agency (CEDA)
(Registration number BW00000557286)
Consolidated and Separate Financial statements
for the year ended 31 March 2022

Citizen Entrepreneurial Development Agency (CEDA)

(Registration number BW00000557286)

Consolidated And Separate Financial Statements for the year ended 31 March 2022

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Citizen Entrepreneurial Development Agency (CEDA)

(Registration number BW00000557286)

Consolidated And Separate Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	<p>The Citizen Entrepreneurial Development Agency ("CEDA") was established by the Government of the Republic of Botswana to provide financial and technical support for business development with the view of promoting viable and sustainable citizen owned business enterprises. CEDA was incorporated as a company limited by guarantee on 12 April 2001 and commenced operations in June 2001.</p> <p>In order to fulfill its objectives CEDA provides the following services:</p> <ul style="list-style-type: none">•Financial assistance to enterprises in the form of loans which are offered at subsidized interest rates and guarantees issued on behalf of entrepreneurs;•Training and mentoring providing management and marketing skills to the managers of its customers in order to enhance their opportunities for success;•Provision of loan finance to young farmers;•Provide access to finance for Small Micro and Medium Enterprises (SMME) and to assist businesses operating in the SMME sector of the economy to substitute the security requirements of commercial banks and other development financial institutions; and•Provision of risk capital to citizen owned projects and joint ventures between citizens and non- citizens through CEDA Venture Capital Fund.
Registered office	Plot 54350 Four Thirty Square Phillip Matante Road CBD Gaborone
Business address	Plot 54350 Four Thirty Square Phillip Matante Road CBD Gaborone
Postal address	Private Bag 00504 Gaborone
Bankers	Standard Chartered Bank Botswana Limited Absa Bank of Botswana Limited First National Bank of Botswana Limited BancABC Limited Stanbic Bank Botswana Limited Bank Gaborone Limited
Auditors	Grant Thornton
Secretary	Cynthia Sebonego
Company registration number	BW00000557286
Functional and reporting currency	Botswana Pula (BWP)

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act (Chapter 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations issued by the International Accounting Standards Board and effective at the time of preparation of these financial statements. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations issued by the International Accounting Standards Board and effective at the time of preparation of these financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

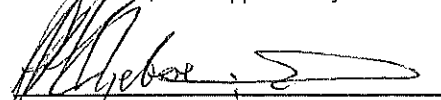
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying assessing managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated the group endeavors to minimize it by ensuring that appropriate infrastructure controls systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

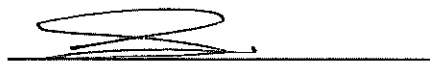
The directors have reviewed the company and group's cash flow forecast for the 12 month period from the date of authorization of the financial statements and in the light of this review and the current financial position they are satisfied that the company and group have or have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The group and company financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 9.

The consolidated and separate financial statements set out on pages 10 to 79, which have been prepared on the going concern basis, were approved by the directors on 05 July 2024 and were signed on their behalf by:



Director



Director

Citizen Entrepreneurial Development Agency (CEDA)

(Registration number BW00000557286)

Consolidated And Separate Financial Statements for the year ended 31 March 2022

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Citizen Entrepreneurial Development Agency (CEDA) (company) and its subsidiaries and associates (the group) for the year ended 31 March 2022.

1. Incorporation

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

2. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated consolidated and separate financial statements and separate financial statements.

3. Funding

There were no changes in the capital structure of the company and group during the year under review.

4. Dividends

No dividends were declared or paid to the members during the year (2021 P Nil).

5. Directors

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

Directors	Nationality	Changes
Dr. A Tsheboeng - Chairperson	Motswana	
W Mosweu	Motswana	
G K Mosimaneotsile	Motswana	Resigned 29 February 2024
B Bogopa	Motswana	Resigned 30 November 2021
D Mading	Motswana	Resigned 08 August 2021
M Mbaakanyi	Motswana	Resigned 01 May 2023
P N Nuku-Basaakane	Motswana	Resigned 30 November 2023
G Mmolawa	Motswana	Resigned 30 September 2021
W T Danke	Motswana	Appointed 01 March 2023
L T Monamodi	Motswana	Appointed 01 March 2023

6. Property, plant and equipment

There was no change in the nature of fixed assets of the company and the group or in the policy regarding their use.

7. Events after the reporting period

Refer to note 38 on the material subsequent events that occurred from the reporting date to the date of approval of the financial statements.

8. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 37 for the details on the consideration of going concern by the Directors.

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Directors' Report

9. Secretary

The company secretary is Cynthia Sebonego.

Postal address:

Private Bag 00504
Gaborone

10. Auditors

Grant Thornton are prepared to continue in office in accordance with the Companies Act (Chapter 42:01).

Chartered Accountants**Grant Thornton**

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

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[linkedin.com/company/Grant-Thornton-Botswana](https://www.linkedin.com/company/Grant-Thornton-Botswana)
twitter.com/GrantThorntonBW

Independent Auditor's Report**To the shareholders of Citizen Entrepreneurial Development Agency (CEDA)****Opinion**

We have audited the Consolidated and separate annual financial statements of Citizen Entrepreneurial Development Agency (CEDA) set out on pages 10 to 79, which comprises of the consolidated and separate statement of financial position as at 31 March 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in funds and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements give a true and fair view of, the consolidated and separate financial position of Citizen Entrepreneurial Development Agency (CEDA) (the "Company") and its subsidiaries (together "the Group") as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

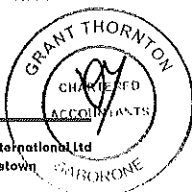
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Partners

Kalyanaroman Vijay (Managing), Aswin Vaidyanathan*, Madhavan Venkatachary*, Anthony Quashie, Sunny K Mulakulam*,
Aparna Vijay* (*Indian)





Independent Auditor's Report (continued)

Key audit matter	How the matter was addressed in our audit
<p>The assessment of impairment of loans and advances.</p> <p>The Group applies IFRS 9 - Financial Instruments ("IFRS 9"), which requires it to assess allowances for impairment of loans and advances, other receivables and guarantees on an expected loss basis. Accordingly, the Group measures such allowances using its own impairment model to calculate Expected Credit Losses ("ECLs").</p> <p>The impairment of loans and advances, other receivables and guarantees was considered to be a matter of significant importance to our current year audit due to the following:</p> <ul style="list-style-type: none"> • Loans and Advances, other receivables and guarantees are material to the financial statements; • The level of subjective judgement applied in determining the ECL on advances, other receivables and guarantees; • Significant assumptions applied in the recognition and measurement of credit risk. <p>In determining the ECLs, the following key judgements were applied by the Group:</p> <ul style="list-style-type: none"> • Appropriateness of model and assumptions for the measurement of ECLs; • Establishing groups of similar financial assets for the purpose of measuring ECLs; • The input assumptions and methodologies applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL calculations; • The assessment of whether there has been a Significant increase in Credit Risk ('SICR') since origination date of the exposure to the reporting date; • Determination of relevant macroeconomic forecasts and forward-looking information; and • The determination of the lifetime of a financial instrument subject to ECL assessment. 	<p>We performed the following procedures:</p> <p>We evaluated the design and implementation and tested the operating effectiveness of controls relating to credit origination, and stage calculation of arrears and days past due;</p> <ul style="list-style-type: none"> • Tested the information with respect to loans and advances utilised in the model to underlying accounting records and other information maintained by the Agency; • With the assistance of our quantitative specialists, we assessed the design and implementation of the ECL model used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9: Financial Instruments (IFRS 9 and best practice); • Confirmed that the latest available and relevant probability weighted forward-looking information has been appropriately incorporated within the impairment model by comparing these to widely available market data; • Evaluated the adequacy of the financial statement disclosures including key assumptions, judgements, and sensitivities. <p>Out of model adjustments and overlays</p> <ul style="list-style-type: none"> • We challenged the validity and reasonableness of overlays recorded by management by ensuring each overlay was related to a known model weakness or model limitation; • We challenged the key assumptions and judgements related to each overlay to ensure that these were reasonable and supportable using available Agency information or other widely available market data <p>In conclusion, we determined the impairment of loans and advances to customers, other receivables and guarantees is not materially misstated and the related disclosures are appropriate</p>



Independent Auditor's Report (continued)**Other matter**

The consolidated and separate annual financial statements of the Group for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on the 19 December 2023.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled " Citizen Entrepreneurial Development Agency (CEDA) consolidated and separate annual financial statements for the year ended 31 March 2022", which includes the Directors report, which we obtained prior to the date of this report and the Annual Report which is expected to be made available after the date of our report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate annual financial statements

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

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

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

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

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



Independent Auditor's Report (continued)

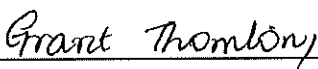
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

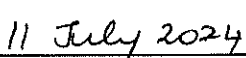
- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain 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, actions taken to eliminate threats or related safeguards.

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


Grant Thornton
Firm of Certified Auditors
Practising Member: Madhavan Venkatachary (CAP 0017 2024)


Gaborone

Citizen Entrepreneurial Development Agency (CEDA)

(Registration number BW00000557286)

Consolidated And Separate Financial Statements for the year ended 31 March 2022

Statements of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	Group		Company	
		2022	2021	2022	2021
Revenue and Interest Income	4	72 489 032	63 050 646	67 917 258	62 252 721
Government grants	5	238 870 758	242 041 230	238 870 758	242 041 230
Other operating income	6	8 182 905	3 482 965	5 977 861	2 580 438
Net loss on revaluation of property plant and equipment	21	(1 233 741)	-	(1 233 741)	-
Depreciation and amortisation expense	7	(18 863 761)	(18 221 876)	(18 387 264)	(18 127 982)
Operating expenses	8	(64 939 143)	(58 770 798)	(63 194 913)	(56 878 732)
Staff expenses	9	(145 247 607)	(146 237 770)	(144 613 353)	(145 538 842)
Reversal /(Provision) for guarantee claims		(337 592)	288 315	(337 592)	288 315
Loss on revaluation of other financial assets	10	(9 556 108)	(1 017 296)	(9 556 108)	(1 017 296)
Release/(Charge) for impairment	11	46 982 071	(295 599 041)	49 420 129	(297 693 069)
Operating (loss) profit		126 346 814	(210 983 625)	124 863 035	(212 093 217)
Investment income		351 413	-	351 413	-
Finance costs	13	(20 152 590)	(11 635 632)	(20 143 287)	(11 621 059)
Loss from equity accounted investments	12	(1 898 641)	(6 582 495)	-	-
(Loss) profit for the year		104 646 996	(229 201 752)	105 071 161	(223 714 276)
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment	21	6 024 476	-	6 024 476	-
Other comprehensive income for the year net of taxation		6 024 476	-	6 024 476	-
Total comprehensive (loss) income for the year		110 671 472	(229 201 752)	111 095 637	(223 714 276)
Profit (loss) attributable to:					
Owners of the parent		104 847 242	(228 789 949)	105 071 161	(223 714 276)
Non-controlling interest		(200 246)	(411 803)	-	-
		104 646 996	(229 201 752)	105 071 161	(223 714 276)
Total comprehensive income (loss) attributable to:					
Owners of the parent		110 871 718	(228 789 949)	111 095 637	(223 714 276)
Non-controlling interest		(200 246)	(411 803)	-	-
		110 671 472	(229 201 752)	111 095 637	(223 714 276)

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Statements of Financial Position as at 31 March 2022

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Assets					
Cash and cash equivalents	14	196 924 430	379 334 274	132 402 728	319 653 800
Loans and advances	15	1 209 689 993	933 876 808	1 209 689 993	933 876 808
Other assets	16	245 454 946	260 975 853	245 453 945	260 953 931
Other financial assets	17	34 589 446	39 112 640	34 589 446	39 112 640
Investments in subsidiaries	18	-	-	62 075 570	59 637 512
Investments in associates	19	-	1 898 641	-	-
Inventories	20	178 746	219 610	-	-
Property, plant and equipment	21	49 702 562	48 090 901	49 702 562	48 090 901
Right-of-use assets	22	50 130 341	49 482 626	49 979 641	49 331 926
Intangible assets	23	98 869	324 605	98 869	324 605
Total Assets		1 786 769 333	1 713 315 958	1 783 992 754	1 710 982 123
Funds, reserves and liabilities					
Funds and reserves					
Revaluation reserve	24	21 562 841	17 393 860	11 818 419	7 649 438
Retained income		1 550 948 781	1 444 246 044	1 562 545 665	1 455 619 009
Funds and reserves attributable to owners of the parent		1 572 511 622	1 461 639 904	1 574 364 084	1 463 268 447
Non-controlling interest		(1 039 519)	(839 273)	-	-
Total funds and reserves		1 571 472 103	1 460 800 631	1 574 364 084	1 463 268 447
Liabilities					
Loans from shareholders	25	295 543	76 240	-	-
Other Financial liabilities	26	10 244 264	13 042 822	10 244 264	13 042 822
Lease liabilities	22	61 183 154	58 511 715	61 025 938	58 354 499
Government Grant	27	69 993 193	112 735 401	69 993 193	112 735 401
Trade and other payables	28	52 051 291	46 741 097	46 835 490	42 172 902
Financial guarantee contracts	29	21 529 785	21 408 052	21 529 785	21 408 052
Total Liabilities		215 297 230	252 515 327	209 628 670	247 713 676
Total funds, reserves and liabilities		1 786 769 333	1 713 315 958	1 783 992 754	1 710 982 123

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Statements of Changes in Funds

	Revaluation reserve	Retained income	Total attributable to funders of the group / company	Non-controlling interest	Total funds
Figures in Pula					
Group					
Balance at 01 April 2020	19 376 462	1 671 053 391	1 690 429 853	(427 470)	1 690 002 383
Loss for the year	-	(228 789 949)	(228 789 949)	(411 803)	(229 201 752)
Revaluation reserve (note 24)	-	-	-	-	-
Total comprehensive Loss for the year	-	(228 789 949)	(228 789 949)	(411 803)	(229 201 752)
Transfer from revaluation reserve- Revaluation portion of depreciation	(1 982 602)	1 982 602	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	(1 982 602)	1 982 602	-	-	-
Balance at 01 April 2021	17 393 860	1 444 246 044	1 461 639 904	(839 273)	1 460 800 631
Profit for the year	-	104 847 242	104 847 242	(200 246)	104 646 996
Revaluation reserve (note 24)	6 024 476	-	6 024 476	-	6 024 476
Total comprehensive income for the year	6 024 476	104 847 242	110 871 718	(200 246)	110 671 472
Transfer from revaluation reserve- Revaluation portion of the depreciation	(1 855 495)	1 855 495	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	(1 855 495)	1 855 495	-	-	-
Balance at 31 March 2022	21 562 841	1 550 948 781	1 572 511 622	(1 039 519)	1 571 472 103

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Statements of Changes in Funds

	Revaluation reserve	Retained income	Total attributable to funders of the group / company	Non-controlling interest	Total funds
Figures in Pula					
Company					
Balance at 01 April 2020	9 632 040	1 677 350 683	1 686 982 723	-	1 686 982 723
Loss for the year	-	(223 714 276)	(223 714 276)	-	(223 714 276)
Revaluation reserve (note 24)	-	-	-	-	-
Total comprehensive Loss for the year	-	(223 714 276)	(223 714 276)	-	(223 714 276)
Transfer from revaluation reserve- Revaluation portion of depreciation	(1 982 602)	1 982 602	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	(1 982 602)	1 982 602	-	-	-
Balance at 01 April 2021	7 649 438	1 455 619 009	1 463 268 447	-	1 463 268 447
Profit for the year	-	105 071 161	105 071 161	-	105 071 161
Revaluation reserve (note 24)	6 024 476	-	6 024 476	-	6 024 476
Total comprehensive income for the year	6 024 476	105 071 161	111 095 637	-	111 095 637
Transfer from revaluation reserve- Revaluation portion of depreciation	(1 855 495)	1 855 495	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	(1 855 495)	1 855 495	-	-	-
Balance at 31 March 2022	11 818 419	1 562 545 665	1 574 364 084	-	1 574 364 084
Note(s)	24				

Citizen Entrepreneurial Development Agency (CEDA)

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Consolidated And Separate Financial Statements for the year ended 31 March 2022

Statements of Cash Flows

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Cash flows from operating activities					
Cash (used in)/generated from operations	31	(145 651 415)	(15 625 569)	(149 396 071)	(15 731 839)
Net cash from operating activities		(145 651 415)	(15 625 569)	(149 396 071)	(15 731 839)
Cash flows from investing activities					
Purchase of property, plant and equipment	21	(6 023 798)	(7 536 342)	(5 879 046)	(7 529 085)
Proceeds on disposal of property, plant and equipment		1 781 911	197 856	735 972	197 856
Purchase of financial assets	17	(5 032 914)	-	(5 032 914)	-
Interest received from Norsad Finance		351 413	-	351 413	-
Net cash from investing activities		(8 923 388)	(7 338 486)	(9 824 575)	(7 331 229)
Cash flows from financing activities					
Proceeds from shareholders loans		219 300	2 398	-	-
Repayment of finance lease		-	(30 925)	-	(30 925)
Interest paid	13	(15 410 024)	(5 781 469)	(15 400 721)	(5 779 069)
Interest paid on lease liabilities	22	(4 742 566)	(5 854 163)	(4 742 566)	(5 841 990)
Payment of lease liabilities	22	(7 887 139)	(5 943 214)	(7 887 139)	(5 875 538)
Net cash from financing activities		(27 820 429)	(17 607 373)	(28 030 426)	(17 527 522)
Total cash movement for the year					
Cash and cash equivalents at the beginning of the year		379 334 274	419 903 850	319 653 800	360 244 390
Effect of movements in exchange rates on cash held		(14 612)	1 852	-	-
Cash and cash equivalents at year end	14	196 924 430	379 334 274	132 402 728	319 653 800

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Accounting Policies

1. Presentation of Group Financial Statements

The financial statements of Citizen Entrepreneurial Development Agency ("CEDA" or "Company") and its subsidiaries ("the group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations issued by the International Accounting Standards Board and effective at the time of preparation of these financial statements. The consolidated and separate financial statements have been prepared on the historical cost basis as modified by the revaluation of property plant and equipment and fair valuation of other financial assets and incorporate the principal accounting policies set out below. The principal accounting policies applied in the presentation of these group and company financial statements are consistent with those applied in the previous years. The financial statements comprise the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in funding, the statements of cash flows and the notes. They are presented in Botswana Pula.

1.1 Consolidation

Basis of consolidation

The group financial statements incorporate the financial statements of the company and all investees which are controlled by the group and investees where the group has significant influence. These accounting policies are consistent with the previous period.

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and de-consolidated from the date that control ceases.

Adjustments are made when necessary to the 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded 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 the statement of profit or loss.

The results of the entities acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries and special purpose funds to bring their accounting policies in line with those used by group. All intra-group transactions, balances, income and expenses and unrealised gains/losses on transactions between group companies are eliminated 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 funding.

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

In the company's separate 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:

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

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Accounting Policies

1.1 Consolidation (continued)

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.

Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Investments in Associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss. Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

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

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Accounting Policies

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- a) it is probable that future economic benefits associated with the item will flow to the group; and
- b) the cost of the item can be measured reliably.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for motor vehicles and land and buildings which are carried at revalued amount less accumulated depreciation and any impairment losses. The revaluation of motor vehicles and land and buildings is done every two years. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the asset is treated in one of the following ways:

- (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The gross carrying amount is restated by reference to observable market data or restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset. Excess depreciation on revalued assets is transferred from the revaluation reserve to retained earnings.

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

Item	Average useful life
Land	Not depreciated
Right to use land	15 years
Buildings	Shorter of useful life and lease period
Motor vehicles	4 years
Furniture and fixtures	10 years
Computer hardware and equipment	4 years

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

1.3 Intangible assets

The cost of software acquired is reflected at historical cost less accumulated amortisation and accumulated impairment losses. The software is amortised over its expected economic life using straight line method. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The expected useful life applied is;

Item	Average useful life
Computer software	3 years

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Accounting Policies

1.4 Financial instruments

Classification and measurement

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

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 ongoing basis except for financial assets designated as at fair value through profit or loss which shall not be classified out of the fair value through profit or loss category. Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 - Financial Instruments. The group classifies financial assets and financial liabilities into the following broad categories:

Financial assets measured at amortised cost

A financial asset is classified as subsequently measured at amortised cost under IFRS 9 if it meets both of the following criteria:

- a) Hold to collect business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- b) Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

Examples of financial instruments that the group classified and accounted for at amortised cost under IFRS 9 include:

- a) Cash and cash equivalents;
- b) Trade receivables;
- c) Loans and advances;
- d) Other assets.

Hold to collect business model

The group has a financial asset in a 'hold to collect business' for which the objective is to hold financial assets in order to collect contractual cash flows rather than with a view to selling the asset to realise a profit or loss.

The hold to collect business model does not require that financial assets should always be held until their maturity. The group's business model can still be to hold financial assets to collect contractual cash flows, even when sales of financial assets occur. There is a specific exception where financial assets are sold as a result of an increase in the assets' credit risk

The following would not be consistent with the hold to collect business model:

- a) The objective for managing the debt investments is to realise cash flows through sale;
- b) The performance of the debt investment is evaluated on a fair value basis; or
- c) A portfolio of assets that meets the definition of held for trading.

The financial assets are accounted for using the effective interest method with interest income recognised in profit or loss. These assets are also subject to impairment losses recognised in profit or loss.

The SPPI contractual cash flow characteristics test

The second condition for a financial asset to qualify for amortised cost classification is that the financial asset must meet the SPPI contractual cash flow characteristics test.

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Accounting Policies

1.4 Financial instruments (continued)

The group considers contractual cash flows to be SPPI if the contractual terms of the financial asset only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates (i.e. the contractual cash flows are consistent with a basic lending arrangement).

Principal is the fair value of the financial asset at initial recognition, which may be different from the contractually stated principal (e.g. a bond that is purchased or originated at a premium or discount).

Debt instruments measured at fair value through comprehensive income (FVOCI)

The group applies the category under IFRS 9 of debt instruments measured at fair value through comprehensive income (FVOCI) when both of the following conditions are met:

- a) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- b) The contractual terms of the financial asset meet the SPPI (solely payments of principal and interest) criterion.

This business model typically involves greater frequency and volume of sales than the hold to collect business model. Integral to this business model is an intention to sell the instrument before the investment matures. Under this new FVOCI category, fair value changes are recognised in OCI while dividends are recognised in profit or loss (unless they clearly represent a recovery of part of the cost of the investment).

IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The accounting requirements for debt instruments classified as FVOCI are:

- a) Interest income is recognised in profit or loss using the effective interest rate method that is applied to financial assets measured at amortised cost;
- b) Foreign exchange gains and losses on the amortised cost are recognised in profit or loss;
- c) Credit impairment losses/reversals are recognised in profit or loss using the same credit impairment methodology as for financial assets measured at amortised cost;
- d) Other changes in the carrying amount on remeasurement to fair value are recognised in OCI;
- e) The cumulative fair value gain or loss recognised in OCI is recycled from OCI to profit or loss when the related financial asset is derecognised.

Equity investments at FVOCI

IFRS 9 requires all equity investments to be measured at fair value.

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets measured at fair value through profit or loss (FVTPL)

Fair value through profit or loss (FVTPL) is the residual category in IFRS 9. A financial asset is classified and measured at FVTPL if the financial asset is:

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Accounting Policies

1.4 Financial instruments (continued)

- a) a held-for-trading financial asset;
- b) a debt instrument that does not qualify to be measured at amortised cost or FVOCI; and
- c) an equity investment which the entity has not elected to classify as at FVOCI.

The group only designates an instrument at FVTPL upon initial recognition when one of the following criteria is met:

- a) the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- b) the liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- c) the liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract or it is clear with little or no analysis that separation is prohibited.

Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Classification and measurement of financial liabilities

Financial liabilities are classified as either:

- a) Financial liabilities at amortised cost; or
- b) Financial liabilities as at fair value through profit or loss (FVTPL).

Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost unless either:

- a) The financial liability is held for trading and is therefore required to be measured at FVTPL (e.g. derivatives not designated in a hedging relationship); or
- b) The entity elects to measure the financial liability at FVTPL (using the fair value option).

For financial liabilities to be measured at amortised cost, the group analyses the financial liabilities to determine whether they contain any embedded derivatives that are required to be accounted for separately at FVTPL. The group measures financial liabilities at amortised cost.

Financial liabilities designated at fair value through profit or loss

The group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when it contains embedded derivatives or it is a group of financial liabilities and its performance is evaluated on a fair value.

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

Impairment of financial assets

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as exposure varies with changes in market conditions, expected cashflows and the passage of time. The group measures credit risk using the Expected Credit Loss (ECL) model which is a discounted product of probability of default (PD), exposure at default (EAD), loss given default (LGD). This ensures earlier recognition of provisions as loss allowances are recognised at inception to cover future losses regardless of whether a credit event has occurred or not. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (Lifetime ECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months expected credit loss (12-month ECL).

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1.4 Financial instruments (continued)

The 12-month ECL is the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both Lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the group categorised its loans into Stage 1, Stage 2 and Stage 3 in calculating the credit loss of the financial instruments, as described below:

Group categories of loans and advances

Stage 1: When loans are first recognised, the group recognises an allowance based on 12-month ECLs.

Stage 2: IFRS 9 proposes a 30 day past due as the maximum level of account delinquency permissible for Stage 1 provisioning – beyond 30 days, the loan accounts provisions are to be categorised as Stage 2 or Stage 3.

When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the lifetime ECL. If a significant increase in credit risk (SICR) from the date of origination has occurred and is not considered low, full lifetime expected credit losses are recognised in profit or loss. Accounts having undergone SICR have provisions categorised under Stage 2. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: These are loans that are considered credit-impaired. The group records an allowance for the Lifetime ECL. Stage 3 consist of provisions on accounts whereas the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). The group adopts 90 days past due as the minimum level of delinquency permissible for an account to be classified as default.

The group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an effective interest rate (EIR). The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD)

This is an estimate of the likelihood of a borrower defaulting on its financial obligation as per the definition of default over a given time horizon after the reporting date. The probability of default is calculated using historical data of defaults. This can be either over the next 12 months (12-month PD) or over the remaining lifetime of the obligation (Lifetime PD).

Exposure at Default (EAD)

The EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD is based on the amounts that the group expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining contractual lifetime (Lifetime EAD).

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising on default. It represents the group's expectation of the extent of loss on a defaulted exposure. It is based on the contractual cash flows that the group expects to receive as recoveries. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12-month or lifetime basis if default occurs in the next 12 months or over the remaining expected lifetime of the loan respectively.

When estimating the ECLs, the group incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Where financial assets are impaired through the use of an allowance account the amount of the loss is recognised in profit or loss. 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 the impairment line on profit or loss.

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Accounting Policies

1.4 Financial instruments (continued)

Forward looking information

The group's macro-economic model was built using reasonable and supportive information from the Bank of Botswana and the International Monetary Fund (IMF). The macro-economic factors were applied to the PD, EAD and LGD and the group also evaluated how macro-economic influence SICR, stage allocation and the subsequent rolls into different stages.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments are made by the group as temporary adjustments when such differences are significantly material.

Loan modification

The group considers a loan restructure when concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the group would not have agreed to them if the borrower had been financially healthy. If an account is restructured when already in arrears, the account is moved into default. Consistent cure probation rules are applied to restructures as in the case of accounts in default.

Loan commitments, financial guarantees and other off-balance sheet exposures

The group has two guarantee schemes, CEDA Credit Guarantee Scheme (CCGS) and Supplier Credit Guarantee (SCG). The group estimates the expected portion of the loan commitment that will be drawn down over its expected life. Given the low volumes of data and low exposures, a simplified methodology for impairment calculation is used by the group. For good CCGS accounts and inhouse good accounts the lifetime credit loss is based on the history of claims in the past five years. The balance at the date of the guarantee pay-out can reduce in the case of CCGS due to collections and liquidation by the commercial bank, however the group adopted EAD and LGD of 100%. The participating banks lodge claims with the group for their net loss upon the conclusion of their litigation process and sale of any collateral.

Write-off

Write-offs relate to a financial asset in its entirety or to a portion of it where the group has no reasonable prospects of recovering any further cash flows from the financial asset. Post write-off recoveries are excluded from the estimation of the LGDs in calculating the impairment, as they subsequently recognised directly in the profit or loss. No impairment provisions are calculated for accounts that have been written-off.

Loans to/ (from) related parties

These include loans to/ (from) entities under the same control and are recognised initially at fair value plus direct transaction costs.

Loans from related parties are classified as financial liabilities measured at amortised cost.

Loans to directors, managers and employees.

Loans to directors are classified as loans and advances, loans to managers and employees are classified as other assets.

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Accounting Policies

1.4 Financial instruments (continued)

Other assets

Trade and other 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 re-organisation and default or delinquency in payments 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 Impairment (charges)/release. 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 other assets.

Trade payables and other payables

Trade payables and other payables are initially measured at fair value and are subsequently measured at amortised cost.

Other financial liabilities

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.

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.

Bank overdrafts 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.

1.5 Tax

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

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Accounting Policies

1.5 Tax (continued)

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

CEDA and CVCF are exempt from income tax. One of the subsidiaries Ta Shebube Pty Ltd is not exempt. However the subsidiary has been making successive losses over the years and these losses are available for set off against future profits.

1.6 Leases

The group leases a variety of properties. Rental agreements includes fixed period over which the assets are leased, which are individually negotiated and contain a wide range of different terms and conditions. The group assesses whether a contract contains a lease at inception of the contract. In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 8) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise the following:

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 22).

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (note 13).

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1.6 Leases (continued)

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

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

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

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

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

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

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

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

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

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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Accounting Policies

1.8 Assets held for sale (disposal groups)

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

Assets held for sale (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell.

An asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as held for sale.

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

1.9 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

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

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

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

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

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

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

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

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

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.

1.10 Funding

The Agency is a company limited by guarantee and therefore has no share capital.

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Accounting Policies

1.11 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 aid), are recognised in the period in which the service is rendered and are not discounted.

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

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. Whilst the bonus can be reasonably estimated at reporting date, the actual amounts may differ depending on the number of eligible staff at the time of payment, in the next financial year.

The expected cost of gratuity is recognised as an expense as the employees render services entitling them to the gratuity payments upon completion of their fixed term contracts.

Defined contribution plans

Payments to defined contribution retirement plans are charged as an expense as they fall due. Eligible employees and the Group contribute 4 percent and 16 percent of pensionable salaries respectively.

1.12 Provisions and contingencies

Provisions are recognised when:

- a) the group has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

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Accounting Policies

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.14 Revenue from contracts with customers

The group assesses the contract and determines whether the fees identified in the contract are in the scope of IFRS 15. If so, the revenue will be recognised only when the group can:

- a) Identify the contract(s) with a customer.
- b) Identify the performance obligations in the contract.
- c) Determine the transaction price.
- d) Allocate the transaction price to the performance obligations in the contract.
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

The group is able to identify the contract when both the client and the group have accepted the terms of the agreement. The contract will also identify all the services (performance obligations) the group will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The group recognises the revenue once the performance obligation is satisfied, which may occur over time or at a point in time.

Interest Income

Interest income is recorded in profit or loss using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at fair value through profit or loss (FVPL). The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. This method takes into account the expected timing and amount of cash flows. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes origination fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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Accounting Policies

1.14 Revenue from contracts with customers (continued)

Dividends

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

Dividend income from financial assets classified at fair value through profit or loss is recognised when the right to receive payment is established.

Salvage and subrogation reimbursements

The group has the right to pursue third parties for payment of some or all of the costs. Salvage income comprises recoveries from the loans in default for which claims by participating banks were already paid. Salvage income is accounted for as and when it is realised.

Service fees

Service fees income includes legal and hypothecation fees and guarantee fees. These are recognised as the related services are performed.

When the outcome of a transaction involving rendering of services can be estimated reliably as per IFRS 15, revenue associated with the transaction is recognised with reference to the stage of completion of the transaction at the reporting date. Income is recognised when;

- a) the amount of revenue can be measured reliably;
- b) it is probable that economic benefits associated with the transaction will flow to the company;
- c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- d) the costs incurred for the transaction and costs to completion can be measured reliably.

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

Recovery of Micro Credit Scheme debts

The group receives, from time to time net proceeds from collections relating to the loans advances by the Micro Credit Scheme, which were fully provided for prior to the winding up of this scheme, but are still being pursued by debt collectors. Such proceeds are recognised as other operating income and are credited to profit or loss.

Guarantee Premiums

Guarantee premiums comprise revenue charged by the CEDA Credit Guarantee Scheme ("CCGS") on the balance of the loans guaranteed by CCGS at the beginning of the year at the rate of 1.5% and the period covered is twelve months. Premiums on loans that are guaranteed during the year are charged proportionally over the coverage period up to year end. Premiums are shown in profit or loss before any deductions.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Accounting Policies

1.16 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 and separate 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.

1.17 Guarantee claim expenses

Guarantee claims and loss adjustment expenses are charged to the statement of profit or loss as incurred based on:

- a) The actual claims submitted by the participating banks; and
- b) Estimated liabilities for compensation to participating banks (as determined in the financial guarantee contracts note below).

This includes direct or indirect claim settlement costs and arise from events that have occurred up to the reporting date even if they have not been reported to the group. The group recognises its liability when a loan granted by the participating banks fall in arrears for more than four months and the liability is estimated as the 75% of the outstanding capital plus interest up to a maximum of twelve months on the capital balance.

1.18 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are off balance sheet transactions, call up of the guarantees is taken to profit or loss under other operating expenses. As per the requirements of IFRS 9 an impairment charge is applied on the active guarantees as at year end to account for any possible losses in future.

Outstanding claims payable

This is a provision for claims payable for which the participating banks have submitted claims in accordance with the Agency Agreement.

Impairment for guaranteed contracts

The Agency Agreement defines that a borrower is deemed to be in default on a loan, if they fail to meet their scheduled payment obligations for four consecutive months before a participating bank can submit a claim under the scheme. In compliance with IFRS 9 requirement, the group also uses the simplified method to compute impairment on performing financial guarantees. Under this method the group measures the loss allowance at an amount equal to lifetime expected credit losses.

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Accounting Policies

1.18 Financial guarantee contracts (continued)

A staging assessment is done to classified account exposures into the respective performing, under-performing and non-performing stages;

Stage 1 – Current

Stage 2 – Bank has indicated the intention to claim (applies to CEDA Credit guarantees Scheme (CCGS) only)

Stage 3 – Guarantee has been claimed

The Exposure at Default (EAD) and Loss given Default (LGD) are taken as 75% of the of the outstanding capital plus interest up to maximum of 12 months on the capital balance. The participating banks lodge claims with the group for their net loss upon the conclusion of their litigation process and sale of any collateral. For good CCGS accounts and inhouse guarantees a lifetime loss is adopted based on the history of claims for the past 5 years.

1.19 Assets (disposal groups) held for sale or distribution to owners

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

Asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

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

Financial assets which are currently classified as non-current assets held for sale have been recognised at fair value less costs

to sell because the assets fair value less costs to sell is lower than its carrying amount. A non-current asset/disposal group that ceases to be classified as held for sale or as held for distribution to owners are measured at the lower of:

- its carrying amount before it was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset/disposal group not been classified as held for sale or as held for distribution to owners; and
- its recoverable amount measured under IAS 36 at the date of the decision not to sell or distribute.

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	No material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	No material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	No material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	No material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	No material impact
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	No material impact

2.2 Standards and Interpretations not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2022 and have not been applied in preparing these financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendment clarifies that if a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB as it has been postponed indefinitely.

It is expected that the amendment will not have a material impact on the group's annual financial statements.

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

It is expected that the amendment will not have a material impact on the group's annual financial statements.

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2. New Standards and Interpretations (continued)

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments: The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

IFRS 16 Leases: The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IAS 41 Agriculture: The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. These amendments are not expected to have an impact on the group's financial statements.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendments are not expected to have an impact on the group's financial statements.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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2. New Standards and Interpretations (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3) (continued)

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. The amendment is not expected to have an impact on the group's financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date and are not expected to have a significant impact on the financial statements of the group. The standard is effective for annual periods beginning on or after 1 January 2024.

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 *Insurance Contracts* and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9. The amendment is not expected to have an impact on the group's financial statements.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

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Accounting Policies

2. New Standards and Interpretations (continued)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 (continued))

- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material. The amendments are effective from 1 January 2023 but may be applied earlier.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted. The amendments are expected to have an impact on the group's financial statements.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not expected to have a material impact on the group financial statements.

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2. New Standards and Interpretations (continued)

Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not expected to have an impact on the group's financial statements.

Comparative Information (Amendment to IFRS 17 and IFRS 9)

The main amendment in initial application of IFRS 17 and IFRS 9 is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument by instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The amendments are effective for periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9. The amendments are not expected to have a material impact on the group's financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. They are applied retrospectively.

The amendments are not expected to have a material impact on the group's financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The changes requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments are effective for periods beginning on or after 1 January 2024. Early adoption is permitted.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

The amendments are not expected to have a material impact on the group's financial statements.

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Accounting Policies

3. Significant judgements and sources of estimation uncertainty

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

Trade receivables and other financial assets

A simplified methodology has been adopted for trade receivables and other financial assets, whereas an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses. Under the simplified approach, the group is not required to monitor significant increase in credit risk. IFRS 9 allows an entity to select its accounting policy in selecting to deploy a simplified or general approach. An entity may select its accounting policy for trade receivables and other financial assets independently of each other. The group therefore has chosen to use the simplified method of calculating the expected credit loss.

Impairment losses on loans and advances

In measuring credit risk of loan and advances to customers at a counterparty level, the group reflects three components (i) Stage 1; A loss allowance should be recognised as soon as a financial instrument is originated or purchased, whereas 12-month Expected credit loss (ECL) is expected ; (ii) stage 2, it is required to monitor at each reporting date if a significant increase in credit risk (SICR) has occurred since origination whereas a subsequent lifetime ECL should be recognised at that stage. IFRS 9 specify the rebuttable presumption of 30 days past due for the backstop for SICR and (iii) stage 3, once the financial instrument is 90 days past due or more, IFRS 9 terms the financial instrument to be credit-impaired under the rebuttable presumption/backstop. Once credit-impaired, the group raise lifetime ECL loss allowances under this stage.

Measuring Expected Credit Losses – Explanation of inputs, assumptions and estimation techniques

Probability of Default (PD)

This is an estimate of the likelihood of a borrower defaulting on its financial obligation as per the definition of default over a given time horizon after the reporting date. The probability of default is calculated using historical data of defaults. This can be either over the next 12 months (12-month PD) or over the remaining lifetime of the obligation (Lifetime PD).

Two types of PDs are used for calculating ECLs:

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
- Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'Stage 2' and 'Stage 3' exposures.

Exposure at Default (EAD)

The EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD is based on the amounts that the group expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining contractual lifetime (Lifetime PAD).

The modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, including:

- Required repayments/amortisation schedule.
- Full early repayment (e.g. early refinancing).
- Monthly overpayments (i.e. payments over and above required repayments but not for the full amount of the loan).
- Changes in utilisation of an undrawn commitment within agreed credit limits in advance of default.

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Loss given Default (LGD)

The Loss given Default is an estimate of the loss arising on default. It represents the group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. It is based on the contractual cash flows that the group expects to receive as recoveries, including from sale of collateral. LGD is expressed as a percentage loss per unit of exposure at the time of default. The LGD is calculated on a 12-month or lifetime basis where 12-month LGD is the percentage of loss expected to be incurred if default occurs in the next 12 months and the lifetime LGD is the percentage of loss expected to be incurred if default occurs over the remaining expected lifetime of the loan.

The group measures and monitors significant increase in credit risk since origination at each reporting period.

The three stage Expected Credit Losses (ECL) impairment model for loans and advances is described as follows:

Stage 1

Impairment provision is recognised as soon as a financial instrument is originated or purchased, whereas 12-month expected credit losses are recognised in profit or loss. It consists of provisions on accounts that are still within the same level of risk as assumed at loan origination. For financial assets, the group calculates interest revenue on the gross carrying amount (i.e. without deduction for expected credit losses). IFRS 9 proposes a 30-day past due as the maximum level of account delinquency permissible for Stage 1 provisioning – beyond 30 days, the account's provisions are to be categorised as Stage 2 or Stage 3.

Stage 2

If a significant increase in credit risk (SICR) from the date of origination has occurred and is not considered low, full lifetime expected credit losses are recognised in profit or loss. Accounts having undergone SICR have provisions categorised under Stage 2. The group monitors at each reporting date if a SICR has occurred since origination whereas a subsequent lifetime ECL is recognised. This is interpreted as lifetime losses on all possible defaults within the remaining life of the loan account. The calculation of interest revenue is on the gross carrying amount (i.e. without deduction for expected credit losses).

Significant increase in credit risk (SICR)

At each reporting date, the group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition, using reasonable and supportable information that is available without undue cost or effort. SICR therefore can be established based on qualitative triggers or a quantitative assessment. For quantitative assessment, the group quantifies the relation of credit risk at reporting date to that of origination date in terms of the PD. In addition, the group identifies qualitative triggers that suggest/anticipate an increase in credit risk, such as account-level deterioration, customer-level evaluation, collective product/industry assessments, 30-day past due backstop. If an account is flagged as 30 days past due, the account is moved to Stage 2.

Specific industries/accounts are monitored internally based on subject-matter expertise by the Credit Department. In the event, that a specific industry/account credit risk increases, the industry/accounts will be flagged as stage 2 or stage 3. An account is classified under watch list based on expert judgement when it belongs to an industry or an employer with an unfavourable economic outlook, including strikes, disruptions, and closures.

Stage 3

Stage 3 consists of provisions on accounts whereas the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). The group adopted 90 days past due as the maximum level of delinquency permissible for an account to not be classified as default. Once the financial instrument is 90 days past due or more, IFRS 9 terms the financial instrument to be credit-impaired under the rebuttable presumption/backstop. Loans with periodic principal instalments and/or interest repayments where the amount due and payable is not paid in full within 90 days of the instalment/payment due date are credit-impaired and as such the group will raise lifetime ECL loss allowances under Stage 3.

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Accounting Policies

3. Significant judgements and sources of estimation uncertainty (continued)

Impairment losses on loans and advances (continued)

Definition of default and credit impaired assets

Loans and advances are considered credit impaired if they meet the definition of default. Like the 30-day backstop for SICR, IFRS 9 also presents a 90-day backstop for default events. Default definition has been aligned to the IFRS 9 rebuttable presumption whereas default occur when a financial asset is 90 days past due. A financial asset is credit-impaired therefore when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit-impaired assets are accounted and provided for under Stage 3.

The group identifies quantitative triggers that suggest/anticipate an increase in credit risk which influenced the movement of loan accounts to stage 3. Evidence that a financial asset is credit-impaired include observable data about the following events;

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the group for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower a concession(s) that the group would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The group has applied the default definition consistently to model probability of default (PD), exposure at default (EAD), loss given default (LGD) throughout the expected credit losses calculation.

If an account is restructured when already in arrears, the account is moved into default. The group applies consistent cure probation rules to restructures as in the case of defaulted accounts.

Summary of credit loss measurement and recognition requirements

Category	Description	Objective criteria
Stage 1	Performing loans	0-30 days loans in arrears, 12-month expected credit loss
Stage 2	Under-performing loans	31-90 days in arrears, lifetime expected credit loss
Stage 3	Non-performing loans	Loans over 91 days in arrears, lifetime expected credit loss

Forward looking information incorporated in the ECL Models

IFRS 9 requires that the entity should support its future credit loss estimate with forward looking judgement, in order to adjust expectations where the future may reasonably be expected to be different to the past, (as reflected in the historical data which is used in the loss provision models). This may be achieved through either calculating an adjustment factor for the underlying credit risk models.

The assessment of SICR and ECL provisions incorporate forward-looking adjustment using reasonable and supportive information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions to ensure more timely recognition of provisions. This includes measuring significant increase in credit risk since origination at each reporting period and forward-looking adjustments based on future expectations. The group's macro-economic model was built using reasonable and supportive information from the Bank of Botswana and the International Monetary Fund (IMF).

At macro-economic level, the probability weighted ECL is based on 3 different economic scenarios, namely Stress, Normal and Favourable.

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3. Significant judgements and sources of estimation uncertainty (continued)

Impairment losses on loans and advances (continued)

Cure definition

A cure event is identified when an account that have previously been classified as default, as per default definition, no longer meets the criteria to be classified as default. A probation period is introduced in order to manage the volatility in the portfolio provisions for redefaults. A 9-month cure-rule is applied by the group to defaulted accounts to avoid multiple defaults which is in line with international standards. An account will be kept in Stage 3 category for monitoring for 9 consecutive months after a cure event before reverting normal stage allocation as re-performing after defaulting or falling past due.

For this probation period, an account will be monitored to sustain a 9-month consecutive performance. Sustaining consecutive performance is where an account is not in default or does not lapse back to default. The stage allocation rules associated with this cure probation period is implemented as followed:

- If an account sustains performance for 9-months since default, the account will be moved to Stage 1 in month 10 of performance;
- In the event that the account lapses within the subsequent period, i.e. return to default, the account probation period will be reset.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

Write-offs

Write-off occur when it is not economical to pursue further recoveries i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised): As per the accounting policy, a write-off should be recognised when there is no further expectation of future recovery. Post write-off recoveries are excluded from the estimation of the LGDs in calculating the impairment, as they are subsequently recognised directly in the P&L.

Write-offs relate to a financial asset in its entirety or to a portion of it where the group has no reasonable prospects of recovering any further cash flows from the financial asset. There were no write offs effected during 2021/2022. No provisions are calculated for accounts that have been written-off.

A loan may be written off under the following conditions (but not limited to):

- There are no prospects for loan repayment
- The promoter is deceased
- The project is not operating
- All the assets used as security for facilities provided to the project have been disposed off
- Further collection on the project is not cost effective
- Promoter's liability becomes prescribed
- There is inadequate security to pay off a doubtful debt

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors as described below;

- Transfers between stage 1 and stages 2 and 3 due to financial instruments experiencing significant increase (or decrease) of credit risk or becoming credit impaired during the period;
- Additional allowances for new financial instruments recognised during the period as well as releases for financial instruments derecognised during the period
- Impact on the measurement of ECL due to changes in PDs, EAD and LGDs during the period, arising from regular refreshing of inputs and assumptions to models;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period as well as write offs of allowances related to assets that were written off during the period.

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Significant judgements and sources of estimation uncertainty (continued)

Sensitivity analysis on impairment provision as per management's estimates is presented as follows:

31 March 2022	Existing impairment allowance	Impact on changes in PD		Impact on changes in EAD		Impact on changes in LGD		Impact on changes in Discount Factor	
		(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%
P'000									
Stage 1	87 533	39 541	25 906	34 446	31 002	38 526	26 922	34 421	31 026
Stage 2	84 647	37 698	32 425	36 953	33 170	41 278	28 845	36 895	33 228
Stage 3	1 546 685	1 726 428	1 562 007	1 726 428	1 562 007	1 752 248	1 536 188	1 726 428	1 562 008
Total Provision	1 718 865	1 803 667	1 620 338	1 797 827	1 626 179	1 832 052	1 591 955	1 797 744	1 626 262
31 March 2021	Existing impairment allowance	Impact on changes in PD		Impact on changes in EAD		Impact on changes in LGD		Impact on changes in Discount Factor	
		(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%
P'000									
Stage 1	28 253	36 158	23 689	35 229	28 349	31 755	22 190	29 924	26 972
Stage 2	34 824	32 317	27 797	36 387	28 436	31 869	22 269	30 057	27 069
Stage 3	1 687 161	1 707 531	1 544 908	1 733 067	1 544 908	1 568 013	1 374 670	1 626 220	1 471 342
Total Provision	1 750 238	1 776 006	1 596 394	1 803 683	1 601 693	1 631 637	1 419 129	1 686 201	1 525 383

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Accounting Policies

3. Significant judgements and sources of estimation uncertainty (continued)

Impairment losses on investments

The group reviews individual investments to assess impairment at every reporting date. At each reporting date, the group reviews the carrying amount of its investments with respect to results of the portfolio investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Revaluation reserve

In assessing the carrying amounts of property, plant and equipment Management has considered the condition of the assets and their life span on an item by item basis in determining fair values. The following methods and assumptions were adopted by the professional valuer and car dealers:

- Land and Buildings: fair values were determined using the market comparable approach.
- Motor vehicles: values were determined using the market value approach.

Refer to note 1.2 and note 34 for more information on the estimates and assumptions used to determine the fair value of property and motor vehicles and note 21 for the carrying amount of property, plant and equipment.

Residual values and useful lives of property, plant and equipment

Residual values are based on expected future circumstances measured at current prices. Useful lives are assessed on yearly basis and where it is determined that there is a need to amend, the useful lives are then adjusted.

Provisions

Provisions for guarantees represent contingent liabilities (obligations that are not probable or not reliably measurable). Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation. The expected net loss recognised by the group relates to the loss upon the conclusion of the litigation process by the participating banks.

Provisions are raised when management determine an estimate based on the information available. Provisions for Guarantees as at year end were P21,529,785 (2021: P21,408,052) (note 29). The net loss is unknown until a final claim is submitted by the bank.

Valuation of investment in subsidiaries and associates

The carrying value of the company's investments in subsidiaries and associates amounted to P60 million (2020: P60 million) at the reporting date. The company assesses its investment in subsidiaries and associates whenever circumstances may indicate the presence of impairment indicators. The value of the investments is determined using generally accepted valuation methods that are based on overall strategic business models and the current financial position and past performance of these subsidiaries and associates.

Management compares the carrying values of the investments in subsidiaries and associates with the respective net asset values per the financial statements. Management also takes into consideration information available at the reporting date which may have contributed to the current performance or which is expected to improve future performance of the subsidiaries and associates. The assessment of these investments for impairment therefore requires the application of judgment and the use of significant assumptions in determining future profitability and the current value of assets held by the subsidiaries and associates.

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Notes to the Consolidated and Separate Financial Statements

Figures in Pula	Group		Company	
	2022	2021	2022	2021
4. Revenue and Interest Income				
The amount included in revenue arising from exchanges of goods or services are as follows:				
Interest income (note 4.1)	70 360 550	62 261 291	67 917 258	62 184 254
Gross premiums - Credit Guarantee Scheme	-	68 467	-	68 467
Lodging (note 4.2)	2 081 637	717 250	-	-
Game drive and bar sales (note 4.2)	46 845	3 638	-	-
	72 489 032	63 050 646	67 917 258	62 252 721
4.1. Interest Income				
Interest from advances	49 052 299	28 534 773	49 052 299	28 534 773
Interest from staff loans	15 420 619	22 011 011	15 420 619	22 011 011
Interest from short term investments	5 887 632	11 715 507	3 444 340	11 638 470
	70 360 550	62 261 291	67 917 258	62 184 254
4.2. Timing of Revenue recognition				
Services transferred over time	2 128 482	720 888	-	-
5. Government Grants				
Funds received from Government - CEDA	238 870 758	242 041 230	238 870 758	242 041 230
6. Other operating income				
Other income	2 160 999	560 044	1 333 636	557 899
Gain /(Loss) on disposal of plant and equipment	1 300 608	(201 076)	(77 073)	(201 076)
Other recoveries	-	900 382	-	-
Gain on lease modification	5 591	-	5 591	-
Legal and hypothecation fees	2 360 985	1 892 805	2 360 985	1 892 805
Bad debt recovery	2 354 722	330 810	2 354 722	330 810
	8 182 905	3 482 965	5 977 861	2 580 438
7. Depreciation and amortisation expense				
Depreciation of property, plant and equipment	8 721 573	8 712 228	8 245 076	8 697 262
Depreciation of right-of-use asset	9 916 453	9 340 426	9 916 453	9 261 498
Amortisation of intangible asset	225 735	169 222	225 735	169 222
	18 863 761	18 221 876	18 387 264	18 127 982
8. Operating expenses				
Auditor's remuneration	1 848 815	1 970 793	1 820 408	1 935 795
Directors' emoluments	161 280	252 040	161 280	252 040
Mentoring expenses	5 203 561	4 595 813	5 203 561	4 595 813
Consultancy fees	6 051 273	2 865 549	5 656 263	2 433 884
Operating leases	1 989 083	1 994 162	1 423 975	1 570 091
Security expenses	3 193 787	3 068 212	3 193 787	3 068 212
Computer and IT support costs	11 144 123	9 042 994	11 141 619	9 042 994
Postage and telephone	3 403 242	2 606 479	3 395 840	2 496 710
Legal costs	4 661 045	2 714 315	4 661 045	2 714 315

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Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021
Public relation expenses	6 680 658	10 136 460	6 680 658	10 136 460
Training expenses	156 065	6 205	156 065	-
ACGS Insurance	4 406 343	4 683 946	4 406 343	4 683 946
Insurance	1 959 592	1 602 921	1 756 514	1 447 131
Strategy	125 016	162 973	125 016	162 973
Due diligence expense	317 381	-	317 381	-
Printing and stationery	1 422 794	1 582 832	1 421 482	1 573 010
Other administration expenses	12 215 085	11 485 104	11 673 676	10 765 358
	64 939 143	58 770 798	63 194 913	56 878 732

9. Staff expenses

Employee costs

Salaries and wages	105 250 977	105 046 230	104 619 638	104 412 822
Medical aid contributions	7 751 779	7 468 800	7 748 864	7 458 691
Staff travelling and other expenses	5 317 235	4 326 420	5 317 235	4 326 420
Leave pay provision charge	3 585 200	5 281 722	3 585 200	5 217 886
Staff training costs	2 800 375	3 966 855	2 800 375	3 966 855
Pension scheme contributions	9 854 589	10 086 013	9 854 589	10 086 013
Gratuity	10 687 452	10 061 730	10 687 452	10 070 155
	145 247 607	146 237 770	144 613 353	145 538 842

10. Loss on valuation of other financial assets

Loss on valuation of Norsad Finance Limited	(9 556 108)	(1 017 296)	(9 556 108)	(1 017 296)
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11. (Charge)/Release for impairment

Impairment release/ (charge) on loans and advances (note 15.1)	31 373 436	(324 453 683)	31 373 436	(324 453 683)
Adjustment on stage 3 effective interest income	16 625 182	28 808 633	16 625 182	28 808 633
Impairment release on investment in subsidiaries (note 11.1)	-	-	2 438 058	69 850
Impairment charge on investment in associates (note 11.2)	-	-	-	(2 163 878)
Loan write off	-	(81 232)	-	(81 232)
Impairment (charge)/ release on other receivables (note 11.3)	(1 016 547)	127 241	(1 016 547)	127 241
	46 982 071	(295 599 041)	49 420 129	(297 693 069)

11.1 Impairment release on investment in subsidiary:

CEDA Venture Capital Fund	-	-	2 438 058	69 850
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11.2 Impairment of investment in associate

Africa Wild Lodges and Safaris Pty Ltd	-	-	-	(2 163 878)
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Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021
11.3 Impairment of other receivables				
Staff loans impairment charge	(1 044 813)	(103 596)	(1 044 813)	(103 596)
Outsourced staff loans impairment release	28 266	230 837	28 266	230 837
	(1 016 547)	127 241	(1 016 547)	127 241

12. Gain/(loss) from equity accounted investments

Africa Wild Lodges and Safaris Pty Ltd	(1 898 641)	(6 582 495)	-	-
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13. Interest Expense

Lease liabilities	4 742 566	5 854 163	4 742 566	5 841 990
Interest expense	15 410 024	5 781 469	15 400 721	5 779 069
Interest expense	20 152 590	11 635 632	20 143 287	11 621 059

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 000	15 000	15 000	15 000
Bank balances	131 483 936	164 345 936	128 219 077	164 232 055
Short-term deposits	65 425 494	214 973 338	4 168 651	155 406 745
	196 924 430	379 334 274	132 402 728	319 653 800

Short term deposit represent amounts placed with commercial banks bearing interest rates of 6.5% per annum (2021:5.5%). All deposits are callable within 91 days and are held to meet ongoing commitments. Cash and cash equivalents include the above for purposes of the statements of cash flows.

15. Loans and advances

Loans and advances	1 209 689 993	933 876 808	1 209 689 993	933 876 808
The loans have been advanced for a period of up to 240 months. An interest rate equivalent to the prevailing Bank Rate per annum is charged on all loans and advances. For special sectors, an interest rate equivalent to prime lending rate minus 3% per annum is charged.				
	1 209 689 993	933 876 808	1 209 689 993	933 876 808

The CEDA revised guidelines introduced during the year resulted in changes in interest rates. The group holds mortgages, hypothecation over financed assets and personal sureties as security over the loans advanced (note 34).

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15. Loans and advances (continued)

15.1. Reconciliation of provision for impairment of loans and advances

Opening balance	(1 750 238 298)	(1 425 784 615)	(1 750 238 298)	(1 425 784 615)
Impairment release/ (charge) on loans and advances	31 373 436	(324 453 683)	31 373 436	(324 453 683)
Closing balance	(1 718 864 862)	(1 750 238 298)	(1 718 864 862)	(1 750 238 298)

15.2. Loans and advances

Loans and advances	2 928 554 855	2 684 115 106	2 928 554 855	2 684 115 106
Impairment provision (note 15.1)	(1 718 864 862)	(1 750 238 298)	(1 718 864 862)	(1 750 238 298)
	1 209 689 993	933 876 808	1 209 689 993	933 876 808

16. Other assets

Staff loans	191 131 554	207 260 502	191 131 554	207 260 502
Prepayment	5 125 160	4 737 622	5 125 160	4 737 622
Deposits	1 074 950	1 041 038	1 074 950	1 040 038
Receivables from related parties (note 32)	20 646 177	20 294 764	28 034 808	27 683 395
Other receivables	59 097 623	58 245 898	59 096 622	58 224 976
Impairment of other assets (note 16.1)	(31 620 518)	(30 603 971)	(39 009 149)	(37 992 602)
	245 454 946	260 975 853	245 453 945	260 953 931

The directors consider the carrying amount of other assets to approximate their fair values. Short term for staff loans amounts to P28 020 042 (2021: P 30 540 627) while long term portion is P163 111 512 (2021: P176 719 875). The net of related party receivables and impairment for both group and company is P nil (2021: Nil).

Analysis of other assets

Financial assets	240 329 786	256 238 231	240 328 785	256 216 309
Non-financial assets	5 125 160	4 737 622	5 125 160	4 737 622
	245 454 946	260 975 853	245 453 945	260 953 931

16.1. Impairment of other assets

Opening balance	(30 603 971)	(30 731 212)	(37 992 602)	(38 119 843)
Staff loans impairment charge	(1 044 813)	(103 596)	(1 044 813)	(103 596)
Outsourced staff loans impairment release	28 266	230 837	28 266	230 837
Closing balance	(31 620 518)	(30 603 971)	(39 009 149)	(37 992 602)

17. Other financial assets

At fair value through profit or loss - designated

Ordinary shares in Norsad Finance Limited	23 774 261	26 430 295	23 774 261	26 430 295
Preference shares investment in Norsad Finance Limited	5 782 271	12 682 345	5 782 271	12 682 345
Preference shares in Chopiwa Holdings	5 032 914	-	5 032 914	-
	34 589 446	39 112 640	34 589 446	39 112 640

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17. Other financial assets (continued)				
17.1. Other financial assets movements				
At fair value through profit or loss - held for trading				
Opening balance Norsad Finance Limited	39 112 640	40 129 936	39 112 640	40 129 936
Valuation (loss)/gain - Norsad Finance Limited	(9 556 108)	(1 017 296)	(9 556 108)	(1 017 296)
Preference shares in Chopiwa Holdings	5 032 914	-	5 032 914	-
Closing balance	34 589 446	39 112 640	34 589 446	39 112 640

Fair value of other financial assets

Disclosure of valuation determination

The group holds an effective 3.68% shareholding in Norsad Finance Limited, comprising of ordinary and preference shares in Norsad Finance Limited, a company involved in finance of viable business operations. The fair value of the group's investments in the company is P29 556 532 (2021: P39 112 640). The group holds 18% in United Refineries Pty Ltd a company dealing in refinement of cooking oil, the fair value of the investment is nil (2021: nil). During the current year, the group invested P5 032 914 as part of the acquisition of preference shares in Chopiwa Holdings, the company is yet to start operations.

18. Investment in subsidiaries

18.1. Interests in subsidiaries

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

Group

Name of company	Held by	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021
CEDA Venture Capital Fund	CEDA	100,00 %	100,00 %	100,00 %	100,00 %
PG Industries Botswana Pty Ltd	CEDA Venture Capital Fund	51,00 %	51,00 %	51,00 %	51,00 %
Ta Shebube Pty Ltd	CEDA	87,00 %	87,00 %	87,00 %	87,00 %

CEDA Venture Capital Fund (CVCF)

CEDA Venture Capital Fund is a company limited by guarantee and wholly owned by CEDA. The Fund was initially set up for a 10 year period and upon completion of this initial period CEDA decided to not extend the life of Fund, therefore the Fund has been dormant since 2013. There were no new developments during the year.

PG Industries (Botswana) Pty Ltd

On 31 December 2007 PG Industries Botswana Pty Ltd ("PGIB") and Builders Merchants (Botswana) Pty Ltd ("BMB") were amalgamated to create a single business called PG Industries Botswana Pty Ltd. The amalgamation was by way of issuing shares to the existing shareholders of BMB. In previous periods the Fund's 400 000 preference shares valued at P4 million were converted into 2 797 203 fully paid up ordinary shares at an issue value of P1.43 per share. This was as a result of the company PG Industries Botswana Pty Ltd undertaking a non-underwritten rights issue of shares. Subsequent to this the group now holds 13 156 236 shares representing 51% shareholding. PG Industries (Botswana) Pty Ltd was placed under liquidation on 8 May 2014 and hence is classified as held for sale/distribution. Management do not expect any liquidation proceeds and hence the investment was fully impaired. The subsidiary is not consolidated because there is no control as the liquidation process is ongoing.

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18. Investment in subsidiaries (continued)

Ta Shebube Pty Ltd

CEDA had a 49% equity stake in the company in November 2011 and treated Ta Shebube as an associate. During the 2016 financial year 22 471 909 preference shares of P1.00 each together with the accrued interest thereon of P2 892 299 were converted to equity and this resulted in the increase of the CEDA shareholding to 87% from September 2015. As from that date Ta Shebube Pty Ltd has been consolidated as a subsidiary of CEDA.

Company

Name of company	Held by	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
CEDA Venture Capital Fund	CEDA	- %	100,00 %	- %	100,00 %	184 000 000	184 000 000
Ta Shebube Pty Ltd	CEDA	- %	87,00 %	- %	87,00 %	26 741 720	26 741 720
						210 741 720	210 741 720
Impair of investment in subs		- %	- %	- %	- %	(148 666 150)	(151 104 208)
						62 075 570	59 637 512

18.2. Provision for impairment of investment in subsidiaries

Balance at beginning of the year	151 104 208	151 174 058
Release of impairment for CVCF for the year	(2 438 058)	(69 850)
Balance at the end of the year	148 666 150	151 104 208

18.3. Impairment per subsidiary

CEDA Venture Capital Fund	(121 924 430)	(124 362 488)
Ta Shebube Pty Ltd	(26 741 720)	(26 741 720)
	(148 666 150)	(151 104 208)

18.4. Summarised financial information of subsidiaries

CEDA Venture Capital Fund		
Revenue for the year	2 443 292	77 038
Expenses for the year	(31 757)	(42 186)
Profit after tax for the year-post acquisition results	2 411 535	34 852

Statement of Financial Position		
Current assets	62 046 170	59 629 035
Equity	54 635 211	52 223 677
Total Liabilities	7 410 959	7 405 358
Total equity and liabilities	62 046 170	59 629 035

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Figures in Pula	2022	2021	2022	2021
18. Investment in subsidiaries (continued)				
Ta Shebube Pty Ltd				
Revenue for the year			2 128 472	720 888
Operating expenses for the year			(3 668 825)	(3 888 600)
Loss after tax for the year-post acquisition results			(1 540 353)	(3 167 712)

Statement of financial Position

Non-current assets	5 332 456	8 303 672
Current assets	2 655 279	292 973
Total assets	7 987 735	8 596 645
Equity	2 341 500	3 811 724
Liabilities	5 646 235	4 784 921
Total Equity and Liabilities	7 987 735	8 596 645

19. Investment in associates

19.1. Interests in Associates

Group		
Equity investments	2 571 469	2 571 469
Preference shares	3 628 531	3 628 531
Total cost	6 200 000	6 200 000
Accumulated share of losses in associates	(17 985 128)	(16 086 487)
Group share of revaluation reserve	9 744 422	9 744 422
Impairment release of investments in associates	2 040 706	2 040 706
	(6 200 000)	(4 301 359)
Total carrying value	-	1 898 641

Company

Africa Wild Lodges and Safaris Pty Ltd		
Equity Investment	2 571 469	2 571 469
Preference Shares	3 628 531	3 628 531
Total cost	6 200 000	6 200 000
Impairment of investments in associates	(6 200 000)	(6 200 000)
	-	-

Names	Nature of business	Method	%Ownership	%Ownership
			2022	2021
Africa Wild Lodges and Safaris Pty Ltd	Tourism	Equity	21%	21%
Pule Modisana Holdings Pty Ltd	Funeral & financial services	Equity	40%	40%
Rim Rock Pty Ltd	Contracting	Equity	40%	40%
Pula Steel Casting and Manufacturing Pty Ltd	Steel casting and manufacturing	Equity	26%	26%
Easy Concrete Products Pty Ltd	Manufacturing of concrete products	Equity	49%	49%
Tannery Industries Pty Ltd	Tanning of hides into leather	Equity	48%	48%

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19. Investment in associates (continued)

All associates of the group operate and are registered in Botswana. The only active associate is Africa Wild Lodges and Safaris Pty Ltd. All other associates are held for distribution and are fully impaired.

Africa Wild Lodges and Safaris Pty Ltd

The group holds 21% of the equity in Africa Wild Lodges and Safaris Pty Ltd through ordinary shares that were acquired in July 2013. The group also holds 3 628 531 preference shares of P1.00 each that were issued in July 2013. Previously the group held 30% in the company before the dilution that occurred in 2016.

Interest on preference shares is calculated at a 15% fixed rate. Cumulative interest payable on the preference shares from 2013 is P1 493 029 which has accumulated since 2013 until 2015 when the investment was impaired. The investment has been fully impaired. The method of valuation for the investment is Net Assets Value (NAV).

19.2. Equity investment in associates at cost

Africa Wild Lodges and Safaris Pty Ltd	2 571 469	2 571 469	2 571 469	2 571 469
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19.3. Preference shares investments in associates

Africa Wild Lodges and Safaris Pty Ltd	3 628 531	3 628 531	3 628 531	3 628 531
	6 200 000	6 200 000	6 200 000	6 200 000

19.4. Summarised financial information of associates

Revenue for the year- post acquisition results	4 782 718	916 362
Total comprehensive loss for the year	(18 495 946)	(31 345 212)
Non-current assets	59 175 727	104 258 725
Current assets	36 501 435	2 295 229
Total assets	95 677 162	106 553 954
Equity	(9 365 235)	9 130 711
Total liabilities	105 042 397	97 423 243
Total equity and liabilities	95 677 162	106 553 954

20. Inventories

Cutlery and crockery	178 746	219 610	-	-
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	2022	2021	2022	2021

21. Property, plant and equipment

Group	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	17 729 700	(8 137 799)	9 591 901	16 950 700	(7 521 132)	9 429 568
Buildings	14 513 969	(11 813 747)	2 700 222	16 431 377	(12 925 542)	3 505 835
Furniture and fixtures	32 747 946	(17 460 257)	15 287 689	32 267 563	(15 810 990)	16 456 573
Motor vehicles	43 036 922	(29 047 378)	13 989 544	39 733 270	(27 648 305)	12 084 965
Computer equipment	31 577 231	(24 548 856)	7 028 375	29 160 905	(22 546 945)	6 613 960
Capital - Work in progress	1 104 831	-	1 104 831	-	-	-
Total	140 710 599	(91 008 037)	49 702 562	134 543 815	(86 452 914)	48 090 901

Company	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	8 479 700	-	8 479 700	7 700 700	-	7 700 700
Buildings	6 476 749	(2 238 577)	4 238 172	7 754 921	(2 055 527)	5 699 394
Furniture and fixtures	31 520 733	(16 447 186)	15 073 547	30 253 111	(14 013 436)	16 239 675
Motor vehicles	41 506 358	(27 681 679)	13 824 679	37 809 007	(25 916 467)	11 892 540
Computer equipment	31 447 118	(24 465 485)	6 981 633	28 971 032	(22 412 440)	6 558 592
Capital - Work in progress	1 104 831	-	1 104 831	-	-	-
Total	120 535 489	(70 832 927)	49 702 562	112 488 771	(64 397 870)	48 090 901

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations through Other Comprehensive income	Revaluations through Profit or loss	Depreciation	Total
Land	9 429 568	585 210	(36 000)	-	-	229 790	(616 667)	9 591 901
Buildings	3 505 835	242 117	(1 182 275)	-	55 192	(1 434 667)	-	2 700 222
Furniture and fixtures	16 456 573	1 456 874	(86 124)	(1 746)	-	-	(2 537 888)	15 287 689
Motor vehicles	12 084 965	77 235	(623 186)	-	5 969 284	(28 864)	(3 489 890)	13 989 544
Computer equipment	6 613 960	2 557 531	(67 734)	1 746	-	-	(2 077 128)	7 028 375
Capital - Work in progress	-	1 104 831	-	-	-	-	-	1 104 831
	48 090 901	6 023 798	(1 995 319)	-	6 024 476	(1 233 741)	(8 721 573)	49 702 562

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	10 366 235	-	(320 000)	-	(616 667)	9 429 568
Buildings	1 457 465	125 631	-	2 391 485	(468 746)	3 505 835
Furniture and fixtures	20 088 862	569 875	-	2 391 485	(1 810 679)	16 456 573
Motor vehicles	10 900 770	4 871 123	(78 932)	-	(3 607 996)	12 084 965
Computer equipment	6 852 387	1 969 713	-	-	(2 208 140)	6 613 960
	49 665 719	7 536 342	(398 932)	-	(8 712 228)	48 090 901

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21. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations through other comprehensive income	Revaluations through Profit of loss	Depreciation	Total
Land	7 700 700	585 210	(36 000)	-	-	229 790	-	8 479 700
Buildings	5 699 394	101 303	-	-	55 192	(1 434 667)	(183 050)	4 238 172
Furniture and fixtures	16 239 675	1 452 936	(86 124)	(1 746)	-	-	(2 531 194)	15 073 547
Motor vehicles	11 892 540	77 235	(623 186)	-	5 969 284	(28 864)	(3 462 330)	13 824 679
Computer equipment	6 558 592	2 557 531	(67 734)	1 746	-	-	(2 068 502)	6 981 633
Capital - Work in progress	-	1 104 831	-	-	-	-	-	1 104 831
	48 090 901	5 879 046	(813 044)	-	6 024 476	(1 233 741)	(8 245 076)	49 702 562

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	8 020 700	-	(320 000)	-	-	7 700 700
Buildings	4 190 291	124 297	-	2 391 485	(1 006 679)	5 699 394
Furniture and fixtures	19 967 922	565 281	-	(2 391 485)	(1 902 043)	16 239 675
Motor vehicles	10 708 345	4 871 123	(78 932)	-	(3 607 996)	11 892 540
Computer equipment	6 770 752	1 968 384	-	-	(2 180 544)	6 558 592
	49 658 010	7 529 085	(398 932)	-	(8 697 262)	48 090 901

Revaluation of property, plant and equipment

The group's motor vehicles, land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 2 years and in intervening years if the carrying amount of the land and buildings, and motor vehicles differs materially from their fair value. The land is situated at Gaborone, Kanye, Molepolole, Ghanzi, Kgalagadi Transfrontier Park (Polentswa and Rooiputs), none of the land for the group has been pledged as security for loans taken.

The fair value measurements of land and buildings as at 31 March 2022 were carried out by Benedict Kgosilentswe (BSc Estate Management) of Ribbery Pty Ltd, Kago Motlhanka (BSc Property and Construction) of Eccless Properties and Balingi N Dema (BSc Engineering and Property Studies) of Bright Black Properties. The aforementioned are independent professional valuers and members of Real Estate Institute of Botswana. They have appropriate qualifications and recent experience in the valuation of properties.

The fair value measurement of motor vehicles as at 31 March 2022 were performed by Motor Holdings Botswana, Zambezi Motors, Alacrity Pty Ltd, Julesh Motor Vehicle Consultants, Inspect a car consultants, Southern Sky Operations, Greatdeal Automotives and Halfway Toyota. These are independent commercial vehicle dealerships and valuation consultants and have the appropriate knowledge and recent experience in the valuation of motor vehicles.

The market values for land and buildings were determined by valuers based on market prices. A desktop valuation method was used for Motor Vehicles. The general condition of the vehicles, mileage and year of acquisition were factors used to determine the market values of motor vehicles.

Key assumptions underlying the valuations techniques on motor vehicles, land and buildings are based on unobservable inputs and therefore classified at level 3 in terms of the fair value hierarchy. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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21. Property, plant and equipment (continued)				
The carrying values that would have been recognised if the motor vehicles, land and building were stated at cost are as follows:				
Motor Vehicles				
Cost	24 392 345	24 315 109	22 468 081	22 390 845
Accumulated depreciation	(19 464 868)	(19 056 548)	(17 733 030)	(17 324 710)
	4 927 477	5 258 561	4 735 051	5 066 135
Land				
Cost	14 276 155	13 690 945	5 026 155	4 440 945
Accumulated depreciation	(8 137 799)	(7 521 132)	-	-
	6 138 356	6 169 813	5 026 155	4 440 945
Buildings				
Cost	18 863 439	19 260 973	9 782 371	9 681 068
Accumulated depreciation	(12 294 724)	(13 447 060)	(1 675 705)	(1 673 594)
	6 568 715	5 813 913	8 106 666	8 007 474

22. Leases (group as lessee)

The group leases land and buildings and equipment facilities. The leases typically run for a period of 2 to 5 years, with an option to renew the lease after that date. Lease payments are renegotiated at the expiry of each lease to reflect market rentals. The group leases IT equipment with short term contracts up to 30 September 2022. These leases are short term and or leases of low value items. The group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The incremental borrowing rate applied to determine the lease liability recognised on 1 April 2021 was 8.33%.

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

Right-of-use assets

Opening balance/ Adoption of IFRS 16	49 482 626	57 804 679	49 331 926	57 575 051
Additions	6 854 414	1 106 312	6 854 414	1 106 312
Modification of lease	4 323 130	(87 939)	4 323 130	(87 939)
Termination of lease	(613 376)	-	(613 376)	-
Depreciation	(9 916 453)	(9 340 426)	(9 916 453)	(9 261 498)
Closing balance	50 130 341	49 482 626	49 979 641	49 331 926

Lease liability

Opening balance/ Adoption of IFRS 16	58 511 715	63 436 556	58 354 499	63 211 664
Additions	6 854 414	1 106 312	6 854 414	1 106 312
Modification of lease	4 323 130	(87 939)	4 323 130	(87 939)
Termination of lease	(618 966)	-	(618 966)	-
Add: Interest	4 742 566	5 854 163	4 742 566	5 841 990
Less: Payments	(12 629 705)	(11 797 377)	(12 629 705)	(11 717 528)
Closing balance	61 183 154	58 511 715	61 025 938	58 354 499

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22. Leases (group as lessee) (continued)				
Maturity analysis - contractual undiscounted cash flows				
Within 1 year	12 793 434	12 193 659	12 636 218	12 105 825
Two to five years	52 483 372	45 951 985	52 483 372	45 872 790
More than five years	10 718 058	21 594 194	10 718 058	21 594 194
Total undiscounted lease liabilities	75 994 864	79 739 838	75 837 648	79 572 809
Less: Total finance costs allocated to future periods	(14 811 710)	(21 228 123)	(14 811 710)	(21 218 310)
Lease liability	61 183 154	58 511 715	61 025 938	58 354 499
Current portion	8 514 050	6 904 836	8 356 834	6 827 864
Non-current portion	52 669 104	51 606 879	52 669 104	51 526 635
	61 183 154	58 511 715	61 025 938	58 354 499

22.1 Amounts recognised in Profit/(Loss)

Finance costs on lease liability	4 742 566	5 854 163	4 742 566	5 841 990
Depreciation relating to right-of-use assets	9 916 453	9 340 426	9 916 453	9 261 498
	14 659 019	15 194 589	14 659 019	15 103 488

22.2 Amounts recognised against Lease Liability

Capital repayment	7 887 139	5 943 214	7 887 139	5 875 538
Interest portion	4 742 566	5 854 163	4 742 566	5 841 990
Total cash outflow for leases	12 629 705	11 797 377	12 629 705	11 717 528

23. Intangible assets

Group	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	6 632 619	(6 533 750)	98 869	6 632 619	(6 308 014)	324 605
Company	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	6 611 167	(6 512 298)	98 869	6 611 167	(6 286 562)	324 605

Reconciliation of intangible assets - Group and Company - 2022

	Opening balance	Amortisation	Total
Computer software	324 605	(225 736)	98 869

Reconciliation of intangible assets - Group and Company - 2021

	Opening balance	Amortisation	Total
Computer software	493 827	(169 222)	324 605

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Figures in Pula	2022	2021	2022	2021
24. Revaluation reserve				
Opening balance	17 393 860	19 376 462	7 649 438	9 632 040
Gain on property, plant and equipment revaluation	6 024 476	-	6 024 476	-
Transfer to retained earnings upon depreciation	(1 855 495)	(1 982 602)	(1 855 495)	(1 982 602)
	21 562 841	17 393 860	11 818 419	7 649 438

25. Loans from shareholders

Ta Shebube

AKH Ndzingo	240 108	22 550	-	-
The loan is charged interest at 3.25% (2021:3.25%), unsecured and has no fixed terms of repayment.				
JK Sento	55 435	53 690	-	-
The loan is charged interest 3.25% (2021:3.25%), unsecured and has no fixed terms of repayment				
	295 543	76 240	-	-

Fair value of loans to/ (from) shareholders of Ta Shebube

The directors consider the carrying amounts of the loans to/ (from) the shareholders to approximate their fair values.

26. Other Financial liabilities

Held at amortised cost	10 244 264	13 042 822	10 244 264	13 042 822
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Absa Bank of Botswana Limited

The group sold its staff loan scheme to Absa Bank of Botswana Limited with effect from 1st January 2013. However due to the fact that the group retained the credit risk on these loans, the asset was not derecognised and the group continues to recognise the staff loans under other assets. The amount of proceeds received from the bank is recognised as a financial liability in accordance with IFRS 9. The directors consider the carrying amount of other financial liabilities to approximate their fair value.

The carrying amounts of financial liabilities at amortised cost are denominated in Pula.

Fair value disclosures

Refer to note 34 Fair value information for details of the fair valuation policies and processes.

27. Government Grant

Deferred government grant represent unutilised grants advanced by Government to the Agency to fund CEDA projects. These include CEDA Mainline Grant, two specific grants for the Industry Support Fund (ISF) and Integrated Support Programme for Arable Agriculture Development (ISPAAD) projects. Government Subvention received during the year was P 213 037 800 (2021: P 354 776 631).

Analysis of Deferred Government Grant

Opening balance	112 735 401	-	112 735 401	-
Grants received	213 037 800	354 776 631	213 037 800	354 776 631
Amortisation of Government Grant (Note 5)	(238 870 758)	(242 041 230)	(238 870 758)	(242 041 230)
ISPAAD returned funds	(10 000 000)	-	(10 000 000)	-
ISPAAD disbursements	(6 909 250)	-	(6 909 250)	-
Closing balance	69 993 193	112 735 401	69 993 193	112 735 401

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	2022	2021	2022	2021
28. Trade and other payables				
Trade payables	8 527 179	5 467 135	8 527 179	5 467 135
Other payroll accruals	22 596 908	22 732 571	22 503 124	22 565 152
Amounts received in advance	6 046 906	3 159 308	6 046 906	3 159 321
Accrued audit fees	2 422 117	4 794 099	2 422 117	4 794 099
Other payables	12 458 181	10 587 984	7 336 164	6 187 195
	52 051 291	46 741 097	46 835 490	42 172 902

Analysis of trade and other payables

Financial liabilities	23 407 477	20 849 218	18 285 460	16 448 429
Non-financial liabilities	28 643 814	25 891 879	28 550 030	25 724 473
	52 051 291	46 741 097	46 835 490	42 172 902

Fair value of trade and other payables

The directors consider the carrying amount of trade and other payables to approximate their fair value.

29. Financial guarantees contracts

Financial guarantee contracts	21 529 785	21 408 052	21 529 785	21 408 052
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29.1 Reconciliation of financial guarantees contracts

Provisions for financial guarantee contracts are recognised on a prudent basis for the estimated cost for all claims that have not been settled or reached conclusion at the reporting date.

Opening balance	21 408 052	24 422 416	21 408 052	24 422 416
Additional impairment provisions	121 733	-	121 733	-
Impairment provision reversals	-	(373 488)	-	(373 488)
Claim payments during the year	-	(2 640 896)	-	(2 640 896)
	21 529 785	21 408 052	21 529 785	21 408 052

The group's guarantees loans given to local investors at participating banks that do not have enough security or no security at all. The maximum term for the loans is 12 years. The group guarantees these bank loans and in the event of default by local entities or individuals the group will have to pay the participating banks a maximum of up to 75% of net loss of the participating banks of guarantees in default. Guarantee claims provisions are made when the guarantees are 3 months or more in arrears and when the participating banks submit a notification of intention to claim. The group exposure is P3 526 666 (2021: P5 075 845) and the given guarantees cover the time until maturity of underlying bank loans.

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Figures in Pula	2022	2021	2022	2021
30. Assets held for sale/distribution				
Investment in associate held for distribution:				
Easy Concrete Products Pty Ltd				
Cost	21 498 142	21 498 142	-	-
Accumulated impairment	(14 430 900)	(14 430 900)	-	-
Accumulated share of profit/(loss)	(7 067 242)	(7 067 242)	-	-
	-	-	-	-
Investment in associate held for distribution:				
Pule Modisana Holdings Pty Ltd				
Cost	16 934 752	16 934 752	16 934 752	16 934 752
Accumulated share of loss	(489 516)	(489 516)	-	-
Accumulated impairment	(16 445 236)	(16 445 236)	(16 934 752)	(16 934 752)
	-	-	-	-
Investment in associate held for distribution:				
Tannery Industries (Botswana) Pty Ltd				
Cost	4 453 931	4 453 931	-	-
Accumulated impairment	(4 453 931)	(4 453 931)	-	-
	-	-	-	-
Investment in associate held for distribution:				
Rim Rock Pty Ltd				
Cost	18 079 670	18 079 670	18 079 670	18 079 670
Accumulated share of loss	(4 241 818)	(4 241 818)	-	-
Accumulated impairment	(13 837 852)	(13 837 852)	(18 079 670)	(18 079 670)
	-	-	-	-
Investment in associate held for distribution:				
Pula Steel Casting and Manufacturing Pty Ltd				
Cost	18 200 000	18 200 000	18 200 000	18 200 000
Accumulated impairment	(18 200 000)	(18 200 000)	(18 200 000)	(18 200 000)
	-	-	-	-
Investment in subsidiary held for distribution				
PG Industries (Botswana) Pty Ltd				
Cost	29 258 771	29 258 771	-	-
Accumulated impairment	(29 258 771)	(29 258 771)	-	-
	-	-	-	-

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30. Assets held for sale/distribution (Continued)

Pule Modisana Pty Ltd

The group holds 40% of the equity in Pule Modisana Holdings through ordinary shares acquired in January 2012. The investment in the company has been equity accounted in these group financial statements. 16 934 712 preference shares of P1 each were issued in January 2012. Preferential dividend shall be calculated at a fixed coupon rate of 11.5% per annum. The company went into liquidation during the 2019 financial year. Accumulated preference shares dividend stands at P2 352 997. There were no new developments during the year.

PG Industries (Botswana) Pty Ltd

On 31 December 2007 PG Industries Botswana Pty Ltd ("PGIB") and Builders Merchants (Botswana) Pty Ltd ("BMB") were amalgamated to create a single business called PG Industries Botswana Pty Ltd. The amalgamation was by way of issuing shares to the existing shareholders of BMB. In previous periods the Fund's 400 000 preference shares valued at P4 million were converted into 2 797 203 fully paid up ordinary shares at an issue value of P1.43 per share. This was as a result of the company PG Industries Botswana Pty Ltd undertaking a non-underwritten rights issue of shares. Subsequent to this the group now holds 13 156 236 shares representing 51% shareholding. PG Industries (Botswana) Pty Ltd was placed under liquidation on 8 May 2014 and hence is classified as held for sale/distribution. Management do not expect any liquidation proceeds and hence the company was accounted for at the lower of its carrying amount and fair value less costs to sell. There were no new developments during the year.

Easy Concrete Products Pty Ltd

The group holds 49% of the equity in Easy Concrete Products Pty Ltd through ordinary shares acquired in July 2008. The group holds 12 108 591 redeemable cumulative convertible and non-voting preference shares issued on 23 June 2008. The shares carry a dividend rate equivalent to the prime lending rate plus 0.5% as determined by Absa Bank of Botswana from time to time applied on an on going basis. The Easy Concrete Products Pty Ltd was placed under provisional liquidation on 30 March 2012 and the final order was granted in June 2012. As of year-end the management does not expect any liquidation proceeds and hence this investment was classified as assets held for distribution and measured at the lower of its carrying amount and fair value less costs to sell. There were no new developments during the year.

Tannery Industries (Botswana) Pty Ltd

The interest in Tannery Industries (Botswana) Pty Ltd was acquired in June 2005. The company went into liquidation in December 2010 and has been accounted for as a held for sale in the financial statements. The residual amount of P4 453 931 on the final liquidation account has not yet been remitted by the liquidator and this has been accounted for as assets held for distribution, the amount is fully impaired. There were no new developments during the year.

Rim Rock Pty Ltd

The Agency holds 40% of the equity in Rim Rock Pty Ltd through ordinary shares acquired in March 2012. The investment in the company has been equity accounted in these Agency financial statements.

13 049 020 preference shares of P1 each were issued in March 2012. Preferential dividend shall be calculated at 15% fixed deposit rate. P 'Nil' amount was capitalised as dividends accrued during the financial year ended 31 March 2016 because the investment was considered substantially impaired. Accumulated preference shares dividend stands at P3 378 850. The investment has been held for distribution since 2015. There were no new developments during the year.

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Figures in Pula	2022	2021	2022	2021
30. Assets held for sale/distribution (Continued).				
Pula Steel Casting and Manufacturing Pty Ltd				
The interest in Pula Steel Casting and Manufacturing Pty Limited was acquired in March 2012. The Agency holds 26% of the equity in the company. The investment in the group has been cost accounted in these company financial statements. 9% of ordinary shares was sold to BCL Pty Ltd in 2018.				
The group holds 13 000 000 debentures issued in March 2012. Preferential dividend shall be calculated at a fixed coupon rate of 14% per annum. Nil amount was capitalized as dividend accrued during the financial year ended 31 March 2019 because the investment was impaired in the previous years. Accumulated preference shares dividend stands at P5 256 444 and have been fully impaired. Pula Steel Casting and Manufacturing Pty Ltd was placed under liquidation during financial year ended 31 March 2017. There were no new developments during the year.				
The are no gurantees in respect of any of these entities.				
31. Cash used in operations				
Operating profit/(loss)	126 346 814	(210 983 625)	124 863 035	(212 093 217)
Adjustments for:				
Depreciation and amortisation (note 21)	8 721 573	8 712 228	8 245 076	8 697 262
Depreciation and amortisation (note 23)	225 736	169 222	225 736	169 222
Depreciation on right of use asset (note 22)	9 916 453	9 340 426	9 916 453	9 261 498
Gain on lease modification (note 6)	(5 591)	-	(5 591)	-
Unrealised exchange losses	14 612	(1 852)	-	-
Loss on revaluation of other assets (note 10)	9 556 108	1 017 296	9 556 108	1 017 296
(Release)/Charge for impairment (note 11)	(46 982 071)	295 599 041	(49 420 129)	297 693 069
(Profit)/Loss on sale of property, plant an equipment (Note 6)	(1 300 608)	201 076	77 073	201 076
Loss on revaluation of property, plant and equipment	1 233 741	-	1 233 741	-
Changes in working capital:				
Inventories	40 864	35 408	-	-
Loans and advances	(227 814 567)	(193 803 107)	(227 814 567)	(193 803 107)
Trade and other payables	5 310 194	(1 580 664)	4 662 588	(2 514 520)
Financial guarantees	121 733	(3 014 364)	121 733	(3 014 364)
Government Grant	(42 742 208)	112 735 401	(42 742 208)	112 735 401
Other financial liabilities	(2 798 558)	(4 731 114)	(2 798 558)	(4 731 114)
Other assets	14 504 360	(29 320 941)	14 483 439	(29 350 341)
	(145 651 415)	(15 625 569)	(149 396 071)	(15 731 839)
Changes in loans and advances				
Balance at beginning of year	933 876 808	1 035 799 983	933 876 808	1 035 799 983
Balance at end of the year	(1 209 689 993)	(933 876 808)	(1 209 689 993)	(933 876 808)
Impairment release/(charge)	31 373 436	(324 453 683)	31 373 436	(324 453 683)
Adjustment on stage 3 effective interest	16 625 182	28 808 633	16 625 182	28 808 633
Loans written off	-	(81 232)	-	(81 232)
	(227 814 567)	(193 803 107)	(227 814 567)	(193 803 107)
Changes in trade and other payables				
Balance at beginning of year	(46 741 097)	(48 321 761)	(42 172 902)	(44 687 422)
Balance at end of the year	52 051 291	46 741 097	46 835 490	42 172 902
	5 310 194	(1 580 664)	4 662 588	(2 514 520)

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Figures in Pula	2022	2021	2022	2021
31. Cash used in operations (continued)				
Changes in financial guarantees				
Balance at beginning of year	(21 408 052)	(24 422 416)	(21 408 052)	(24 422 416)
Balance at end of the year	21 529 785	21 408 052	21 529 785	21 408 052
	121 733	(3 014 364)	121 733	(3 014 364)
Changes in Government Grant				
Balance at beginning of year	(112 735 401)	-	(112 735 401)	-
Balance at end of the year	69 993 193	112 735 401	69 993 193	112 735 401
	(42 742 208)	112 735 401	(42 742 208)	112 735 401
Changes in other financial liabilities				
Balance at beginning of year	(13 042 822)	(17 773 936)	(13 042 822)	(17 773 936)
Balance at end of the year	10 244 264	13 042 822	10 244 264	13 042 822
	(2 798 558)	(4 731 114)	(2 798 558)	(4 731 114)
Changes in other assets				
Balance at beginning of year	260 975 853	231 527 671	260 953 931	231 476 349
Balance at end of the year	(245 454 946)	(260 975 853)	(245 453 945)	(260 953 931)
Impairment (charge) release for the year	(1 016 547)	127 241	(1 016 547)	127 241
	14 504 360	(29 320 941)	14 483 439	(29 350 341)

32. Related parties

Relationships

Shareholders	Government of the Republic of Botswana
Subsidiaries	CEDA Venture Capital Fund PG Industires (Botswana) Pty Ltd Ta Shebube Pty Ltd
Associates	Pula Steel Casting and Manufacturing Pty Ltd Pule Modisana Holdings Pty Ltd Rim Rock Pty Ltd Easy Concrete Products Pty Ltd Tannery Industries Pty Ltd Africa Wild Lodges and Safaris Pty Ltd
Members of key management	T. Thamane J. Moribame C. Sebonego T. Leshetla T. Dichi S. Showa G. Tsimanyana T. Kayawe T. Moeletsi L. Bantheri A. Mogojwa G. Mosimaneotsile

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32. Related parties (continued)				
Related party balances				
Loan accounts- Owing (to) by related parties				
Loans to United Refineries Botswana Pty Ltd	12 617 716	14 320 185	12 617 716	14 320 185
Loans to Africa Wild Lodges and Safaris Pty Ltd	902 492	887 502	902 492	887 502
Loans to senior management	15 446 921	19 877 000	15 446 921	19 877 000
Loans to non-executive directors-Montle Holdings	2 391 452	2 727 183	2 391 452	2 727 183
	31 358 581	37 811 870	31 358 581	37 811 870
Impairment of Loans to Related Parties				
Loans to United Refineries Botswana Pty Ltd	12 608 800	13 931 642	12 608 800	13 931 642
Loans to Africa Wild Lodges and Safaris Pty Ltd	901 854	887 502	901 854	887 502
Loans to non-executive directors-Montle Holdings	253 335	1 229 595	253 355	1 229 595
	13 763 989	16 048 739	13 764 009	16 048 739
Amounts included in Other Assets (Trade and other Receivables) regarding related parties				
Pula Steel Casting and Manufacturing Pty Ltd	5 256 444	5 256 444	5 256 444	5 256 444
Pule Modisana Holdings Pty Ltd	2 352 997	2 352 997	2 352 997	2 352 997
Rim Rock Pty Ltd	3 378 850	3 378 850	3 378 850	3 378 850
United Refineries Botswana Pty Ltd	7 813 444	7 813 444	7 813 444	7 813 444
CEDA Venture Capital Fund	-	-	7 388 631	7 388 631
Africa Wild Lodges and Safaris Pty Ltd	1 493 029	1 493 029	1 493 029	1 493 029
	20 294 764	20 294 764	27 683 395	27 683 395
Related party impairments included in Other Assets				
Pula Steel Casting and Manufacturing Pty Ltd	5 256 444	5 256 444	5 256 444	5 256 444
Pule Modisana Holdings Pty Ltd	2 352 997	2 352 997	2 352 997	2 352 997
Rim Rock Pty Ltd	3 378 850	3 378 850	3 378 850	3 378 850
United Refineries Botswana Pty Ltd	7 813 444	7 813 444	7 813 444	7 813 444
CEDA Venture Capital Fund	-	-	7 388 631	7 388 631
African Wild Lodges and Safaris Pty Ltd	1 493 029	1 493 029	1 493 029	1 493 029
	20 294 764	20 294 764	27 683 395	27 683 395
Government Grants				
Government of the Republic of Botswana	238 870 758	242 041 230	238 870 758	242 041 230
Interest on preference loans/shares and debentures paid to/ (received from) related parties				
Montle Holdings	-	106 183	-	100 183

Related party loan terms

Loans and advances to related parties are done at arms length and range from 1 year to 20 years. These are the same terms applicable to others qualifying for CEDA loans. For staff loans including key management, motor vehicles at 3.5% and residential property loans at 3% are secured by the funded assets. Personal loans at 3.5% are not secured.

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33. Key Management emoluments

The following is the compensation of key management personnel and these are set by the Human Resources Committee in relation to performance and market trends, Key management are executive management and senior management.

Executive and senior management

2022	Salaries	Allowances	Gratuity	Medical aid, and other expenses	Non executive directors' fees	Total
For services as management	10 030 946	3 398 200	4 738 709	2 651 529	161 280	20 980 664
2021						
For services as management	9 848 481	3 082 544	4 115 037	2 766 902	252 040	20 065 004

34. Risk management

Financial risk management

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

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

The directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Finance and Audit Committee (FAC), is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the directors on its activities.

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

The board oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Finance and Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Finance and Audit Committee and the Board.

Liquidity risk

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

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The review of future commitments is performed on an ongoing basis. The financing requirements are met through a mixture of cash generated from operations and government subvention. The Botswana government finances a greater part of the group's cash requirements.

Cash flow forecasts are prepared and liquidity reserves are monitored not to exceed the approved limits as set by the board.

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34. Risk management (continued)

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

Group as at 31 March 2022

	1-3 months	3-12 months	1 to 5 years	Total
Loans from shareholders	295 543	-	-	295 543
Other financial liabilities	1 024 426	3 073 279	6 146 559	10 244 264
Lease liabilities	3 838 030	8 955 404	63 201 430	75 994 864
Trade and other payables	23 407 477	-	-	23 407 477
Financial guarantee contracts	21 529 785	-	-	21 529 785
	50 095 261	12 028 683	69 347 989	131 471 933

Group as at 31 March 2021

	1-3 months	3-12 months	1 to 5 years	Total
Loans from shareholders	76 240	-	-	76 240
Other financial liabilities	1 304 282	3 912 847	7 825 693	13 042 822
Lease liabilities	3 116 905	9 076 754	67 546 179	79 739 838
Trade and other payables	20 849 218	-	-	20 849 218
Financial guarantee contracts	21 408 052	-	-	21 408 052
	46 754 697	12 989 601	75 371 872	135 116 170

Company as at 31 March 2022

	1-3 months	3-12 months	1 to 5 years	Total
Other financial liabilities	1 024 426	3 073 279	6 146 559	10 244 264
Lease liabilities	3 159 055	9 477 163	63 201 430	75 837 648
Trade and other payables	18 285 460	-	-	18 285 460
Financial guarantee contracts	21 529 785	-	-	21 529 785
	43 998 726	12 550 442	69 347 989	125 897 157

Company as at 31 March 2021

	1-3 months	3-12 months	1 to 5 years	Total
Other financial liabilities	1 304 282	3 912 847	7 825 693	13 042 822
Lease liabilities	3 094 947	9 010 879	67 466 984	79 572 810
Trade and other payables	16 448 442	-	-	16 448 442
Financial guarantee contracts	21 408 052	-	-	21 408 052
	42 255 723	12 923 726	75 292 677	130 472 126

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34. Risk management (continued)

Management of liquidity risk

The group's liquidity position is monitored and stress testing is conducted under different scenarios. The Liquidity policies and procedures are subject to review and approval by the Assets and Liabilities Committee (ALCO).

Interest rate risk

The group's interest rate risk arises from lease liabilities. Loans and advances which are prime linked will be affected favourably or unfavourably depending on whether it is an increase or decrease respectively. Further government may change the interest rates that CEDA is lending at and depending on whether it is an increase (favourable) or decrease (unfavourable). 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. During 2022 and 2021 the group's borrowings at variable rates were denominated in Pula.

Financial instruments that are sensitive to interest rate risk are loans and advances and short term investments in cash and cash equivalents. The outstanding interest earning loan and advances and short term investments in cash and cash equivalents at the reporting date was P1 352 870 284 (2021: P1 148 850 146). A 1% change in interest rate will affect the statement of profit or loss by P13 528 702 (2021:P11 488 501) for the group. The change will be arising substantially from interest earning loan balances and short term investments in cash and cash equivalents respectively.

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.

There are no externally imposed capital requirements. However the Agency subscribes to the Prudential Standards, Guidelines and Rating System (PSGRS) for African Development Finance Institutions in terms of capital adequacy requirements.

Lease liabilities	61 183 154	58 511 715	61 025 938	58 354 499
Loan from shareholders	295 543	76 240	-	-
Other financial liabilities	10 244 264	13 042 822	10 244 264	13 042 822
Total Borrowings	71 722 961	71 630 777	71 270 202	71 397 321
Less: Cash and Cash Equivalents	(196 924 430)	(379 334 274)	(132 402 728)	(319 653 800)
Net cash	(125 201 469)	(307 703 497)	(61 132 526)	(248 256 479)

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	Group		Company	
Figures in Pula	2022	2021	2022	2021

34. Risk management (continued)

Credit risk

The group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the group by failing to discharge an obligation. Credit risk is the most important risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the group's asset portfolio. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments and guarantees. The credit risk management and control are centralised in the credit risk management team and report to the Board of Directors and head of each business unit regularly.

Loans and advances - (Group and Company)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as exposure varies with changes in market conditions, expected cashflows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations of the likelihood of defaults occurring, of the associated loss ratios and of different correlations between counterparties.

The group measures credit risk using Expected Credit Loss (ECL) model which is a discounted product of probability of default (PD), exposure at default (EAD), loss given default (LGD). This ensures earlier recognition of provisions as loss allowances are recognised at inception to cover future losses regardless of whether a credit event has occurred or not. Methodologies underlying the ECL provision calculation are stage classification denoted by significant increase in credit risk (SICR) and the default definition and probability of default (PD), exposure at default (EAD), loss given default (LGD) and forward-looking information (FLI). Qualitative assessments were carried out on the entire loan book, accounts were moved to the relevant stage based on the assessment made. Additional impairment that came about as a result of qualitative assessment is P77 754 797 (2021:P38 580 240).

The following table shows the changes in the loss allowance between the beginning and the end of the year due to the above stated factors for loans and advances.

31 March 2022

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 01 April 2021	28 253 398	34 824 365	1 687 160 535	1 750 238 298
Net transfers in/out of stage	59 279 173	49 822 744	(140 475 353)	(31 373 436)
Loss allowance as at 31 March 2022	87 532 571	84 647 109	1 546 685 182	1 718 864 862

31 March 2021

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 01 April 2020	49 751 627	18 048 925	1 357 984 063	1 425 784 615
Net transfers in/out of stage	(21 498 229)	16 775 440	329 176 472	324 453 683
Loss allowance as at 31 March 2021	28 253 398	34 824 365	1 687 160 535	1 750 238 298

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34. Risk management (continued)

Loans and advances exposed to credit risk at year end were as follows:

2022 Loans and advances-Group and Company	Outstanding amount	Security at initial value
Stage 1	532 565 754	936 432 502
Stage 2	212 528 677	292 170 812
Stage 3	2 183 460 424	2 844 392 141
	2 928 554 855	4 072 995 455

2021 Loans and advances-Group and Company	Outstanding amount	Security at initial value
Stage 1	462 743 190	1 815 568 205
Stage 2	173 023 916	464 176 455
Stage 3	2 048 348 000	5 078 070 513
	2 684 115 106	7 357 815 173

Security is not revalued periodically, valuation is mandatory during on-boarding and on litigated accounts to determine reserve prices.

2022 Loans and advances by outstanding balance and impairment sector - Group and Company	Outstanding	Impairment	Net amount
Agribusiness	910 914 720	534 372 917	376 541 803
Property and Manufacturing	889 951 731	521 805 284	368 146 447
Services	1 127 688 404	662 686 661	465 001 743
	2 928 554 855	1 718 864 862	1 209 689 993

2021 Loans and advances by outstanding balance and impairment sector-Group and Company			
Agribusiness	909 105 128	634 960 370	274 144 758
Property and Manufacturing	781 818 933	459 673 025	322 145 908
Services	993 191 045	655 604 903	337 586 142
	2 684 115 106	1 750 238 298	933 876 808

Loans and advances by loan size-Group and Company		
Small (P500-P500 000)	469 374 803	709 940 327
Medium (P500 001-P4 million)	1 556 934 158	1 528 369 664
Large (Above P4 million)	902 245 894	445 805 115
	2 928 554 855	2 684 115 106

Loans and advances by maturity-Group and Company		
Within 1 year	150 284 007	182 987 519
In 1-5 years	300 938 039	333 750 861
Above 5 years	2 477 332 809	2 167 376 726
	2 928 554 855	2 684 115 106

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34. Risk management (continued)

Analysis of impaired loans and advances (stage 3/NPL)

	2022	2022	2021	2021
	Outstanding balances (NPL)	Stage 3 Impairment	Outstanding balances (NPL)	Stage 3 Impairment
Agribusiness	678 809 686	480 844 475	683 028 432	620 231 176
Property and Manufacturing	662 845 120	469 535 749	593 773 004	431 302 989
Services	841 805 618	596 304 958	771 546 564	635 626 370
	2 183 460 424	1 546 685 182	2 048 348 000	1 687 160 535

Geographical distribution of assets

	Outstanding balances	Impairment at year end	Outstanding balances	Impairment at year end
North	1 298 133 800	762 848 983	1 153 290 727	719 631 240
South	1 630 421 055	956 015 879	1 530 824 379	1 030 607 058
	2 928 554 855	1 718 864 862	2 684 115 106	1 750 238 298

All CEDA funded projects operate in Botswana.

IFRS 9 Impairment matrix

2022	30 days past due (stage 1)	90 days past due (stage 2)	More than 90 days past due (stage 3)	Total
Remaining capital amount	521 434 775	198 139 731	1 406 603 242	2 126 177 748
Loan balances in arrears	11 130 979	14 388 946	776 857 182	802 377 107
ECL impairment	(87 532 571)	(84 647 109)	(1 546 685 182)	(1 718 864 862)
	445 033 183	127 881 568	636 775 242	1 209 689 993

2021	30 days past due (stage 1)	90 days past due (stage 2)	More than 90 days past due (stage 3)	Total loan book
Remaining capital amount	312 408 243	116 812 303	1 382 885 397	1 812 105 943
Loan balances in arrears	150 334 947	56 211 613	665 462 603	872 009 163
ECL impairment	(28 253 398)	(34 824 365)	(1 687 160 535)	(1 750 238 298)
	434 489 792	138 199 551	361 187 465	933 876 808

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34. Risk management (continued)

Risk Limit control and mitigation policies

The group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and to industries.

The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers. Such risks are monitored on a revolving basis and subject to an or more frequent review, when considered necessary. Limits on the level of credit risk by product are approved quarterly by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

Some other specific control and mitigation measures are outlined below;

Collateral

The group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced. The group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Security over business assets such as premises, plant and equipment, inventory and accounts receivable;
- Personal sureties; and
- Guarantees.

Impairment and provisioning policies

The internal rating systems focus more on credit-quality mapping from the inception of the lending. Consequently, measuring and monitoring significant increase in credit risk since origination is done at each reporting date.

The impairment provision shown in the statement of financial position at year-end is derived from each of the three internal categories. However, the majority of the impairment provision comes from stage 2 and 3 gradings. The table below shows the percentage of the group's on- and off-statement of financial position items relating to advances and the associated impairment provision for each of the categories:

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34. Risk management (continued)

Group and Company

Analysis - Loans and advances

2022	Loans and Advances Group	Impairment Group	Loans and Advances Company	Impairment Company
Loans and advances				
Stage 1	532 565 754	87 532 571	532 565 754	87 532 571
Stage 2	212 528 677	84 647 109	212 528 677	84 647 109
Stage 3	2 183 460 424	1 546 685 182	2 183 460 424	1 546 685 182
	2 928 554 855	1 718 864 862	2 928 554 855	1 718 864 862

2021	Loans and Advances Group	Impairment Group	Loans and Advances Company	Impairment Company
Loans and advances				
Stage 1	462 743 190	28 253 398	462 743 190	28 253 398
Stage 2	173 023 916	34 824 365	173 023 916	34 824 365
Stage 3	2 048 348 000	1 687 160 535	2 048 348 000	1 687 160 535
	2 684 115 106	1 750 238 298	2 684 115 106	1 750 238 298

Credit risk exposure				
Cash and cash equivalents	196 924 430	379 334 274	132 402 728	319 653 800
Loans and advances	1 209 689 993	933 876 808	1 209 689 993	933 876 808
Other assets	240 329 786	256 238 231	240 328 785	256 216 309
Other financial assets	34 589 446	39 112 640	34 589 446	39 112 640
	1 681 533 655	1 608 561 953	1 617 010 952	1 548 859 557

Loans and advances

Loans and advances are summarised as follows:

2022 Loans and advances	Group	Company
Stage 1	532 565 754	532 565 754
Stage 2	212 528 677	212 528 677
Stage 3	2 183 460 424	2 183 460 424
Less: Allowance for impairment	(1 718 864 862)	(1 718 864 862)
	1 209 689 993	1 209 689 993

2021 Loans and advances	Group	Company
Stage 1	462 743 190	462 743 190
Stage 2	173 023 916	173 023 916
Stage 3	2 048 348 000	2 048 348 000
Less: Allowance for impairment	(1 750 238 298)	(1 750 238 298)
	933 876 808	933 876 808

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	Group		Company	
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34. Risk management (continued)

Incorporation of forward-looking information into IFRS 9 modelling

The group's impairment models utilise macroeconomic information to enable the models to provide outputs that are based on forward-looking information. The forward looking information applied in the current year modelling process are export of goods and services-USD % change, short-term economic risk index % change and BWP/EUR % change.

Change in export of goods and services has an equal effect to change in GDP. It is expected to have an inverse relationship with the probability of default. The higher the export of goods and services (the higher the GDP), the less the probability of default. There is a direct relationship between CEDA PDs and short term economic risk index. The higher the short term economic risk index the higher the probability of default. The BWP/EUR exchange rate % change is expected to have a direct relationship with the probability of default. The increase in the rate means weakening of the Pula and expected to increase the probability of default.

The group revisited and updated the macroeconomic information utilised at 31 March 2022 taking note of a wide range of possible scenarios and macroeconomic outcomes, as well as the consequences around the uncertainty, duration and likelihood of future outbreaks that COVID-19 will have on the social and economic conditions of society. The global shocks experienced in the market have led to a highly uncertain and unprecedented environment.

Other assets

A simplified method of assessing credit risk on other assets was adopted on implementation of IFRS 9, a blended rate on 12 month exit rate and former staff recovery rate was used to arrive at the level of impairment

Group and Company

12 month exit rate	5.09%	4.37%
Former staff recovery rate	23%	24%

The group obtained assets by taking possession of collateral held as security which totalled P4 780 000 (2021: P13 810 000). Repossessed assets consist of land and buildings, plant and machinery and equipment. Repossessed properties are sold as soon as practical with the proceeds used to reduce the outstanding indebtedness.

Fair value of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities of the group and company approximates their fair value.

Assumptions used to determine the fair value:

(i) Loans and advances to customers and other assets

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(ii) Financial liabilities

Trade and other payables are of short term in nature and the fair values will approximate its carrying values.

Borrowings are financed at market interest rates; therefore, the carrying values approximates fair values. As per IFRS 9 requirement, off balance sheet transactions (financial guarantees) are considered for impairment at on-boarding stage for both defaulting and none defaulting guarantees. CEDA designed a simplified method of assessing the impairments of guarantees using the Lifetime ECL rate of 2.99% in 2022 (2021: 4.35%).

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34. Risk management (continued)

Fair value

The determination of fair value for assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in the group's accounting policy in accounting policy 1.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly or indirectly derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The group recognises other financial assets using fair value through profit or loss (FVTPL).

The table below analyses the level of fair value hierarchy of financial instruments:

Group and Company	Level 1	Level 2	Level 3	Total
31 March 2022				
Norsad Finance Limited	-	-	29 556 532	29 556 532
Chopiwa Holdings	-	-	5 032 914	5 032 914
	-	-	34 589 446	34 589 446
31 March 2021				
Norsad Finance Limited	-	-	39 112 640	39 112 640
	-	-	39 112 640	39 112 640

Refer to Note 17.1 for the movements of other financial assets designated at fair value through profit or loss.

Norsad Finance fair value has been determined by means of level 3, a Price-To-Book method (looks at group's share price based on prices for similar listed companies) for ordinary shares and Dividend Yield method for preference shares. For Level 3 fair value hierarchy, the group has used reasonable unobservable inputs to value Norsad Finance. The current year valuation has resulted in a decrease in value of P9 556 108 (2021: P1 017 296).

United Refineries is under litigation. Property and land valuation for United Refineries was done by an independent valuer, the forced sale value was used to determine CEDA's share in United Refineries. CEDA holds first mortgage bond on the property and therefore the debenture ranks first among the company's creditors. The P10 498 592 debenture held in United Refineries has been fully impaired in the prior year. The value of ordinary shares is held at P nil because they rank last on distribution of liquidation proceeds.

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34. Risk management (continued)

Fair Value (Continued)

Fair Value Measurement of Property, Plant and Equipment

The land, buildings and motor vehicles of the group are measured at their carrying amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses at the end of the reporting period.

Details of the group's land, buildings and motor vehicles and information about the fair value hierarchy as at the end of the reporting period are as follows:

Group	Level 1	Level 2	Level 3	Total
31 March 2022				
Land	-	-	9 591 901	9 591 901
Buildings	-	-	2 700 222	2 700 222
Motor Vehicles	-	-	13 989 544	13 989 544
	-	-	26 281 667	26 281 667
31 March 2021				
Land	-	-	9 429 568	9 429 568
Buildings	-	-	3 505 835	3 505 835
Motor Vehicles	-	-	12 084 965	12 084 965
	-	-	25 020 368	25 020 368
Company	Level 1	Level 2	Level 3	Total
31 March 2022				
Land	-	-	8 479 700	8 479 700
Buildings	-	-	4 238 172	4 238 172
Motor Vehicles	-	-	13 824 679	13 824 679
	-	-	26 542 551	26 542 551
31 March 2021				
Land	-	-	7 700 700	7 700 700
Buildings	-	-	5 699 394	5 699 394
Motor Vehicles	-	-	11 892 540	11 892 540
	-	-	25 292 634	25 292 634

Gains and losses recognised in other comprehensive income are included in gains and losses on land, buildings and motor Vehicles revaluation as per Note 21. Revaluations are done every two years.

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	Group		Company	
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34. Risk management (continued)

Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Group	Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
31 March 2022					
Assets as per Statement of Financial Position					
Cash and cash equivalents	-	-	196 924 430	-	196 924 430
Loans and advances	-	-	1 209 689 993	-	1 209 689 993
Other assets	-	-	240 329 786	-	240 329 786
Other financial assets	34 589 446	-	-	-	34 589 446
	34 589 446	- 1 646 944 209			- 1 681 533 655

Liabilities as per Statement of Financial Position					
Loans from shareholder	-	-	295 543	-	295 543
Other financial liabilities	-	-	10 244 264	-	10 244 264
Lease liabilities	-	-	-	61 183 154	61 183 154
Trade and other payables	-	-	23 407 477	-	23 407 477
Financial guarantee contracts	-	-	21 529 785	-	21 529 785
	-	-	55 477 069	61 183 154	116 660 223

Group

As at March 2021

Assets as per Statement of Position	Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Cash and cash equivalents	-	-	379 334 274	-	379 334 274
Loans and advances	-	-	933 876 808	-	933 876 808
Other assets	-	-	256 238 231	-	256 238 231
Other financial assets	39 112 640	-	-	-	39 112 640
	39 112 640	- 1 569 449 313			- 1 608 561 953

Liabilities as per Statement of Financial Position

Loans from shareholders	-	-	76 240	-	76 240
Other financial liabilities	-	-	13 042 822	-	13 042 822
Lease liabilities	-	-	-	58 511 715	58 511 715
Trade and other payables	-	-	20 849 218	-	20 849 218
Financial guarantee contracts	-	-	21 408 052	-	21 408 052
	-	-	55 376 332	58 511 715	113 888 047

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	Group		Company		
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34. Risk management (continued)					
Company					
As at 31 March 2022	Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Asset as per Statement of Financial Position					
Cash and cash equivalents	-	-	132 402 728	-	132 402 728
Loans and advances	-	-	1 209 689 993	-	1 209 689 993
Other assets	-	-	240 328 785	-	240 328 785
Other financial assets	34 589 446	-	-	-	34 589 446
	34 589 446	- 1 582 421 506		- 1 617 010 952	
Liabilities per Statement of Financial position					
Other financial liabilities	-	-	10 244 264	-	10 244 264
Lease liabilities	-	-	-	61 025 938	61 025 938
Trade and other payables	-	-	18 285 460	-	18 285 460
Financial guarantee contracts	-	-	21 529 785	-	21 529 785
	-	-	50 059 509	61 025 938	111 085 447
Company					
As at 31 March 2021					
Assets as per Statement of Financial Position	Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Cash and cash equivalents	-	-	319 653 800	-	319 653 800
Loans and advances	-	-	933 876 808	-	933 876 808
Other assets	-	-	256 216 309	-	256 216 309
Other financial assets	39 112 640	-	-	-	39 112 640
	39 112 640	- 1 509 746 917		- 1 548 859 557	
Liabilities as per Statement of Financial Position					
Other financial liabilities	-	-	13 042 822	-	13 042 822
Lease liabilities	-	-	-	58 354 499	58 354 499
Trade and other payables	-	-	16 448 442	-	16 448 442
Financial guarantee contracts	-	-	21 408 052	-	21 408 052
	-	-	50 899 316	58 354 499	109 253 815

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34. Risk management (continued)

All of the below financial assets and financial liabilities have carrying amounts that approximate their disclosed fair values.

Group	Carrying amount	Fair value
31 March 2022		
Financial Assets		
Cash and cash equivalents	196 924 430	196 924 430
Loans and advances	1 209 689 993	1 209 689 993
Other assets	240 329 786	240 329 786
	1 646 944 209	1 646 944 209

Financial liabilities		
Loans from shareholder	295 543	295 543
Other financial liabilities	10 244 264	10 244 264
Lease liabilities	61 183 154	61 183 154
Trade and other payables	23 407 477	23 407 477
Financial guarantee contracts	21 529 785	21 529 785
	116 660 223	116 660 223

Group	Carrying amount	Fair value
31 March 2021		
Financial Assets		
Cash and cash equivalents	379 334 274	379 334 274
Loans and advances	933 876 808	933 876 808
Other assets	256 238 231	256 238 231
	1 569 449 313	1 569 449 313

Financial liabilities		
Loans from shareholder	76 240	76 240
Other financial liabilities	13 042 822	13 042 822
Lease liabilities	58 511 715	58 511 715
Trade and other payables	20 849 218	20 849 218
Financial guarantee contracts	21 408 052	21 408 052
	113 888 047	113 888 047

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34. Risk management (continued)

Company	Carrying amount	Fair value
31 March 2022		
Financial assets		
Cash and cash equivalents	132 402 728	132 402 728
Loans and advances	1 209 689 993	1 209 689 993
Other assets	240 328 785	240 328 785
	1 582 421 506	1 582 421 506
Financial liabilities		
Other financial liabilities	10 244 264	10 244 264
Lease liabilities	61 025 938	61 025 938
Trade and other payables	18 285 460	18 285 460
Financial guarantee contracts	21 529 785	21 529 785
	111 085 447	111 085 447

Company	Carrying amount	Fair value
31 March 2021		
Financial assets		
Cash and cash equivalents	319 653 800	319 653 800
Loans and advances	933 876 808	933 876 808
Other assets	256 216 309	256 216 309
	1 509 746 917	1 509 746 917
Financial liabilities		
Other financial liabilities	13 042 822	13 042 822
Lease liabilities	58 354 499	58 354 499
Trade and other payables	16 448 442	16 448 442
Financial guarantee contracts	21 408 052	21 408 052
	109 253 815	109 253 815

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34. Risk management (continued)

Fair value hierarchy

Group and Company	Level 1	Level 2	Level 3	Total
31 March 2022				
Financial assets				
Other financial assets	-	-	34 589 446	34 589 446

Group and Company	Level 1	Level 2	Level 3	Total
31 March 2021				
Financial assets				
Other financial assets	-	-	39 112 640	39 112 640

Foreign currency risk

The group is exposed to insignificant foreign currency risk as there are minimal transactions in foreign currencies.

35. Commitments

Already contracted for but not provided for.

Buildings	923 143	-	923 143	-
Motor vehicles	1 651 317	84 857	1 651 317	84 857
Computer Equipment	1 254 702	114 345	1 254 702	114 345
Furniture and fittings	4 621 458	90 000	4 621 458	90 000
Office Equipment	-	56 077	-	56 077
	8 450 620	345 279	8 450 620	345 279

Lease commitments are in respect of lease agreements for properties across the country in carrying out operations of the CEDA group. The commitments will be financed out of internally generated funds.

Commitments to advance funds to customers but not yet disbursed at year end. These commitments are irrevocable.

Commitments to advance funds to customers but not yet disbursed at year end

At the end of the year	291 050 154	336 607 191	291 050 154	336 607 191
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36. Contingencies

CEDA Credit Guarantee Scheme guarantees the net losses incurred by participating financial institutions as a result of their lending to small and medium sized entities under the CEDA Credit Guarantee Scheme. The company has guaranteed 75% of the net losses incurred by the participating institutions. Further CEDA has provided supplier guarantees and performance bonds guarantees for a fee of 1.75% of the total guarantee amount applied for. The total contingent liability as at 31 March 2022 as a result of guarantees issued amounts to P6 551 059 (2021: P42 845 857). Credit guarantees exposure across seven banks is P3 526 666 (2021: P5 075 845) relating to Absa, Standard Chartered Bank, Stanbic Bank, Bank Gaborone, Banc ABC, First National Bank of Botswana and Bank Baroda.

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36. Contingencies (continued)

CEDA has an employee guarantee loan scheme facility with Absa Bank of P100 000 000 (2020: P100 000 000) and the debtors book cession of P140 000 000 (2020: P140 000 000). There are legal claims against the group to the tune of P2 500 000, the outcome of these claims is dependent on the outcome of the legal process.

37. Going concern

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

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the group. However, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the ability of the group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. During the 2022/23 financial period, the group received P209 985 910 as Government subvention. In addition to the subvention, a total of P 67 139 272 was recognised as income from the Industry Support Fund (ISF) after the Botswana Government acceded to the conversion to general CEDA operations. The group will receive Government subvention amounting to P309 985 910 in 2023/2024.

The directors, however believe that under the current economic environment a continuous assessment of the ability of the group to continue to operate as a going concern need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements. As at the date of this report management made an assesment of the Group and Company's ability to continue as a going concern taking into account all available information about the future.

38. Events after the reporting period

The following material events took place from the reporting date to the date of signature of the group financial statements

Pule Modisana Holdings

Following the sale of the associate, the group realised an amount of P 10.7 million in December 2022. The investment was fully impaired and held for distribution.

Rationalisation of Botswana Government Ministries and State Owned Enterprises

The Botswana Government announced the planned rationalisation of Ministries and State Owned Enterprises in April 2022. CEDA and LEA will be merged into one entity. No further details regarding the implementation and time frame were provided.

Acquisition of 25% stake in Global lubricants Pty Ltd

CEDA acquired 25 000 shares constituting 25% of the shares in Global Lubricants Pty Ltd at a cost of P9.5 million in May 2023. The company is involved in the manufacturing and distribution of petroleum and related products.

Establishment of CEDA Insurance Brokers Pty Ltd

CEDA Insurance Brokers (CIB) was licensed to operate as an insurance broker in February 2023. CIB is a registered company wholly owned by Citizen Entrepreneurial Development Agency (CEDA). The company started its operations in October 2023. Its mandate is to provide insurance solutions to CEDA staff, its clients and the general public whilst generating non-interest revenue for CEDA.

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38. Events after the reporting period (continued)

Launch of the Chema Chema Fund

The Government of Botswana established a revolving fund named "Chema Chema Fund" and provided P500 million as initial seed capital. The fund was launched in April 2024 and will be implemented by CEDA. It covers short term loan financing, procurement of assets, business expansions and working capital for the informal sector.

The directors are not aware of any other fact or circumstance, which occurred between the date of the financial statements and the date of this report, which may require an adjustment or disclosures in the Annual Financial Statements.