Citizen Entrepreneurial Development Agency (CEDA)
(Registration number BW00000557286)
Consolidated and Separate Financial statements
for the year ended 31 March 2023

Contents

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	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. In order to fulfill its objectives CEDA provides the following services: •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 Access Bank Botswana Stanbic Bank Botswana Limited Bank Gaborone Limited
Auditors	Grant Thornton
Secretary	Cynthia Sebonego
Company registration number	BW00000557286
Functional and reporting currency	Botswana Pula (BWP)

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 10.

The consolidated and separate financial statements set out on pages 11 to 81, which have been prepared on the going concern basis, were approved by the directors on 16 July 2025 and were signed on their behalf by:

Director	**Director**

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 2023.

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 (2022 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	Resigned 31 January 2025
W Mosweu	Motswana	Resigned 31 October 2024
G K Mosimaneotsile	Motswana	Resigned 29 February 2024
M Mbaakanyi	Motswana	Resigned 01 May 2023
P N Nuku-Basaakane	Motswana	Resigned 30 November 2023
W T Thanke	Motswana	Appointed 01 March 2023
L T Monamodi	Motswana	Appointed 01 March 2023
L C Morule	Motswana	Appointed 01 September 2024
K Mosebi	Motswana	Appointed 01 September 2024
P P Pheto	Motswana	Appointed 01 September 2024
M D Moremi	Motswana	Appointed 01 September 2024
N Moloyi	Motswana	Appointed 01 September 2024

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 41 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 40 for the details on the consideration of going concern by the Directors.

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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Independent Auditor's Report

To the shareholder of Citizen Entrepreneurial Development Agency (CEDA)

Opinion

We have audited the consolidated and separate financial statements of Citizen Entrepreneurial Development Agency (CEDA) set out on pages 11 to 81, which comprise the statement of consolidated and separate statements of financial position as at 31 March 2023, statements of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and Company as at 31 March 2023, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements section of our report. We are independent of the Group and Company 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 annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the matter was addressed in the audit
Expected credit losses (“ECL”) on loans and advances (Group and Company)	
The Group and Company applies IFRS 9 - Financial Instruments (“IFRS 9”), which requires it to assess allowances for impairment of loans and advances on an expected loss basis. Accordingly, the Agency measures such allowances using its own impairment model to calculate ECLs. The impairment of loans and advances was considered to be a matter of significant importance to our current year audit due to the following: • Loans and advances are material to the consolidated and separate financial statements. • The level of subjective judgement applied in determining the ECL on loans and advances; and • Significant assumptions applied in the recognition and measurement of credit risk. Key areas of significant management judgement and estimation applied in the measurement of ECL on loans and advances include: • 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. • The determination of the recoverable collateral values of the credit impaired book.	We assessed the ECL policies and judgements applied by management against the requirements of IFRS 9.We evaluated the design and implementation, of key controls over the loan and advances impairment process, focusing on the identification of the SICR, the management processes implemented for credit models and inputs into the ECL models and evaluated the design and implementation and tested the operating effectiveness of controls relating to the loan origination as part of our understanding of the Agency’s credit risk. Making use of our internal experts we reperformed and assessed the reasonableness of the ECL calculation by performing the following procedures: • Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and best practice. • Assessed and challenged management on the data inputs and key assumptions into the ECL model, which includes the macroeconomic scenario estimates, stage classification of exposures and the estimated PDs, EADs and LGDs including management overlays • Evaluated the ECL model and key assumptions applied in the calculation of the ECL and accuracy of the calculations in the model. • Evaluated whether the relevant probability weighted forward-looking information has been appropriately incorporated within the impairment model by comparing these to widely available market data. • On a sample basis, tested whether the information with respect to loans and advances utilised in the model to underlying accounting records and other information such as loan agreements and collateral valuation reports maintained by the Agency.

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• Input assumptions to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). More details of the input assumptions are disclosed in notes to the consolidated and separate financial statements.	• Evaluated the adequacy of the consolidated and separate financial statement disclosures including key assumptions, judgements, and sensitivities for compliance with IFRS Accounting Standards. Out of model adjustments and overlays • 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; and considered the need for any other overlays not considered by management based on our judgement. In conclusion, we determined the impairment of loans and advances to customers is not materially misstated and the related disclosures are appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the general information, Directors Report and the Directors' Responsibility Statement. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the consolidated and separate financial statements.

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

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group or express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Finance and Audit committee, 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 Finance and Audit Committee 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 safeguards applied

From the matters communicated with the Finance and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate 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 — 7 Aug 2025

Grant Thornton — **Gaborone**
Firm of Certified Auditors
Practising member: Madhavan Venkatachary (CAP 0017 2025)

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
Revenue and Interest Income	4	73 137 055	72 489 032	66 364 381	67 917 258
Government grants	5	276 888 352	238 870 758	276 888 352	238 870 758
Other operating income	6	6 480 720	8 182 905	3 858 795	5 977 861
Net loss on revaluation of property plant and equipment	23	-	(1 233 741)	-	(1 233 741)
Depreciation and amortisation expense *	7	(22 788 680)	(17 349 741)	(19 041 289)	(18 387 264)
Operating expenses *	8	(74 906 651)	(66 453 163)	(66 393 727)	(63 194 913)
Staff expenses	9	(155 206 251)	(145 247 607)	(154 624 336)	(144 613 353)
Reversal /(Provision) for guarantee claims	31	(837 972)	(337 592)	(837 972)	(337 592)
Gain/(loss) on revaluation of other financial assets	10	7 179 772	(9 556 108)	7 179 772	(9 556 108)
Release/(Charge) for impairment	11	(300 020 666)	46 982 071	(295 890 762)	49 420 129
Operating (loss) profit		**(190 074 321)**	**126 346 814**	**(182 496 786)**	**124 863 035**
Investment income	12	1 048 156	351 413	1 048 156	351 413
Finance costs	15	(50 133 656)	(20 152 590)	(50 124 051)	(20 143 287)
Loss from equity accounted investments	13	(3 723 242)	(1 898 641)	-	-
Gain on disposal of assets held for sale	13	10 738 007	-	10 738 007	-
(Loss) profit for the year		**(232 145 056)**	**104 646 996**	**(220 834 674)**	**105 071 161**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment	23	-	6 024 476	-	6 024 476
Share of comprehensive income of equity accounted investments	26	4 827 410	-	-	-
Total items that will not be reclassified to profit or loss		**4 827 410**	**6 024 476**	**-**	**6 024 476**
Other comprehensive income for the year net of taxation		**4 827 410**	**6 024 476**	**-**	**6 024 476**
Total comprehensive (loss) income for the year		**(227 317 646)**	**110 671 472**	**(220 834 674)**	**111 095 637**
(Loss) profit attributable to:					
Owners of the parent		(231 373 871)	104 847 242	(220 834 674)	105 071 161
Non-controlling interest		(771 185)	(200 246)	-	-
		(232 145 056)	**104 646 996**	**(220 834 674)**	**105 071 161**
Total comprehensive (loss) income attributable to:					
Owners of the parent		(226 546 461)	110 871 718	(220 834 674)	111 095 637
Non-controlling interest		(771 185)	(200 246)	-	-
		(227 317 646)	**110 671 472**	**(220 834 674)**	**111 095 637**

* Please refer to Note 34 for the details of the correction of prior period error.

Statements of Financial Position as at 31 March 2023

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
Assets					
Cash and cash equivalents	16	211 530 848	196 924 430	143 992 304	132 402 728
Loans and advances	17	927 664 000	1 209 689 993	927 664 000	1 209 689 993
Other assets	18	214 448 969	245 454 946	214 267 217	245 453 945
Other financial assets	19	43 901 889	34 589 446	43 901 889	34 589 446
Investments in subsidiaries	20	-	-	66 205 474	62 075 570
Investments in associates	21	1 104 168	-	-	-
Inventories	22	16 648	178 746	-	-
Property, plant and equipment	23	48 475 078	49 702 562	48 475 078	49 702 562
Right-of-use assets	24	76 645 574	50 130 341	76 645 574	49 979 641
Intangible assets	25	-	98 869	-	98 869
Total Assets		**1 523 787 174**	**1 786 769 333**	**1 521 151 536**	**1 783 992 754**
Funds,reserves and liabilities					
Funds and reserves					
Revaluation reserve	26	24 171 308	21 562 841	9 599 476	11 818 419
Retained income		1 321 793 853	1 550 948 781	1 343 929 934	1 562 545 665
Funds and reserves attributable to owners of the parent		1 345 965 161	1 572 511 622	1 353 529 410	1 574 364 084
Non-controlling interest		(1 810 704)	(1 039 519)	-	-
Total funds and reserves		**1 344 154 457**	**1 571 472 103**	**1 353 529 410**	**1 574 364 084**
Liabilities					
Loans from shareholders	27	597 399	295 543	-	-
Other Financial liabilities	28	7 510 737	10 244 264	7 510 737	10 244 264
Lease liabilities	24	90 134 026	61 183 154	90 134 026	61 025 938
Government Grant	29	2 155 212	69 993 193	2 155 212	69 993 193
Trade and other payables	30	56 867 586	52 051 291	45 454 394	46 835 490
Financial guarantee contracts	31	22 367 757	21 529 785	22 367 757	21 529 785
Total Liabilities		**179 632 717**	**215 297 230**	**167 622 126**	**209 628 670**
Total funds,reserves and liabilities		**1 523 787 174**	**1 786 769 333**	**1 521 151 536**	**1 783 992 754**

Statements of Changes in Funds

Figures in Pula	Revaluation reserve	Retained income	Total attributable to funders of the group / company	Non-controlling interest	Total funds
Group					
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 25)	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 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 01 April 2022	**21 562 841**	**1 550 948 781**	**1 572 511 622**	**(1 039 519)**	**1 571 472 103**
Loss for the year	-	(231 373 871)	(231 373 871)	(771 185)	(232 145 056)
Revaluation reserve (note 25)	4 827 410	-	4 827 410	-	4 827 410
Total comprehensive Loss for the year	**4 827 410**	**(231 373 871)**	**(226 546 461)**	**(771 185)**	**(227 317 646)**
Transfer from revaluation reserve- Revaluation portion of the depreciation	(2 218 943)	2 218 943	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	**(2 218 943)**	**2 218 943**	**-**	**-**	**-**
Balance at 31 March 2023	**24 171 308**	**1 321 793 853**	**1 345 965 161**	**(1 810 704)**	**1 344 154 457**

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Citizen Entrepreneurial Development Agency (CEDA)

(Registration number BW00000557286)
Consolidated And Separate Financial Statements for the year ended 31 March 2023

Statements of Changes in Funds

Figures in Pula	Revaluation reserve	Retained income	Total attributable to funders of the group / company	Non-controlling interest	Total funds
Company					
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 25)	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 01 April 2022	**11 818 419**	**1 562 545 665**	**1 574 364 084**	**-**	**1 574 364 084**
Loss for the year	-	(220 834 674)	(220 834 674)	-	(220 834 674)
Revaluation reserve (note 25)	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**(220 834 674)**	**(220 834 674)**	**-**	**(220 834 674)**
Transfer from revaluation reserve- Revaluation portion of depreciation	(2 218 943)	2 218 943	-	-	-
Contributions by and distributions to owners of company recognised directly in equity	**(2 218 943)**	**2 218 943**	**-**	**-**	**-**
Balance at 31 March 2023	**9 599 476**	**1 343 929 934**	**1 353 529 410**	**-**	**1 353 529 410**
Note(s)	26				

Statements of Cash Flows

		Group		Company	
Figures in Pula	Note(s)	2023	2022 *Restated	2023	2022 *Restated
Cash flows from operating activities					
Cash (used in)/generated from operations*	33	30 494 970	(161 711 316)	23 865 772	(163 941 952)
Net cash from operating activities		**30 494 970**	**(161 711 316)**	**23 865 772**	**(163 941 952)**
Cash flows from investing activities					
Purchase of property, plant and equipment	23	(11 623 373)	(6 023 798)	(7 875 982)	(5 879 046)
Proceeds on disposal of property, plant and equipment		88 789	3 295 931	88 789	735 972
Purchase of financial assets	19	(2 132 671)	(5 032 914)	(2 132 671)	(5 032 914)
Interest received	12	586 599	351 413	586 599	351 413
Proceeds on disposal of asset held for sale	14	10 738 007	-	10 738 007	-
Net cash from investing activities		**(2 342 649)**	**(7 409 368)**	**1 404 742**	**(9 824 575)**
Cash flows from financing activities					
Proceeds from shareholders loans	27	301 856	219 300	-	-
Interest paid*	15	(801 469)	(864 143)	(791 864)	(854 840)
Interest paid on lease liabilities	24	(5 404 171)	(4 742 566)	(5 404 171)	(4 742 566)
Payment of lease liabilities	24	(7 642 119)	(7 887 139)	(7 484 903)	(7 887 139)
Net cash from financing activities		**(13 545 903)**	**(13 274 548)**	**(13 680 938)**	**(13 484 545)**
Total cash movement for the year		**14 606 418**	**(182 395 232)**	**11 589 576**	**(187 251 072)**
Cash and cash equivalents at the beginning of the year		196 924 430	379 334 274	132 402 728	319 653 800
Effect of movements in exchange rates on cash held		-	(14 612)	-	-
Cash and cash equivalents at year end	16	**211 530 848**	**196 924 430**	**143 992 304**	**132 402 728**

* Please refer to Note 34 for the details of the correction of prior period error.

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.

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.

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	4-10 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	3-10 years

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.

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:

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).

Accounting Policies

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.

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.

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 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

Accounting Policies

1.5 Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.6 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.

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 succesive losses over the years and these loses are available for set off against future profits.

Accounting Policies

1.7 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 24).

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 15).

Accounting Policies

1.7 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.

1.8 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.

Accounting Policies

1.9 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.

1.10 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.

1.11 Funding

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

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical 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 servies 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.

1.13 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 39.

Accounting Policies

1.14 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.

1.15 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.

Accounting Policies

1.15 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 hyporthecation 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.

1.16 Borrowing costs

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

Accounting Policies

1.17 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.

1.18 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.

1.19 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.

Accounting Policies

1.19 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.

1.20 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.

Accounting Policies

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	Expected impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	No material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	No material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	No material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	No material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	No material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	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 2023 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 ammendment will not have a material impact on the group's annual 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. The amendment is not expected to have an impact on the group's financial statements.

Accounting Policies

2. New Standards and Interpretations (continued)

Non-current liabilities with Covenants (Amendments to IAS 1)

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The standard is effective for annual periods beginning on or after 1 January 2024. The amendment is not expected to have an impact on the group's financial statements.

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.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss;
- requiring disclosures about management-defined performance measures; and
- adding new principles for grouping (aggregation and disaggregation) of information.

The effective date of the amendment is for years beginning on or after January 1, 2027. The Group and Company expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

The new standard is expected to impact the Group and Company's presentation of the statement of profit or loss.

Accounting Policies

2. New Standards and Interpretations (continued)

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;
- 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.

Accounting Policies

2. New Standards and Interpretations (continued)

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.

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.

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.

Accounting Policies

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 the contractual cash flows that the group expects to receive as recoveries, including from sale 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 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 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.

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.

Accounting Policies

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.

Accounting Policies

Significant judgements and sources of estimation uncertainty (continued)

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

31 March 2023	Existing impairment allowance	Impact on changes in PD		Impact on changes in EAD		Impact on changes in LGD		Impact on changes in Discount Factor	
P'000		(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%
Stage 1	17 155	14 117	9 249	12 298	11 068	13 754	9 611	12 289	11 077
Stage 2	20 075	25 065	21 559	24 570	22 055	27 446	19 179	24 531	22 093
Stage 3	2 000 416	2 085 845	1 887 193	2 085 845	1 887 193	2 117 039	1 855 999	2 085 845	1 887 193
Total Provision	**2 037 646**	**2 125 027**	**1 918 001**	**2 122 713**	**1 920 316**	**2 158 239**	**1 884 789**	**2 122 665**	**1 920 363**

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	
P'000		(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%	(+) 5%	(-) 5%
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**

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 37 for more information on the estimates and assumptions used to determine the fair value of property and motor vehicles and note 23 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 lifes are assessed on yearly basis and where it is determined that there is a need to amend, the useful lifes 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 P22,367,757 (2022: P21,529,785) (note 31). 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 P66 million (2022: P62 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.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

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)	70 485 550	70 360 550	66 353 771	67 917 258
Gross premiums - Credit Guarantee Scheme	10 610	-	10 610	-
Lodging (note 4.2)	2 640 895	2 081 637	-	-
Game drive and bar sales (note 4.2)	-	46 845	-	-
	73 137 055	**72 489 032**	**66 364 381**	**67 917 258**

4.1. Interest Income

Interest from advances	39 024 089	49 052 299	39 024 089	49 052 299
Interest from staff loans	25 170 087	15 420 619	25 170 087	15 420 619
Interest from short term investments	6 291 374	5 887 632	2 159 595	3 444 340
	70 485 550	**70 360 550**	**66 353 771**	**67 917 258**

4.2. Timing of Revenue recognition

Services transferred over time	2 651 505	2 128 482	10 610	-

5. Government Grants

Funds received from Government - CEDA	276 888 352	238 870 758	276 888 352	238 870 758

6. Other operating income

Other income	3 315 623	2 160 999	693 698	1 333 636
Gain /(Loss) on disposal of plant and equipment	-	1 300 608	-	(77 073)
Gain on lease modification	-	5 591	-	5 591
Legal and hypothecation fees	2 882 497	2 360 985	2 882 497	2 360 985
Bad debt recovery	282 600	2 354 722	282 600	2 354 722
	6 480 720	**8 182 905**	**3 858 795**	**5 977 861**

7. Depreciation and armotisation expense

Depreciation of property,plant and equipment	12 762 068	7 207 553	9 014 677	8 245 076
Depreciation of right-of-use asset	9 927 743	9 916 453	9 927 743	9 916 453
Amortisation of intangible asset	98 869	225 735	98 869	225 735
	22 788 680	**17 349 741**	**19 041 289**	**18 387 264**

8. Operating expenses

Auditor's remuneration	1 885 000	1 848 815	1 870 000	1 820 408
Directors' emoluments	116 550	161 280	116 550	161 280
Mentoring expenses	4 207 336	5 203 561	4 207 336	5 203 561
Consultancy fees	2 788 471	6 051 273	2 465 782	5 656 263
Operating leases	1 703 427	1 989 083	1 091 598	1 423 975
Security expenses	3 227 591	3 193 787	3 227 591	3 193 787
Computer and IT support costs	12 477 338	11 144 123	12 446 972	11 141 619
Postage and telephone	3 816 702	3 403 242	3 756 563	3 395 840
Legal costs	6 042 694	4 661 045	6 042 694	4 661 045
Public relation expenses	9 343 873	6 680 658	9 343 873	6 680 658

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Training expenses	328 012	156 065	323 750	156 065
ACGS Insurance	4 348 895	4 406 343	4 348 895	4 406 343
Insurance	2 280 229	1 959 592	1 863 328	1 756 514
Strategy	448 201	125 016	448 201	125 016
Due diligence expense	-	317 381	-	317 381
Printing and stationery	1 643 761	1 422 794	1 548 269	1 421 482
Other administration expenses	20 248 571	13 729 105	13 292 325	11 673 676
	74 906 651	**66 453 163**	**66 393 727**	**63 194 913**

9. Staff expenses

Employee costs				
Salaries and wages	109 085 065	105 250 977	108 503 150	104 619 638
Medical aid contributions	8 581 795	7 751 779	8 581 795	7 748 864
Staff travelling and other expenses	9 007 039	5 317 235	9 007 039	5 317 235
Leave pay provision charge	4 205 063	3 585 200	4 205 063	3 585 200
Staff training costs	3 066 908	2 800 375	3 066 908	2 800 375
Pension scheme contributions	10 913 035	9 854 589	10 913 035	9 854 589
Gratuity	10 347 346	10 687 452	10 347 346	10 687 452
	155 206 251	**145 247 607**	**154 624 336**	**144 613 353**

10. Loss on valuation of other financial assets

Gain/(loss) on valuation of Norsad Finance Limited	7 179 772	(9 556 108)	7 179 772	(9 556 108)

11. (Charge)/Release for impairment

Impairment (charge) /release on loans and advances (note 17.1)	(318 780 926)	31 373 436	(318 780 926)	31 373 436
Adjustment on stage 3 effective interest income	17 187 744	16 625 182	17 187 744	16 625 182
Impairment release on investment in subsidiaries (note 11.1)	-	-	4 129 904	2 438 058
Impairment (charge)/ release on other receivables (note 11.2)	1 572 516	(1 016 547)	1 572 516	(1 016 547)
	(300 020 666)	**46 982 071**	**(295 890 762)**	**49 420 129**

11.1 Impairment release on investment in subsidiary:

CEDA Venture Capital Fund	-	-	4 129 904	2 438 058

11.2 Impairment of other receivables

Staff loans impairment release/ (charge)	1 437 851	(1 044 813)	1 437 851	(1 044 813)
Outsourced staff loans impairment release	134 665	28 266	134 665	28 266
	1 572 516	**(1 016 547)**	**1 572 516**	**(1 016 547)**

12. Investment Income

Accrued interest on Preference Shares	461 557	-	461 557	-
Dividend received from Norsad	586 599	351 413	586 599	351 413
	1 048 156	**351 413**	**1 048 156**	**351 413**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

13. Gain/(loss) from equity accounted investments

Africa Wild Lodges and Safaris Pty Ltd	(3 723 242)	(1 898 641)	-	-

14. Gain on disposal of assets held for sale

Disposal of Pule Modisane Holdings				
Cost	16 934 752	-	16 934 752	-
Accumulated share of losses	(489 516)	-	-	-
Accumulated impairment	(16 445 236)	-	(16 934 752)	-
Proceeds	10 738 007	-	10 738 007	-
	10 738 007	**-**	**10 738 007**	**-**

15. Interest Expense

Lease liabilities	5 404 179	4 742 566	5 404 179	4 742 566
Interest paid	801 469	864 143	791 864	854 840
Staff loans fair value adjustment	43 928 008	14 545 881	43 928 008	14 545 881
Interest expense	**50 133 656**	**20 152 590**	**50 124 051**	**20 143 287**

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 500	15 000	15 500	15 000
Bank balances	71 129 234	131 483 936	68 814 667	128 219 077
Short-term deposits	140 386 114	65 425 494	75 162 137	4 168 651
	211 530 848	**196 924 430**	**143 992 304**	**132 402 728**

Short term deposit represent amounts placed with commercial banks bearing interest rates of 6.5% per annum (2022:6.5%). 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.

17. Loans and advances

Loans and advances 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 annun is charged.	927 664 000	1 209 689 993	927 664 000	1 209 689 993
	927 664 000	**1 209 689 993**	**927 664 000**	**1 209 689 993**

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 36).

17.1. Reconciliation of provision for impairment of loans and advances

Opening balance	(1 718 864 862)	(1 750 238 298)	(1 718 864 862)	(1 750 238 298)
Impairment (charge)/ release on loans and advances	(318 780 926)	31 373 436	(318 780 926)	31 373 436
Closing balance	**(2 037 645 788)**	**(1 718 864 862)**	**(2 037 645 788)**	**(1 718 864 862)**

Notes to the Consolidated and Separate Financial Statements

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022

17. Loans and advances (continued)

17.2. Loans and advances

Loans and advances	2 965 309 788	2 928 554 855	2 965 309 788	2 928 554 855
Impairment provision (note 17.1)	(2 037 645 788)	(1 718 864 862)	(2 037 645 788)	(1 718 864 862)
	927 664 000	**1 209 689 993**	**927 664 000**	**1 209 689 993**

18. Other assets

Staff loans	175 500 061	191 131 554	175 500 061	191 131 554
Prepayment	5 399 968	5 125 160	5 399 968	5 125 160
Deposits	1 237 220	1 074 950	1 237 220	1 074 950
Receivables from related parties (note 35)	17 941 767	20 646 177	25 330 398	28 034 808
Other receivables	42 064 958	59 097 623	41 883 206	59 096 622
Impairment of other assets (note 18.1)	(27 695 005)	(31 620 518)	(35 083 636)	(39 009 149)
	214 448 969	**245 454 946**	**214 267 217**	**245 453 945**

The directors consider the carrying amount of other assets to approximate thier fair values. Short term for staff loans amounts to P25 185 572 (2022: P 28 020 042) while long term portion is P163 111 512 (2022: P150 314 489). The net of related party receivables and impairment for both group and company is P nil (2022: Nil).

Analysis of other assets				
Financial assets	209 049 001	240 329 786	208 867 249	240 328 785
Non-financial assets	5 399 968	5 125 160	5 399 968	5 125 160
	214 448 969	**245 454 946**	**214 267 217**	**245 453 945**

18.1. Impairment of other assets

Opening balance	(31 620 518)	(30 603 971)	(39 009 149)	(37 992 602)
Staff loans impairment release/ (charge)	1 437 851	(1 044 813)	1 437 851	(1 044 813)
Outsourced staff loans impairment release	134 665	28 266	134 665	28 266
Reversal of Pule Modisane accrued interest impairment on disposal	2 352 997	-	2 352 997	-
Closing balance	**(27 695 005)**	**(31 620 518)**	**(35 083 636)**	**(39 009 149)**

19. Other financial assets

At fair value through profit or loss - designated				
Ordinary shares in Norsad Finance Limited	28 044 535	23 774 261	28 044 535	23 774 261
Preference shares investment in Norsad Finance Limited	8 691 770	5 782 271	8 691 770	5 782 271
Preference shares in Chopiwa Holdings	5 100 000	5 032 914	5 100 000	5 032 914
Preference Shares in Oxygen Gas	2 065 584	-	2 065 584	-
	43 901 889	**34 589 446**	**43 901 889**	**34 589 446**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

19. Other financial assets (continued)

19.1. Other financial assets movements

At fair value through profit or loss - held for trading				
Opening balance	34 589 446	39 112 640	34 589 446	39 112 640
Valuation gain/(loss) - Norsad Finance Limited	7 179 772	(9 556 108)	7 179 772	(9 556 108)
Additional preference shares in Chopiwa Holdings	67 087	5 032 914	67 087	5 032 914
Preference Shares in Oxygen Gas	2 065 584	-	2 065 584	-
Closing balance	**43 901 889**	**34 589 446**	**43 901 889**	**34 589 446**

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 P43 901 889 (2022: P34 589 446). 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 (2022: nil). The group also has preference shares in Chopiwa Holdings worth P5 100 000. During the current year, the group invested P2 065 584 as part of the acquisition of preference shares in Oxygen Gas , the company is yet to start operations.

20. Investment in subsidiaries

20.1. 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 2023	% voting power 2022	% holding 2023	% holding 2022
CEDA Venture Capital Fund	CEDA	100,00 %	100,00 % %	100,00 %	100,00 %
PG Industries Botswana Pty Ltd	CVCF	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.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

20. 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. The company operates two lodges in the Kalahari Transfontier Park. As at 31 March 2023, the accumulated Non Controlling interest was (P 1 810 705) (2022: P 1 039 519), the company has been making looses since aquisition. No dividends were declared nor paid during the March 2023 financial year.

Company

Name of company	Held by	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
CEDA Venture Capital Fund		100,00 %	100,00 %	100,00 %	100,00 %	184 000 000	184 000 000
Ta Shebube Pty Ltd		87,00 %	87,00 %	87,00 %	87,00 %	26 741 720	26 741 720
						210 741 720	210 741 720
Impairment of investment in subs(note 20.2 and 20.3)		- %	- %	- %	- %	(144 536 246)	(148 666 150)
						66 205 474	62 075 570

20.2. Provision for impairment of investment in subsidiaries

Balance at beginning of the year	148 666 150	151 104 208
Release of impairment for CVCF for the year	(4 129 904)	(2 438 058)
Balance at the end of the year	**144 536 246**	**148 666 150**

20.3. Impairment per subsidiary

CEDA Venture Capital Fund	(117 794 526)	(121 924 430)
Ta Shebube Pty Ltd	(26 741 720)	(26 741 720)
	(144 536 246)	**(148 666 150)**

20.4. Summaried financial information of subsidiaries

CEDA Venture Capital Fund		
Revenue for the year	4 131 778	2 443 292
Expenses for the year	(16 874)	(31 757)
Profit after tax for the year-post acquisition results	**4 114 904**	**2 411 535**
Statement of Financial Position		
Current assets	66 176 074	62 046 170
Equity and Liabilities		
Equity	58 750 115	54 635 211
Total Liabilities	7 425 959	7 410 959
Total equity and liabilities	**66 176 074**	**62 046 170**

	Group		Company	
Figures in Pula	2023	2022	2023	2022

20. Investment in subsidiaries (continued)

Ta Shebube Pty Ltd

Revenue for the year			5 262 820	2 128 472
Operating expenses for the year			(11 195 014)	(3 668 825)
Loss after tax for the year-post acquisition results			**(5 932 194)**	**(1 540 353)**

Statement of financial position

Non-current assets			6 821 694	5 332 456
Current assets			1 560 870	2 655 279
Total assets			**8 382 564**	**7 987 735**
Equity			(3 590 694)	2 341 500
Liabilities			11 973 258	5 646 235
Total Equity and Liabilities			**8 382 564**	**7 987 735**

21. Investment in associates

21.1. 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			(21 708 370)	(17 985 128)
Group share of revaluation reserve			14 571 832	9 744 422
Impairment release of investments in associates			2 040 706	2 040 706
			(5 095 832)	(6 200 000)
Total carrying value			**1 104 168**	**-**

Company

Africa Wild Lodges and Safaris				
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 2023**	**%Ownership 2022**
Africa Wild Lodges and Safaris Pty Ltd	Tourism	Equity	21%	21%
Pule Modisana Holdings Pty Ltd	Funeral & financial services	Equity	Nil	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%

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

21. 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 occured 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 method of valuation for the investment is Net Assets Value (NAV).

21.2. 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

21.3. 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**

21.4. Summarised financial information of associates

Africa Wild Lodges and Safaries

Revenue for the year- post acquisition results	24 068 594	4 782 718
Total comprehensive profit / (loss) for the year	14 712 743	(18 495 946)
Non-current assets	135 758 127	59 175 727
Current assets	1 734 144	36 501 435
Total assets	**137 492 271**	**95 677 162**
Equity	5 347 508	(9 365 235)
Total liabilities	132 144 763	105 042 397
Total equity and liabilities	**137 492 271**	**95 677 162**

22. Inventories

Cutlery and crockery	16 648	178 746	-	-

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

23. Property, plant and equipment

Group	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	17 785 366	(8 754 466)	9 030 900	17 729 700	(8 137 799)	9 591 901
Buildings	14 629 776	(14 348 965)	280 811	14 513 969	(11 813 747)	2 700 222
Furniture and fixtures	34 458 220	(20 147 092)	14 311 128	32 747 946	(17 460 257)	15 287 689
Motor vehicles	45 050 121	(33 060 252)	11 989 869	43 036 922	(29 047 378)	13 989 544
Computer equipment	34 609 337	(26 790 567)	7 818 770	31 577 231	(24 548 856)	7 028 375
Capital - Work in progress	5 043 600	-	5 043 600	1 104 831	-	1 104 831
Total	**151 576 420**	**(103 101 342)**	**48 475 078**	**140 710 599**	**(91 008 037)**	**49 702 562**

Company	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	8 535 366	-	8 535 366	8 479 700	-	8 479 700
Buildings	6 558 949	(2 389 619)	4 169 330	6 476 749	(2 238 577)	4 238 172
Furniture and fixtures	33 231 007	(19 047 374)	14 183 633	31 520 733	(16 447 186)	15 073 547
Motor vehicles	43 519 556	(31 724 981)	11 794 575	41 506 358	(27 681 679)	13 824 679
Computer equipment	34 461 424	(26 685 631)	7 775 793	31 447 118	(24 465 485)	6 981 633
Capital - Work in progress	2 016 381	-	2 016 381	1 104 831	-	1 104 831
Total	**128 322 683**	**(79 847 605)**	**48 475 078**	**120 535 489**	**(70 832 927)**	**49 702 562**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9 591 901	55 666	-	(616 667)	9 030 900
Buildings	2 700 222	711 906	-	(3 131 317)	280 811
Furniture and fixtures	15 287 689	1 799 061	(88 789)	(2 686 833)	14 311 128
Motor vehicles	13 989 544	2 085 865	-	(4 085 540)	11 989 869
Computer equipment	7 028 375	3 032 106	-	(2 241 711)	7 818 770
Capital - Work in progress	1 104 831	3 938 769	-	-	5 043 600
	49 702 562	**11 623 373**	**(88 789)**	**(12 762 068)**	**48 475 078**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations	Property Devaluation	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)	1 514 020	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)**	**(7 207 553)**	**49 702 562**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

23. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8 479 700	55 666	-	-	8 535 366
Buildings	4 238 172	82 200	-	(151 042)	4 169 330
Furniture and fixtures	15 073 547	1 799 061	(88 789)	(2 600 186)	14 183 633
Motor vehicles	13 824 679	2 013 198	-	(4 043 302)	11 794 575
Computer equipment	6 981 633	3 014 307	-	(2 220 147)	7 775 793
Capital - Work in progress	1 104 831	911 550	-	-	2 016 381
	49 702 562	**7 875 982**	**(88 789)**	**(9 014 677)**	**48 475 078**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations	Property Devaluation	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**

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.

Key assumptions underlying the valuations techniques on motor vehicles, land and buidlings are based on unobservable inputs and therefore classified at level 3 in terms of the fair value hierachy. All other items of property,plant and equipment are stated at cost less accumulated depreciation and impairment losses. There were no revaluations performed during the March 2023 financial period, revaluations were performed in the prior financial period.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

23. 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	24 553 945	24 392 345	24 481 279	22 468 081
Accumulated depreciation	(21 818 570)	(19 464 868)	(21 776 332)	(17 733 030)
	2 735 375	**4 927 477**	**2 704 947**	**4 735 051**
Land				
Cost	14 276 155	14 276 155	5 081 821	5 026 155
Accumulated depreciation	(8 754 466)	(8 137 799)	-	-
	5 521 689	**6 138 356**	**5 081 821**	**5 026 155**
Buidlings				
Cost	19 493 136	18 863 439	9 864 571	9 782 371
Accumulated depreciation	(13 635 051)	(12 294 724)	(1 826 747)	(1 675 705)
	5 858 085	**6 568 715**	**8 037 824**	**8 106 666**

24. 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 2023. 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 2022 was 8.33%.

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

Right-of-use assets

Opening balance	50 130 341	49 482 626	49 979 641	49 331 926
Additions	38 105 060	6 854 414	38 105 060	6 854 414
Modification of lease	(1 662 084)	4 323 130	(1 511 384)	4 323 130
Termination of lease	-	(613 376)	-	(613 376)
Depreciation	(9 927 743)	(9 916 453)	(9 927 743)	(9 916 453)
Closing balance	**76 645 574**	**50 130 341**	**76 645 574**	**49 979 641**

Lease liability

Opening balance/ Adoption of IFRS 16	61 183 154	58 511 715	61 025 938	58 354 499
Additions	38 104 375	6 854 414	38 104 375	6 854 414
Modification of lease	(1 511 384)	4 323 130	(1 511 384)	4 323 130
Termination of lease	-	(618 966)	-	(618 966)
Add: Interest	5 404 171	4 742 566	5 404 171	4 742 566
Less: Payments	(13 046 290)	(12 629 705)	(12 889 074)	(12 629 705)
Closing balance	**90 134 026**	**61 183 154**	**90 134 026**	**61 025 938**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

24. Leases (group as lessee) (continued)

Maturity analysis - contractual undiscounted cash flows				
Within 1 year	12 656 943	12 793 434	12 656 943	12 636 218
Two to five years	56 150 272	52 483 372	56 150 272	52 483 372
More than five years	70 214 322	10 718 058	70 214 322	10 718 058
Total undiscounted lease liabilities	139 021 537	75 994 864	139 021 537	75 837 648
Less: Total finance costs allocated to future periods	(48 887 511)	(14 811 710)	(48 887 511)	(14 811 710)
Lease liability	**90 134 026**	**61 183 154**	**90 134 026**	**61 025 938**
Current portion	4 997 542	8 514 050	4 997 542	8 356 834
Non-current portion	85 136 484	52 669 104	85 136 484	52 669 104
	90 134 026	**61 183 154**	**90 134 026**	**61 025 938**

24.1 Amounts recognised in Profit/(Loss)

Finance costs on lease liability	5 404 171	4 742 566	5 404 171	4 742 566
Depreciation relating to right-of-use assets	9 927 743	9 916 453	9 927 743	9 916 453
	15 331 914	**14 659 019**	**15 331 914**	**14 659 019**

24.2 Amounts recognised against Lease Liability

Capital repayment	7 642 119	7 887 139	7 484 903	7 887 139
Interest portion	5 404 171	4 742 566	5 404 171	4 742 566
Total cash outflow for leases	**13 046 290**	**12 629 705**	**12 889 074**	**12 629 705**

25. Intangible assets

Group	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	6 632 619	(6 632 619)	-	6 632 619	(6 533 750)	98 869

Company	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	6 611 167	(6 611 167)	-	6 611 167	(6 512 298)	98 869

Reconciliation of intangible assets - Group and Company - 2023

	Opening balance	Amortisation	Total
Computer software	98 869	(98 869)	-

Reconciliation of intangible assets - Group and Company - 2022

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

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

26. Revaluation reserve

Opening balance	21 562 841	17 393 860	11 818 419	7 649 438
Gain on property, plant and equipment revaluation	-	6 024 476	-	6 024 476
Share of comprehensive income of equity accounted investment	4 827 410	-	-	-
Transfer to retained earnings upon depreciation	(2 218 943)	(1 855 495)	(2 218 943)	(1 855 495)
	24 171 308	**21 562 841**	**9 599 476**	**11 818 419**

27. Loans from shareholders

Ta Shebube

AKH Ndzinge The loan is charged interest at 3.25% (2022:3.25%), unsecured and has no fixed terms of repayment.	540 162	240 108	-	-
JK Sento The loan is charged interest 3.25% (2022:3.25%), unsecured and has no fixed terms of repayment	57 237	55 435	-	-
	597 399	**295 543**	**-**	**-**

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.

28. Other Financial liabilities

Held at amortised cost	7 510 737	10 244 264	7 510 737	10 244 264

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 37 Fair value information for details of the fair valuation policies and processes.

29. 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.

Analysis of Deferred Government Grant				
Opening balance	69 993 193	112 735 401	69 993 193	112 735 401
Grants received	209 985 910	213 037 800	209 985 910	213 037 800
Amortisation of Government Grant (Note 5)	(276 888 352)	(238 870 758)	(276 888 352)	(238 870 758)
ISPAAD returned funds	-	(10 000 000)	-	(10 000 000)
ISPAAD disbusments	(935 539)	(6 909 250)	(935 539)	(6 909 250)
Closing balance	**2 155 212**	**69 993 193**	**2 155 212**	**69 993 193**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

30. Trade and other payables

Trade payables	4 263 176	8 527 179	4 196 298	8 527 179
Other payroll accruals	19 984 708	22 596 908	19 984 708	22 503 124
Amounts received in advance	12 454 470	6 046 906	12 454 470	6 046 906
Accrued audit fees	3 654 444	2 422 117	3 617 116	2 422 117
Other payables	16 510 788	12 458 181	5 201 802	7 336 164
	56 867 586	**52 051 291**	**45 454 394**	**46 835 490**

Analysis of trade and other payables

Financial liabilities	24 428 408	23 407 477	13 015 216	18 285 460
Non-financial liabilities	32 439 178	28 643 814	32 439 178	28 550 030
	56 867 586	**52 051 291**	**45 454 394**	**46 835 490**

Fair value of trade and other payables

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

31. Financial guarantees contracts

Financial guarantee contracts	22 367 757	21 529 785	22 367 757	21 529 785

31.1 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	21 529 785	21 408 052	21 529 785	21 408 052
Additional impairment provisions	837 972	121 733	837 972	121 733
	22 367 757	**21 529 785**	**22 367 757**	**21 529 785**

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 75% of net loss of the participating banks of guarantees in default. Guarantee claims provisions are made when the guaratees 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 (2022: P3 526 666) and the given guarantees cover the time until maturity of underlying bank loans.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

32. 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
Accumulated share of loss	-	(489 516)	-	-
Accumulated impairment	-	(16 445 236)	-	(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)	-	-
	-	-	-	-

32. Assets held for sale/distribution (Continued)

Pule Modisana Pty Ltd

The group acquired 40% of the equity in Pule Modisana Holdings through ordinary shares in January 2012. The investment in the company had been equity accounted in these group financial statements.16 934 712 preference shares of P1 each were issued in January 2012.The company went into liquidation during the 2019 financial year. The sale of Pule Modisana was completed in in December 2022 and the group received P 10.7 million as sale proceeds.

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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	Group		Company	
Figures in Pula	2023	2022	2023	2022

32. 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 up to 31 March 2018 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.

33. Cash (used in)/generated from operations

Operating (loss)/profit	(190 074 321)	126 346 814	(182 496 786)	124 863 035
Adjustments for:				
Depreciation and amortisation (note 23)	12 762 068	7 207 553	9 014 677	8 245 076
Depreciation and amortisation (note 25)	98 869	225 736	98 869	225 736
Depreciation on right of use asset (note 24)	9 927 743	9 916 453	9 927 743	9 916 453
Gain on lease modification (note 6)	-	(5 591)	-	(5 591)
Unrealised exchange losses	(691)	14 612	(691)	-
Non cash movement in right of use asset	150 700	-	-	-
Fair value movement on staff loans	(18 587 978)	(8 442 309)	(18 587 978)	(8 442 309)
Loss on revaluation of other assets (note 10)	(7 179 772)	9 556 108	(7 179 772)	9 556 108
(Release)/Charge for impairment (note 11)	300 020 666	(46 982 071)	295 890 762	(49 420 129)
Effective interest adjustment	21 686 456	11 208 521	21 686 456	11 208 521
(Profit)/Loss on sale of property plant and equipment	-	(1 300 608)	-	77 073
Loss on revaluation of property plant and equipment	-	1 233 741	-	1 233 741
Changes in working capital:				
Inventories	162 098	40 864	-	-
Loans and advances	(41 253 647)	(239 023 088)	(41 253 647)	(239 023 088)
Trade and other payables	4 816 295	5 310 194	(1 381 096)	4 662 588
Financial guarantees	837 972	121 733	837 972	121 733
Government Grant	(67 837 981)	(42 742 208)	(67 837 981)	(42 742 208)
Other financial liabilities	(2 733 527)	(2 798 558)	(2 733 527)	(2 798 558)
Other assets	7 700 020	8 400 788	7 880 771	8 379 867
	30 494 970	**(161 711 316)**	**23 865 772**	**(163 941 952)**

Changes in loans and advances

Balance at beginning of year	1 209 689 993	933 876 808	1 209 689 993	933 876 808
Balance at end of the year	(927 664 000)	(1 209 689 993)	(927 664 000)	(1 209 689 993)
Impairment (charge)/release	(318 780 927)	31 373 436	(318 780 927)	31 373 436
Effective interest adjustment	(21 686 456)	(11 208 521)	(21 686 456)	(11 208 521)
Adjustment on stage 3 effective interest	17 187 743	16 625 182	17 187 743	16 625 182
	(41 253 647)	**(239 023 088)**	**(41 253 647)**	**(239 023 088)**

Changes in trade and other payables

Balance at beginning of year	(52 051 291)	(46 741 097)	(46 835 490)	(42 172 902)
Balance at end of the year	56 867 586	52 051 291	45 454 394	46 835 490
	4 816 295	**5 310 194**	**(1 381 096)**	**4 662 588**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
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33. Cash (used in)/generated from operations (continued)

Changes in financial guarantees				
Balance at beginning of year	(21 529 785)	(21 408 052)	(21 529 785)	(21 408 052)
Balance at end of the year	22 367 757	21 529 785	22 367 757	21 529 785
	837 972	**121 733**	**837 972**	**121 733**
Changes in Gorvenment Grant				
Balance at beginning of year	(69 993 193)	(112 735 401)	(69 993 193)	(112 735 401)
Balance at end of the year	2 155 212	69 993 193	2 155 212	69 993 193
	(67 837 981)	**(42 742 208)**	**(67 837 981)**	**(42 742 208)**
Changes in other financial liabilities				
Balance at beginning of year	(10 244 264)	(13 042 822)	(10 244 264)	(13 042 822)
Balance at end of the year	7 510 737	10 244 264	7 510 737	10 244 264
	(2 733 527)	**(2 798 558)**	**(2 733 527)**	**(2 798 558)**
Changes in other assets				
Balance at beginning of year	245 454 946	260 975 853	245 453 945	260 953 931
Balance at end of the year	(214 448 969)	(245 454 946)	(214 267 217)	(245 453 945)
Impairment release/ (charge) for the year	1 572 516	(1 016 547)	1 572 516	(1 016 547)
Accrued Interest on investments	461 557	-	461 557	-
Staff loans fair value movenment	18 587 978	8 442 309	18 587 978	8 442 309
Staff loan interest income (Note 15)	(43 928 008)	(14 545 881)	(43 928 008)	(14 545 881)
	7 700 020	**8 400 788**	**7 880 771**	**8 379 867**

34. Prior period errors

During the financial year under review, the Group corrected a prior period error relating to the classification of cash flows from operating activities and cash flows from financing activities.

The Group and Company offer employees loans at interest rates below market rates.The Group and Company would fair value the outstanding loan balances at the end of each reporting period to derive the revised fair value adjustment. Cash flows from operating activities was not adjusted for non cash movenment in finance costs relating to the fair value of movenment on staff loans. As a result, the interest paid under cash flow from financing activities was inclusive of finance cost relating to the fair value of movenment on staff loans.

In addition to the this error, an amount P 1 514 020 was included in the group depreciation charge instead of the group operating expenses. The prior year group depreciation charge and operating expenses comparative figures were adjusted.

The errors had no impact on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position. The correction of the error impacted presentation in the consolidated statement of cash flows as follows.

34. Prior period errors (continued)

Statement of cash flows as at 31 March 2022-Group Cash flows from operating activities	As previously stated	Restated	Restatement adjustment
Cash (used in)/generated from operations	(145 651 415)	(161 711 316)	(16 059 901)

Cash flow from financing activities			
Proceeds from shareholder loans	219 300	219 300	-
Interest paid	(15 410 024)	(864 143)	(14 545 881)
Interest paid on lease liabilities	(4 742 566)	(4 742 566)	-
Payment of lease liabilities	(7 887 139)	(7 887 139)	-
Net cash from financing activities	**(27 820 429)**	**(13 274 548)**	**(14 545 881)**

Statement of cash flows as at 31 March 2022-Company Cash flows from operating activities	As previously stated	Restated	Restatement adjustment
Cash (used in)/generated from operations	(149 396 071)	(163 941 952)	(14 545 881)

Cash flow from financing activities			
Interest paid	(15 400 721)	(854 840)	(14 545 881)
Interest paid on lease liabilities	(4 742 566)	(4 742 566)	-
Payment of lease liabilities	(7 887 139)	(7 887 139)	-
Net cash from financing activities	**(28 030 426)**	**(13 484 545)**	**(14 545 881)**

35. Related parties

Relationships

Shareholder	Government of the Republic of Botswana
Subsidiaries	CEDA Venture Capital Fund
	PG Industries (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

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

35. Related parties (continued)

Members of key management	T. Thamane J. Moribame G. Mosimaneotsile T. Kayawe C. Sebonego T. Leshetla T. Dichi G. Greyling G. Tsimanyana T. Moeletsi L. Bantheri A. Mogojwa L. Tlale K. Ramotlhagodi P. Letlape O. Tafa N. Selaelo E. Magosi K. Lerothodi K. Ramphethu D. Nage

Related party balances

	Group 2023	Group 2022	Company 2023	Company 2022
Loan accounts-Loans to related parties				
Loans to United Refineries Botswana Pty Ltd	14 320 185	14 320 185	14 320 185	14 320 185
Loans to Africa Wild Lodges and Safaris Pty Ltd	863 400	902 492	863 400	902 492
Loans to Senior Management	20 114 283	15 446 921	20 114 283	15 446 921
Loans to non-executive directors-Montle Holdings	-	2 391 452	-	2 391 452
	35 297 868	**33 061 050**	**35 297 868**	**33 061 050**

	Group 2023	Group 2022	Company 2023	Company 2022
Impairment of Loans to Related parties				
Loans to United Refineries Botswana Pty Ltd	14 320 185	12 608 800	14 320 185	12 608 800
Loans to Africa Wild Lodges and Safaris Pty Ltd	863 400	901 854	863 400	901 854
Loans to non-executive directors-Montle Holdings	-	253 355	-	253 355
	15 183 585	**13 764 009**	**15 183 585**	**13 764 009**

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.

	Group 2023	Group 2022	Company 2023	Company 2022
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
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
	17 941 767	**20 294 764**	**25 330 398**	**27 683 395**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

35. Related parties (continued)

Related party impairments included in Other Assets				
Pula Steel Casting and Manufacturing Pty Lt	5 256 444	5 256 444	5 256 444	5 256 444
Pule Modisana Holdings Pty Ltd	-	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
	17 941 767	**20 294 764**	**25 330 398**	**27 683 395**

Government Grants				
Government of the Republic of Botswana	276 888 352	238 870 758	276 888 352	238 870 758

Loan from related parties				
AKH Ndzinge	540 162	240 108	-	-
JK Sento	57 237	55 435	-	-
	597 399	**295 543**	**-**	**-**

The loans are charged interest rate at 3.25%, unsecured and have no fixed terms of repayment.

36. 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

2023	Salaries	Allowances	Gratuity	Medical aid, and other expenses	Non executive directors' fees	Total
For services as management	9 197 729	3 798 484	4 316 428	1 863 767	116 550	19 292 958

2022						
For services as management	10 030 946	3 398 200	4 738 709	2 651 529	161 280	20 980 664

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. 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 perfomed 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.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. 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 2023

	Note(s)	1-3 months	3-12 months	1 to 5 years	Total
Loans from shareholders	27	597 399	-	-	597 399
Other financial liabilities	28	751 083	2 253 211	4 506 443	7 510 737
Lease liabilities	24	3 164 237	9 492 707	126 364 593	139 021 537
Financial guarantee contracts	31	22 526 276	-	-	22 526 276
Trade and other payables	30	24 428 408	-	-	24 428 408
		51 467 403	**11 745 918**	**130 871 036**	**194 084 357**

Group as at 31 March 2022

		1-3 months	3-12 months	1 to 5 years	Total
Loans from shareholders	27	295 543	-	-	295 543
Other financial liabilities	28	1 024 426	3 073 279	6 146 559	10 244 264
Lease liabilities	24	3 838 030	8 955 404	63 201 430	75 994 864
Financial guarantee contracts	31	21 529 785	-	-	21 529 785
Trade and other payables	30	23 407 477	-	-	23 407 477
		50 095 261	**12 028 683**	**69 347 989**	**131 471 933**

Company as at 31 March 2023

		1-3 months	3-12 months	1-5 years	Total
Other financial liabilities	28	751 083	2 253 211	4 506 443	7 510 737
Lease liabilities	24	3 164 237	9 492 707	126 364 593	139 021 537
Trade and other payables	30	13 015 216	-	-	13 015 216
Financial guarantee contracts	31	22 526 276	-	-	22 526 276
		39 456 812	**11 745 918**	**130 871 036**	**182 073 766**

Company as at 31 March 2022

		1-3 months	3-12 months	1 to 5 years	Total
Other financial liabilities	28	1 024 426	3 073 279	6 146 559	10 244 264
Lease liabilities	24	3 159 055	9 477 163	63 201 430	75 837 648
Trade and other payables	30	18 285 460	-	-	18 285 460
Financial guarantee contracts	31	21 529 785	-	-	21 529 785
		43 998 726	**12 550 442**	**69 347 989**	**125 897 157**

Notes to the Consolidated and Separate Financial Statements

		Group		Company	
Figures in Pula		2023	2022	2023	2022

37. 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 2023 and 2022 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 tern 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 086 000 967 (2022: P1 352 870 284). A 1% change in interest rate will affect the statement of profit or loss by P10 860 009 (2022:P13 528 702) 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	24	90 134 026	61 183 154	90 134 026	61 025 938
Loan from shareholders	27	597 399	295 543	-	-
Other financial liabilities	28	7 510 737	10 244 264	7 510 737	10 244 264
Total Borrowings		**98 242 162**	**71 722 961**	**97 644 763**	**71 270 202**
Less: Cash and Cash Equivalents	**16**	**(211 530 848)**	**(196 924 430)**	**(143 992 304)**	**(132 402 728)**
Net cash		**(113 288 686)**	**(125 201 469)**	**(46 347 541)**	**(61 132 526)**

37. 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 assessement is P26 637 883 (2022:P77 754 797).

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 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 01 April 2022	87 532 571	84 647 109	1 546 685 182	1 718 864 862
Net transfers in/out of stage	(70 377 426)	(64 572 951)	453 731 303	318 780 926
Loss allowance as at 31 March 2023	17 155 145	20 074 158	2 000 416 485	2 037 645 788

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

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37. Risk management (continued)

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

2023 Loans and advances-Group and Company	Outstanding amount	Security at initial value
Stage 1	189 668 250	316 131 141
Stage 2	141 532 893	238 988 986
Stage 3	2 634 108 645	3 402 834 067
	2 965 309 788	**3 957 954 194**

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**

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

2023 Loans and advances by outstanding balance and impairment sector - Group and Company	Outstanding	Impairment	Net amount
Agribusiness	869 813 929	597 339 399	272 474 530
Manufacturing	481 047 085	330 901 964	150 145 121
Property	498 975 006	341 968 471	157 006 535
Services	1 115 473 768	767 435 954	348 037 814
	2 965 309 788	**2 037 645 788**	**927 664 000**

2022 Loans and advances by outstanding balance and impairment sector-Group and Company			
Agribusiness	910 914 720	534 372 917	376 541 803
Manufacturing	426 659 488	250 726 664	175 932 824
Property	463 292 243	271 078 620	192 213 623
Services	1 127 688 404	662 686 661	465 001 743
	2 928 554 855	**1 718 864 862**	**1 209 689 993**

Loans and advances by loan size-Group and Company		
Small (P500-P500 000)	493 702 626	469 374 803
Medium (P500 001-P4 million)	1 510 003 216	1 556 934 158
Large (Above P4 million)	961 603 946	902 245 894
	2 965 309 788	**2 928 554 855**

Loans and advances by maturity-Group and Company		
Within 1 year	127 680 688	150 284 007
In 1-5 years	318 790 729	300 938 039
Above 5 years	2 518 838 371	2 477 332 809
	2 965 309 788	**2 928 554 855**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

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

	2023 Outstanding balances (NPL)	2023 Stage 3 Impairment	2022 Outstanding balances (NPL)	2022 Stage 3 Impairment
Agribusiness	772 193 520	586 425 564	678 809 686	480 844 475
Manufacturing	427 764 103	324 856 139	318 496 096	225 611 230
Property	442 070 015	335 720 453	344 349 024	243 924 519
Services	992 018 007	753 414 329	841 805 618	596 304 958
	2 634 045 645	**2 000 416 485**	**2 183 460 424**	**1 546 685 182**

Geographical distribution of assets

	Outstanding balances	Impairment at year end	Outstanding balances	Impairment at year end
North	1 314 947 037	904 327 066	1 298 133 800	762 848 983
South	1 650 362 751	1 133 318 722	1 630 421 055	956 015 879
	2 965 309 788	**2 037 645 788**	**2 928 554 855**	**1 718 864 862**

All CEDA funded projects operate in Botswana.

IFRS 9 Impairment matrix

2023	**30 days past due (stage 1)**	**90 days past due (stage 2)**	**More than 90 days past due (stage 3)**	**Total**
Remaining capital amount	187 221 864	134 493 629	1 694 915 828	2 016 631 321
Loan balances in arrears	2 446 386	7 039 265	939 192 816	948 678 467
ECL impairment	(17 155 145)	(20 074 158)	(2 000 416 485)	(2 037 645 788)
	172 513 105	**121 458 736**	**633 692 159**	**927 664 000**

2022	**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	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**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. 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:

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

Group and Company

Analysis - Loans and advances

2023	Loans and Advances Group	Impairment Group	Loans and Advances Company	Impairment Company
Loans and advances				
Stage 1	189 668 250	17 155 145	189 668 250	17 155 145
Stage 2	141 532 893	20 074 158	141 532 893	20 074 158
Stage 3	2 634 108 645	2 000 416 485	2 634 108 645	2 000 416 485
	2 965 309 788	**2 037 645 788**	**2 965 309 788**	**2 037 645 788**

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**

Credit risk exposure				
Cash and cash equivalents	211 530 848	196 924 430	143 992 304	132 402 728
Loans and advances	927 664 000	1 209 689 993	927 664 000	1 209 689 993
Other assets	209 049 001	240 329 786	208 867 249	240 328 785
Other financial assets	43 901 889	34 589 446	43 901 889	34 589 446
	1 392 145 738	**1 681 533 655**	**1 324 425 442**	**1 617 010 952**

Loans and advances

Loans and advances are summerised as follows:

2023 Loans and advances	Group	Company
Stage 1	189 668 250	189 668 250
Stage 2	141 532 893	141 532 893
Stage 3	2 634 108 645	2 634 108 645
Less: Allowance for impairment	(2 037 645 788)	(2 037 645 788)
	927 664 000	**927 664 000**

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**

37. 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 2023 taking note of a wide range of possible scenarios and macroeconomic outcomes..

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	5.20%	5.09%
Former staff recovery rate	36%	23%

The group obtained assets by taking possession of collateral held as security which totalled P13 194 610 (2022: P4 780 000). 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 2.56% in 2023 (2022: 2.99%).

37. 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 2023				
Norsad Finance Limited	-	-	36 736 304	36 736 304
Chopiwa Holdings	-	-	5 100 000	5 100 000
Oxygen Gas	-	-	2 065 585	2 065 585
	-	-	43 901 889	43 901 889
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**

Refer to Note 19.1 for the movements of other finacial 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 an increase in value of P7 179 772 (2022: (P 9 556 108)) decrease.

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.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

Fair Value (Continued)

Fair Value Measurment of Property, Plant and Equipment

The land, buildings and motor vehicles of the group are measured at thier 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 2023				
Land	-	-	9 030 900	9 030 900
Buidlings	-	-	280 811	280 811
Motor Vehicles	-	-	11 989 869	11 989 869
	-	-	21 301 580	21 301 580
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**

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
31 March 2023				
Land	-	-	8 535 366	8 535 366
Buidlings	-	-	4 169 330	4 169 330
Motor Vehicles	-	-	11 794 575	11 794 575
	-	-	24 499 271	24 499 271
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**

Gains and losses recognised in other comprehensive income are included in gains and losses on land, buidlings and motor Vehicles revaluation as per Note 23. Revaluations are done every two years.

Notes to the Consolidated and Separate Financial Statements

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022

37. Risk management (continued)

Categories of financial instruments

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

Group

31 March 2023		Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Assets as per Statement of Financial Position	Note(s)					
Cash and cash equivalents	16	-	-	211 530 848	-	211 530 848
Loans and advances	17	-	-	927 664 000	-	927 664 000
Other assets	18	-	-	209 049 001	-	209 049 001
Other financial assets	19	43 901 889	-	-	-	43 901 889
		43 901 889	**-**	**1 348 243 849**	**-**	**1 392 145 738**

		Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Liabilities as per Statement of Financial Position						
Loans from shareholder	27	-	-	597 399	-	597 399
Other financial liabilities	28	-	-	7 510 737	-	7 510 737
Lease liabilities	24	-	-	-	90 134 026	90 134 026
Trade and other payables	30	-	-	24 428 408	-	24 428 408
Financial guarantee contracts	31	-	-	22 526 276	-	22 526 276
		-	**-**	**55 062 820**	**90 134 026**	**145 196 846**

Group

As at March 2022

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	16	-	-	196 924 430	-	196 924 430
Loans and advances	17	-	-	1 209 689 993	-	1 209 689 993
Other assets	18	-	-	240 329 786	-	240 329 786
Other financial assets	19	34 589 446	-	-	-	34 589 446
		34 589 446	**-**	**1 646 944 209**	**-**	**1 681 533 655**

		Fair value through profit/(loss)	Fair value through OCI	Amortised cost	Outside the scope of IFRS 9	Total
Liabilities as per Statement of Financial Position						
Loans from shareholders	27	-	-	295 543	-	295 543
Other financial liabilities	28	-	-	10 244 264	-	10 244 264
Lease liabilities	24	-	-	-	61 183 154	61 183 154
Trade and other payables	30	-	-	23 407 477	-	23 407 477
Financial guarantee contracts	31	-	-	21 529 785	-	21 529 785
		-	**-**	**55 477 069**	**61 183 154**	**116 660 223**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

Company

As at 31 March 2023		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	Note(s)					
Cash and cash equivalents	16	-	-	143 992 304	-	143 992 304
Loans and advances	17	-	-	927 664 000	-	927 664 000
Other assets	18	-	-	208 867 249	-	208 867 249
Other financial assets	19	43 901 889	-	-	-	43 901 889
		43 901 889	**-**	**1 280 523 553**	**-**	**1 324 425 442**
Liabilities per Statement of Financial position						
Other financial liabilities	28	-	-	7 510 737	-	7 510 737
Lease liabilities	24	-	-	-	90 134 026	90 134 026
Trade and other payables	30	-	-	13 015 216	-	13 015 216
Financial guarantee contracts	31	-	-	22 526 276	-	22 526 276
		-	**-**	**43 052 229**	**90 134 026**	**133 186 255**

Company

As at 31 March 2022

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	16	-	-	132 402 728	-	132 402 728
Loans and advanes	17	-	-	1 209 689 993	-	1 209 689 993
Other assets	18	-	-	240 328 785	-	240 328 785
Other financial assets	19	34 589 446	-	-	-	34 589 446
		34 589 446	**-**	**1 582 421 506**	**-**	**1 617 010 952**
Liabilities as per Statement of Financial Position						
Other financial liabilities	28	-	-	10 244 264	-	10 244 264
Lease liabilities	24	-	-	-	61 025 938	61 025 938
Trade and other payables	30	-	-	18 285 460	-	18 285 460
Financial guarantee contracts	31	-	-	21 529 785	-	21 529 785
		-	**-**	**50 059 509**	**61 025 938**	**111 085 447**

Notes to the Consolidated and Separate Financial Statements

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022

37. Risk management (continued)

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

Group

31 March 2023

	Note(s)	Carrying amount	Fair value
Financial Assets			
Cash and cash equivalents	16	211 530 848	211 530 848
Loans and advances	17	927 664 000	927 664 000
Other assets	18	209 049 001	209 049 001
		1 348 243 849	**1 348 243 849**
Financial liabilities			
Loans from shareholder	27	597 399	597 399
Other financial liabilities	28	7 510 737	7 510 737
Lease liabilities	24	90 134 026	90 134 026
Trade and other payables	30	24 428 408	24 428 408
Financial guarantee contracts	31	22 526 276	22 526 276
		145 196 846	**145 196 846**

Group

31 March 2022

		Carrying amount	Fair value
Financial Assets			
Cash and cash equivalents	16	196 924 430	196 924 430
Loans and advances	17	1 209 689 993	1 209 689 993
Other assets	18	240 329 786	240 329 786
		1 646 944 209	**1 646 944 209**
Financial liabilities			
Loans from shareholder	27	295 543	295 543
Other financial liabilities	28	10 244 264	10 244 264
Lease liabilities	24	61 183 154	61 183 154
Trade and other payables	30	23 407 477	23 407 477
Financial guarantee contracts	31	21 529 785	21 529 785
		116 660 223	**116 660 223**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

Company

31 March 2023

	Note(s)	Carrying amount	Fair value
Financial assets			
Cash and cash equivalents	16	143 992 304	143 992 304
Loans and advances	17	927 664 000	927 664 000
Other assets	18	208 867 249	208 867 249
		1 280 523 553	**1 280 523 553**
Financial liabilities			
Other financial liabilities	28	7 510 737	7 510 737
Lease liabilities	24	90 134 026	90 134 026
Trade and other payables	30	13 015 216	13 015 216
Financial guarantee contracts	31	22 526 276	22 526 276
		133 186 255	**133 186 255**

Company

31 March 2022

	Note(s)	Carrying amount	Fair value
Financial assets			
Cash and cash equivalents	16	132 402 728	132 402 728
Loans and advances	17	1 209 689 993	1 209 689 993
Other assets	18	240 328 785	240 328 785
		1 582 421 506	**1 582 421 506**
Financial liabilities			
Other financial liabilities	28	10 244 264	10 244 264
Lease liabilities	24	61 025 938	61 025 938
Trade and other payables	30	18 285 460	18 285 460
Financial guarantee contracts	31	21 529 785	21 529 785
		111 085 447	**111 085 447**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

37. Risk management (continued)

Fair value hierachy

Group and Company	Level 1	Level 2	Level 3	Total
31 March 2023				
Financial assets				
Other financial assets	-	-	43 901 889	43 901 889

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

Foreign currency risk

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

38. Commitments

Already contracted for but not provided for.

Buildings	-	923 143	-	923 143
Motor vehicles	593 265	1 651 317	593 265	1 651 317
Computer Equipment	197 490	1 254 702	197 490	1 254 702
Furniture and fittings	221 280	4 621 458	221 280	4 621 458
	1 012 035	**8 450 620**	**1 012 035**	**8 450 620**

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	147 165 060	291 050 154	147 165 060	291 050 154

39. 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 in house guarantees issued amounts to P 10 050 000 (2022: P6 551 059). Credit guarantees exposure across seven banks is PNil (2022: P3 526 666) relating to Absa, Standard Chartered Bank, Stanbic Bank, Bank Gaborone, Banc ABC, First National Bank of Botswana and Bank Baroda.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

39. Contingencies (continued)

CEDA has an employee guarantee loan scheme facility with Absa Bank of P100 000 000 (2022: 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.

40. 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 subsequent 2023/24 financial period, the group received P403 985 910 as Government subvention. The group will receive Government subvention amounting to P309 985 910 in 2024/2025..

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.

41. 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.

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.

Launch of the Chema Chema Fund

The Gorvenment of Botswana established a revolving fund named "Chema Chema Fund' and provided P500 million as intial seed capital. The fund was lauched in April 2024 and will be implemented by CEDA. It covered short term loan financing, procurement of assets, business expansions and working capital for the informal sector. On the 14th March 2025, a Presidential directive was issued to CEDA to convert all Chema Chema loan facility into a grant scheme. The agency has started the process of converting the loans into grants and refunding all customers who had repaid thier loans.

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.