Citizen Entrepreneurial Development Agency (CEDA)
Group Annual Financial Statements
For the year ended 31 March 2013

Contents

Board of Directors

Name	Date Appointed	Designation	Date Resigned
Dr. L. P. Gakale	01-Dec-09	Chairman	30-Nov-13
M. Mulalu	01-Oct-13		
O. T. Mathware	01-Apr-14		
B. M. Ditlhabi	01-Dec-13	Chairman	
S. M. Makosha	01-Feb-13		
S. M. Kaisara	01-Dec-13		
C. Mokgware	01-Jul-12		
S. Ramatshaba	01-Sep-12		
L. B. Sebetela	01-Feb-13		
A. Khunwana	01-Dec-13		
S. T. Morolong	01-Feb-13		
Dr. P. M. Makepe	10-Jun-08		09-Jun-12
N.T. Tjiyapo	01-Sep-08		31-Aug-12
M. Tibe	01-Dec-09		31-Aug-12
M. Modise	01-Jan-11		30-Sep-12

Company Secretary

Gorata Tebape	Resigned	07-Aug-14
Cynthia Sebonego	Appointed	10-Nov-14

Nature of Business and Objectives of the Company

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 to the promotion of 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 fulfil its objectives, CEDA provides the following services:

- Financial assistance to entrepreneurs in the form of loans, which are offered at subsidised 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 Small, Micro and Medium Enterprises (SMME) and to assist businesses operating in the SMME sector of the economy to fulfil 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 54358, Prime Plaza
Cnr PG Matante Road and Khama Crescent Extension
CBD,
Gaborone

Auditors

PricewaterhouseCoopers

Bankers

Standard Chartered Bank Botswana Limited
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
African Banking Corporation of Botswana Limited
Stanbic Bank Botswana Limited
Bank Gaborone Limited

The directors of the company and the group are required by the Botswana Companies Act (2003) to maintain adequate accounting records, prepare financial statements for each financial year, which give a true and fair view of the financial position of the company and its subsidiaries as at the end of the financial year and of the financial performance and cash flows for that year.

In preparing the financial statements for the year ended 31 March 2013 presented herewith on pages 6 to 42, International Financial Reporting Standards have been followed, appropriate accounting policies have been used, and applied consistently and reasonable and prudent judgements and estimates have been made.

The directors are satisfied that Citizen Entrepreneurial Development Agency is a going concern based on available cash resources, forecasts and continued support by the Government of Botswana and have continued to adopt this basis in preparing these financial statements.

The Board recognises and acknowledge its responsibility for the group's system of internal control. The directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the company and its subsidiaries and to prevent and detect fraud and other irregularities.

The members of the Board, supported by the Audit Committee, are satisfied that management introduced and maintained adequate internal control to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the company and the underlying subsidiaries and to ensure all transactions are duly authorised.

Our external auditors conduct an examination of the financial statement in conformity with International Standard on Auditing. Their report is set out on page 4 and 5. The external auditors have unrestricted access to the board of directors.

Approval of the Financial Statements

Against this background, the financial statements set out on pages 6 to 42 which are stated in Pula, the currency of Botswana, have been approved and authorised for issue on ----------30 NOV 2015--------------- by the Board of Directors and is signed on its behalf by:

....)
)
) Directors
)
....)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN ENTREPRENEURIAL DEVELOPMENT AGENCY

Report on the financial statements

We have audited the group annual financial statements of Citizen Entrepreneurial Development Agency, which comprise the consolidated and separate statements of financial position as at 31 March 2013, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 42.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie
Partners: R Binedell, R P De Silva, A S Edirisinghe, S K K Wijesena

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of, the consolidated and separate financial position of Citizen Entrepreneurial Development Agency as at 31 March 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Individual practicing member: Rudi Binedell
Membership number: 20040091

Gaborone
30 NOV 2015

Citizen Entrepreneurial Development Agency (CEDA)
Statements of comprehensive income
For the year ended 31 March 2013

	Notes	Group 2013	Group 2012 Restated	Company 2013	Company 2012 Restated
		P	P	P	P
Revenue	1	223,742,969	265,169,218	79,012,040	66,813,154
Cost of revenue		(117,861,744)	(152,517,293)	-	-
		105,881,225	112,651,925	79,012,040	66,813,154
Government grants	2	218,674,600	302,278,364	218,674,600	302,278,364
Other operating income	3	32,976,162	14,977,765	10,066,244	10,936,342
Textile grant expenses	4	(581,322)	(22,418,607)	(581,322)	(22,418,607)
Operating expenses	5.1	(82,582,360)	(83,501,736)	(48,494,537)	(45,080,664)
Management fees	5.2	(5,600,000)	(19,060,298)	-	-
Staff expenses	6	(99,104,076)	(102,941,282)	(82,122,265)	(81,850,418)
Provision for guarantee claims	23.1	(3,565,095)	(4,597,505)	(3,565,095)	(4,597,505)
Profit arising on disposal of investments	7	26,265,619	31,245,616	-	-
Amortisation of intangible assets	16	-	(1,318,000)	-	-
Charge for impairment	8	(262,590,832)	(162,264,240)	(224,363,343)	(204,421,663)
Operating (loss)/ profit		(70,226,079)	65,052,002	(51,373,678)	21,659,003
Finance costs	9	(7,028,240)	(8,545,472)	(772,812)	
Share of (loss)/profits from associates	13.2	(6,254,604)	(4,838,425)	-	-
		(83,508,923)	51,668,105	(52,146,490)	21,659,003
Income tax credit / (expense)	10	311,022	(7,795,472)	-	-
(Loss)/ profit for the year		(83,197,901)	43,872,633	(52,146,490)	21,659,003
Other comprehensive (loss)/ income					
Gain on revaluation of property, plant and equipment	20	2,293,829	8,609,993	2,293,829	-
Impairment of aircrafts	20	(3,943,704)	-	-	-
Other comprehensive (loss)/income for the year		(1,649,875)	8,609,993	2,293,829	-
Total comprehensive (loss) / income for the year		(84,847,776)	52,482,626	(49,852,661)	21,659,003
(Loss)/ profit attributable to:					
-Owners of the parent	32	(69,079,148)	47,907,597	(49,852,661)	21,659,003
-Non-controlling interest		(14,118,753)	(4,034,964)	-	-
		(83,197,901)	43,872,633	(49,852,661)	21,659,003
Total comprehensive income attributable to:					
-Owners of the parent		(68,717,733)	52,307,940	(52,146,490)	21,659,003
-Non-controlling interest		(16,130,042)	174,686	-	-
		(84,847,776)	52,482,626	(52,146,490)	21,659,003

	Notes	Group 2013	Group 2012 Restated	Group 2011 Restated	Company 2013	Company 2012 Restated	Company 2011 Restated
		P	P	P	P	P	P
Assets							
Cash and cash equivalents	11	98,443,759	58,686,450	133,456,541	26,589,017	57,603,920	113,565,821
Loans and advances	12	808,508,526	725,616,355	684,196,976	808,508,526	727,125,602	684,196,976
Other assets	18	117,730,127	165,779,511	104,612,243	101,194,964	93,804,873	80,136,583
Assets held for sale/distribution	14	-	52,897,227	4,453,931	-	-	-
Investment in subsidiaries	12	-	-	-	71,722,521	100,063,044	124,374,071
Investment in associates	13	43,118,586	49,910,063	43,882,976	46,708,090	50,562,931	-
Inventories	17	22,074,082	36,836,781	39,299,668	-	-	-
Intangible assets	16	-	-	5,468,000	-	-	-
Deferred tax assets	19	-	2,203,365	7,537,193	-	-	-
Property, plant and equipment	20	49,490,786	103,195,891	97,386,918	16,404,234	16,398,918	15,841,864
Total assets		1,139,365,866	1,195,125,643	1,120,294,446	1,071,127,352	1,045,559,288	1,018,115,315
Capital, funding and liabilities							
Capital and funding							
Capital reserve		1,260,432,519	1,260,432,519	1,260,432,519	1,252,024,077	1,252,024,077	1,252,024,077
Revaluation reserve	21	9,121,575	17,064,019	12,672,923	7,414,916	5,121,568	5,121,568
Accumulated losses	32	(336,089,405)	(268,269,287)	(316,046,425)	(316,727,060)	(264,581,051)	(286,240,054)
Capital and funding attributable to owners of the parent		933,464,689	1,009,227,251	957,059,017	942,711,933	992,564,594	970,905,591
Non-controlling interest		(6,426,553)	2,659,142	2,353,997	-	-	-
Total capital and funding		927,038,136	1,011,886,393	959,413,014	942,711,933	992,564,594	970,905,591
Liabilities							
Bank overdrafts	11.1	30,167,504	36,879,358	31,030,240	-	-	-
Borrowings	22	5,552,112	29,261,026	37,910,089	1,545,157	-	-
Trade and other payables	23	85,744,431	110,663,463	87,967,347	49,933,958	52,994,694	47,209,724
Other financial liabilities	24	86,939,145	-	-	76,936,304		-
Deferred tax liabilities	19	911,132	6,435,403	3,973,756	-	-	-
Current tax liabilities		3,013,406	-	-	-	-	-
Total liabilities		212,327,730	183,239,250	160,881,432	128,415,419	52,994,694	47,209,724
Total capital, funding and liabilities		1,139,365,866	1,195,125,643	1,120,294,446	1,071,127,352	1,045,559,288	1,018,115,315

Group	Note	Capital reserve	Revaluation reserve	Accumulated losses	Non-controlling interest	Total
		P	P	P	P	P
Balance at 31 March 2011 - restated	32	1,260,432,519	12,672,923	(316,046,425)	2,353,997	959,413,014
Profit for the year - restated	32	-	-	47,907,597	(4,044,211)	43,863,386
Other comprehensive income for the year						
Gain on revaluation of property		-	4,391,096	-	4,218,897	8,609,993
Transaction with owners						
Dilution of interest due to issue of shares by subsidiary		-	-	(130,459)	130,459	-
Balance at 31 March 2012-restated	32	1,260,432,519	17,064,019	(268,269,287)	2,659,142	1,011,886,393
Balance at 31 March 2012-restated	32	1,260,432,519	17,064,019	(268,269,287)	2,659,142	1,011,886,393
Loss for the year		-	-	(69,079,148)	(14,118,753)	(83,197,901)
Other comprehensive income for the year						
Gain on revaluation of motor vehicles		-	2,293,348	-	-	2,293,348
Impairment on revaluation of property		-	(1,932,415)	-	(2,011,289)	(3,943,704)
Transfer from revaluation reserve on disposal of property		-	(8,513,828)	8,513,828	-	-
Transaction with owners						
Dilution of interest due to issue of shares by subsidiaries			210,451	(6,407,259)	6,196,808	-
Acquisition of non-controlling interest in Delta Dairies (Pty) Ltd		-	-	(847,540)	847,540	-
Balance at 31 March 2013		1,260,432,519	9,121,575	(336,089,405)	(6,426,553)	927,038,136

Company	Note	Capital reserve	Revaluation reserve	Accumulated losses	Total
		P	P	P	P
Balance as at 1 April 2011 - restated	32	1,252,024,077	5,121,568	(286,240,054)	970,905,591
Profit for the year-restated	32	-	-	21,659,003	21,659,003
Balance at 31 March 2012-restated	32	1,252,024,077	5,121,568	(264,581,051)	992,564,594
Balance at 31 March 2012-restated	32	1,252,024,077	5,121,568	(264,581,051)	992,564,594
Profit for the year		-	-	(52,146,490)	(52,146,490)
Other comprehensive income for the year					
Revaluation			2,293,348	481	2,293,829
Balance at 31 March 2013		1,252,024,077	7,414,916	(316,727,060)	942,711,933

	Notes	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Cash flows from operating activities:					
Cash generated from operations	31	37,009,918	3,227,228	24,697,803	13,312,003
Income tax paid		-	-	-	-
Net cash generated from operating activities		**37,009,918**	**3,227,228**	**24,697,803**	**13,312,003**
Cash flows from investing activities:					
Purchase of property, plant and equipment	20	(7,247,181)	(6,325,104)	(5,962,826)	(5,876,636)
Proceeds on disposal of investment in associates		76,939,400	-	-	-
Dividends received from associates		-	3,028,966	-	-
Investments in associates net of interest capitalised		(56,420,066)	(63,772,326)	(52,114,944)	(63,772,324)
Proceeds on disposal of plant and equipment		26,924,246	416,562	1,592,718	375,056
Net cash used in investing activities:		40,196,399	**(66,651,902)**	(56,485,052)	**(69,273,904)**
Cash flows from financing activities					
Interest paid		(7,028,240)	(8,545,472)	(772,812)	-
Net movement in interest bearing loans		(23,708,914)	(8,649,063)	1,545,157	-
Net cash used in financing activities		(30,737,154)	(17,194,535)	772,345	-
Net (decrease) in cash and cash equivalents		46,469,163	(80,619,209)	(31,014,904)	(55,961,901)
Cash and cash equivalents at beginning of the year		21,807,092	102,426,301	57,603,920	113,565,821
Cash and cash equivalents at end of year	11	68,276,255	21,807,092	26,589,016	57,603,920

1 Presentation of Financial Statements

These financial statements are presented in Pula, the currency of Botswana.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Group and Company ("Consolidated") financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements set out on pages 6 to 42 have been approved by the Board of Directors on ....

2.1 Basis of Preparation

The consolidated financial statements of Citizen Entrepreneurial Development Agency ("CEDA") and its subsidiaries ("group") have been prepared in accordance with International Financial Reporting Standards("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements by International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed on note 4.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All amounts in the notes are shown in Pula, unless otherwise stated.

(a) Amended standards which became effective during the year

During the year, the amendments to the following standards relevant to the group became effective:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 7	Amendment to IFRS 7 Financial Instruments: Disclosures – Transfer of financial assets	1 July 2011

The amendments to IFRS 7, 'Financial Instruments - Disclosures' - Transfer of financial assets- The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.

Other amendments and interpretations to standards which became effective for the year beginning 1 April 2012 but had no significant effect on the Group's financial statements are :

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 1	Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates	1 July 2011
IAS 12	Amendment to IAS 12,'Income taxes' on deferred tax	1 January 2012

b) New standards, interpretations and amendments to existing standards that are not yet effective, which are relevant to the company's operations and have not been early adopted by the Agency

During the year, there were other new standards, amendments and interpretations to several existing accounting standards were issued but are not yet effective. The directors have assessed the relevance of the amendments and interpretations with respect to the Group's operations and concluded that they do not have a material impact on the Group's financial statements, these are;

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 7	Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting	1 January 2013
IAS 1	Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI	1 July 2012
IAS 19	Employee benefits	1 January 2013
IFRS 9	Financial Instruments (2009)	1 January 2013
IFRS 9	Financial Instruments (2010)	1 January 2013

2.1 Basis of Preparation (continued)

b) New standards, interpretations and amendments to existing standards that are not yet effective, which are relevant to the company's operations and have not been early adopted by the Agency (continued)

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Amendments to IFRS 9 – Financial Instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 27 (revised 2011)	Separate financial statements	1 January 2013
IAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
IAS 32	Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014
IFRS 10	Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'	1 January 2013

Amendment to IFRS 7, Financial Instruments: Disclosures – Asset and Liability offsetting

The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI

The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 19, 'Employee benefits'

The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

IFRS 9, 'Financial instruments'

IFRS 9 was issued in November 2009 and October 2010 and replaces those parts of IAS 39 relating to the classification and measurement of financial instruments. It is mandatory for accounting periods beginning on or after 1 January 2015.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2015.

The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified effective for period beginning 1 January 2015.The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2015.

IFRS 10 – Consolidated financial statements

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

IFRS 12 – Disclosures of interests in other

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

2.1 Basis of Preparation (continued)

b) New standards, interpretations and amendments to existing standards that are not yet effective, which are relevant to the company's operations and have not been early adopted by the Agency (continued)

IFRS 13, 'Fair value measurement'

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 27 (revised 2011) – Separate financial

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised 2011) – Associates and joint

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Amendments to IAS 32 – Financial Instruments:

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment.
The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

2.2.1 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. Subsidiaries are consolidated using the purchase method of accounting, except for business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006, which are accounted for using the pooling-of-interests method. They are de-consolidated from the date that control ceases.

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 minority 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 comprehensive income.

The results of the entities acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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 CEDA. All intra-group transactions, balances, income and expenses and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

Common control transactions

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been reduced by a debit difference, are reclassified and presented as movement in other capital reserve.

2.2 **Consolidation (continued)**

2.2.1 **Subsidiaries (continued)**

Transactions and minority interest

The group applies a policy of treating those with minority interest as those with parties internal to the group. Disposal to minority interest results in gains and losses for the group and are recorded in the statement of comprehensive incomes. Purchase from minority interest result in goodwill being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.2.2 **Investment in associates**

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities of the associate arising at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments.

Where a group entity transacts with an associate of the group, unrealised profits are eliminated to the extent of the group's interest in the relevant associate.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses in associates are recognised in the statement of comprehensive income.

2.2.3 **Goodwill**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.2.4 **Accounting for investment in associates in the separate financial statements**

Investments in associates are accounted for at cost less accumulated impairment losses in the separate financial statements.

2.3 **Foreign Currency Translation**

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Pula', which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.4 **Non-current assets (on disposal groups) held for sale**

Non-current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale time is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.5 Financial Assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of investments at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group loan and receivable comprise of loan and advance in the Statement of financial position (note 11).

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

(d) Available-for-sale financial assets

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade-date – the date on which the group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2.6 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.7 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

2.7.1 Interest income

Interest income for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. 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. 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 all fees and points 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.

2.7.2 Fees and commission income

The group recognises fees charged to customers in the statement of comprehensive income on the accruals basis, when a service is rendered and payment is due.

2.7.3 Salvage and subrogation reimbursements

The group has the right to pursue third parties for payment of some or all of the costs. Salvage income comprise 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.

2.7.4 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 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 the Statement of comprehensive income.

2.7.5 Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.7.6 Service fees

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

-the amount of revenue can be measured reliably;
-it is probable that economic benefits associated with the transaction will flow to the company;
-the stage of completion of the transaction at the reporting date can be measured reliably; and
-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.

2.7.7 Insurance Premiums

Insurance premiums comprise revenue charged by 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 the statement of comprehensive income before any deductions.

2.7.8 Financial Assistance Policy (FAP) grants

The financial statements reflect only approved FAP grants, which were disbursed during the year. Amounts refundable for FAP claims made in excess of entitlement, and other balances recovered as a result of non-compliance with the FAP agreements, are accounted for on the receipts basis.

2.7.9 Government grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received. Government and other grants are recognised in the Statement of comprehensive income, unless the grant relates to a specific purpose such as acquisition or construction of a capital asset. A government grant utilised towards capital expenditure is amortised and credited to the statement of comprehensive income on a straight line basis over the estimated useful lives of the related assets.

2.8 Insurance claim expenses

Insurance claims and loss adjustment expenses are charged to the statement of comprehensive income as incurred based on:

(i) The actual claims submitted by the participating banks; and
(ii) Estimated liabilities for compensation to participating banks (as determined in the provision 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.

2.9 Impairment of Financial Assets

(a) Assets carried at amortised cost

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

2.9 **Impairment of Financial Assets (continued)**

(a) Assets carried at amortised cost (continued)

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income in impairment charge for credit losses.

(b) Assets classified as available for sale

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for- sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated.

2.10 **Property Plant and Equipment**

Property, plant and equipment is stated in the statement of financial position at historical cost or valuation less any subsequent accumulated depreciation and accumulated impairment losses. In the event of revaluation any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

2.10 **Property Plant and Equipment (continued)**

Property, plant and equipment is depreciated on a straight line basis to reduce book values to estimated residual values over their useful lives which varies as follow, depending on their type and usage levels:

Motor vehicles	4 years
Office furniture and fittings	10 years
Computer equipment	4 years
Computer software	3 years
Aircrafts	20 years

The estimated useful lives, residual values and depreciation methods for assets are reviewed at each reporting date, with the effect of any changes in estimates accounted for on a prospective basis.

Gains and losses arising on the disposal or retirement of an asset are determined by reference to the carrying amount of the item on the date of disposal/ retirement and the net proceeds (if any) received, and are recognised in profit or loss upon disposal or retirement.

Any revaluation increase arising on the revaluation of property, plant and equipment is credited to equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

Depreciation on revalued property is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

2.11 **Impairment of Non - Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 **Leases**

A group company is the lessee

The leases entered into by the group are primarily operating leases. The total payments made under operating leases are charged to other operating expenses in the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income.

A group company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

2.13 **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.14 **Provisions**

Provisions are recognised when the group has a present obligation as result of a past event, it is probable that the group will settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits.

2.15 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 initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of comprehensive income the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management.

Any increase in the liability relating to guarantees is taken to the statement of comprehensive income under other operating expenses.

Outstanding claims payable

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

Provision for guaranteed loans in arrears

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. Provision for claims comprise the portion of the loss expected to be incurred by the group for the guaranteed loans that are four months or more in arrears but not yet claimed by the bank.

2.16 Financial Liabilities and Capital Funding Instruments

Classification as debt or capital

Debt and capital funding instruments are classified as either financial liabilities or as capital in accordance with the substance of the contractual arrangement.

Capital instruments

A capital funding instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently premeasured.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2.17 Retirement Benefits

Contributions by the company to this fund are charged to the statement of comprehensive income in the year in which they accrue. Other than the regular contributions made in terms of the Rules of the fund, the company does not have any further obligation to the pension fund.

CEDA operates a defined contribution fund for pension obligation.

2.18 Taxation

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

(a) Current tax

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

2.18 Taxation (continued)

(b) Deferred tax

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

Taxation

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

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

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

2.19 Related parties

Parties are considered to be related if one has the ability to control the other party or exercise significant influence over the other, in making financial or operating decisions. A number of transactions are entered in to with related parties in the normal course of business. These transactions are carried out under normal commercial terms and conditions at market rates, as summarised in the note 27 to the financial statements.

2.20 Repossessed assets

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

2.21 Collateral

The company obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a Lien over the customer's assets and gives the Agency a claim on these assets for both existing and future customer's liabilities.

Collateral received in the form of security is not recorded in the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

2.22 Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.23 Comparative information

The accounting policies have been consistently applied those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to the current year presentation.

3 Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

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

3.1 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. The credit risk management and control are centralised in credit risk management team of group and reported to the Board of Directors and head of each business unit regularly.

3.1.1 Credit risk measurement

Loans and advances

In measuring credit risk of loan and advances to customers at a counterparty level, the group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

The group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgement. The group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The group regularly validates the performance of the rating and their predictive power with regard to default events.

	Group		Company	
Loans and advances	2013	2012	2013	2012
	P	P	P	P
Performing loans	762,444,867	691,587,419	762,444,867	691,704,214
Loans above 5months in arrears	546,493,679	475,240,879	546,493,679	476,750,126
Loans which are foreclosed	185,672,090	116,446,284	185,672,090	116,446,284
	1,494,610,635	1,283,274,582	1,494,610,635	1,284,900,624

Category	Description	Objective criteria
Performing loans	No evident weakness and performing to contractual terms.	Performing according to contractual terms.
Non performing	Exhibits potential weakness and/or settlement at risk.	In arrears for more than 150 days.
Loans which are foreclo	Settlement highly improbable	Non-performing credit facilities on which any amount due remains unpaid more than 150 days.

Cash and cash equivalents

Bank accounts and deposits are held with reputed commercial bank in Botswana. These are not rated.

3.1.2 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 annual 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.

3.1.3 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, which is a common practice. 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;
  Charges over business assets such as premises, plant and equipment, inventory and accounts receivable.
-

3.1.4 Impairment and provisioning policies

The internal rating systems described in note 3.1.1 focus more on credit-quality mapping from the inception of the lending. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment.

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 the bottom two grading. 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:

	Group			
	2013		2012	
	Loans and advances	Impairment provision	Loans and advances	Impairment provision
	P	P	P	P
1 Performing loans	762,444,867	182,014,742	691,587,419	178,160,364
2 Loans above 5months in arrears	546,493,679	318,415,278	475,240,879	263,168,374
3 Loans which are foreclosed	185,672,090	185,672,090	116,446,284	116,446,284
	1,494,610,635	686,102,109	1,283,274,582	557,775,022

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (eg; equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grading level.

The group's policy requires the review of individual financial assets that are significant at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure Group		Maximum exposure Company	
	2013	2012	2013	2012
	P	P	P	P
Credit risk exposure relating to the assets on the statement of financial position are as follows				
Cash and cash equivalents	98,443,759	58,686,450	26,589,017	57,603,920
Loans and advances to customers	808,508,526	710,205,156	808,508,526	711,714,403
Other assets	117,730,127	165,779,511	101,194,964	93,804,873

3.1.6 Loans and advances

Loans and advances are summarised foll

	Group		Company	
	2013	2012	2013	2012
	P	P	P	P
Neither past due nor impaired	436,931,229	430,652,690	436,931,229	430,652,690
Past due but not impaired	252,316,000	261,051,524	252,316,000	261,051,524
Impaired over 5 months	805,363,405	591,687,163	805,363,405	593,196,410
Gross	1,494,610,634	1,283,391,377	1,494,610,634	1,284,900,624
Less : Allowance for impairment	(686,102,109)	(557,775,022)	(686,102,109)	(557,775,022)
Net	808,508,525	725,616,355	808,508,525	727,125,602

3.1.6 Loans and advances (continued)

The total impairment provision for loans and advances is P686,102,109 (2012: P557,775,022) of which 73% (2012: 68%) represents loan facilities that have not performed for over 5 months.

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or indexes of similar assets.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the group resulting from both its loan and advances portfolio and investments based on the following:

- 50% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2012: 53%).
- Loan portfolio is backed by collateral.
- The group has introduced a more stringent selection process upon granting loans and advances.

3.1.7 Age analysis of loans and advances

	Neither past due nor impaired	1 - 150 days	Over 150 days	Total
Group				
Loans at 31 March 2013	436,931,229	252,316,000	805,363,405	1,494,610,634
Company				
Loans at 31 March 2013	436,931,229	252,316,000	805,363,405	1,494,610,634
Group and Company				
Loans at 31 March 2012	415,241,491	261,051,524	591,687,163	1,267,980,178

Loans and advances past due but not impaired

	1 - 150 days P	Total P
Loans at 31 March 2013	252,316,000	252,316,000
Loans at 31 March 2012	261,051,524	261,051,524

3.1.8 Repossessed collateral

During 2013, the group obtained assets by taking possession of collateral held as security which totalled P 11,889,500 (2012:P 11,232,597). Repossessed assets mainly consist of land and buildings, plant and machinery and equipments.
Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

3.2 Market risk

The group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The market risks arising from group's activities are concentrated and monitored by the group finance department.

3.2.1 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored daily by group finance department.

3.2.2 Interest rate sensitivity

At 31 March 2013, should interest rates have risen by 1% with all other variables remaining constant, the increase in net assets for the year would amount to approximately P 266,070 arising substantially from the short term investments in cash and cash equivalents (2012: P 576,039). If interest rates had lowered by 1%, the decrease in net assets would amount to approximately P266,070 (2012:P 576,039).

3.3 Liquidity risk

Liquidity risk is the risk of the group's inability to meet its payment obligations associated with its financial liabilities when they fall due. Liquidity risk may arise in situations where there are mismatches between maturities of assets and liabilities. The group's exposure to the risk is managed by the maturity profiles of the assets and liabilities.

3.3.1 Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by a separate team in the group finance department, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (notes 3.3.2).

Group finance department also monitors unmatched medium-term assets, the level and type of undrawn lending commitments and the impact of contingent liabilities such as standbv letters of credit and guarantees.

Funding approach
Sources of liquidity are regularly reviewed by the group finance department.

3.3.2 Residual contractual maturities of liabilities

	1-3 months P	3 - 12 months P	1 - 5 years P	Total P
Group				
At 31 March 2013				
Trade and other payables	64,140,654	28,434,087	9,567,926	107,602,727
Borrowings and bank overdrafts	-	50,723,718	15,416,666	66,140,384
Total Liabilities	64,140,654	79,157,805	24,984,592	173,743,111
At 31 March 2012				
Trade and other payables	66,378,479	25,206,640	10,236,329	110,663,463
Borrowings and bank overdrafts	-	50,723,718	15,416,666	66,140,384
Total Liabilities	66,378,479	75,930,358	25,652,995	176,803,847
Company				
At 31 March 2013				
Trade and other payables	6,471,885	28,434,087	9,567,926	49,933,958
At 31 March 2012				
Trade and other payables	8,709,710	25,206,640	10,236,329	52,994,694

3.4 Financial assets and liabilities

3.4.1 Fair value of the financial assets and liabilities

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value.

	Group 2013		Group 2012	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	P	P	P	P
Cash and cash equivalents	98,443,759	98,443,759	58,686,450	58,686,450
Loans and advances	1,494,610,635	808,508,526	1,283,391,377	725,616,355
Other assets	117,730,127	117,730,127	165,779,511	165,779,511
	1,710,784,521	1,024,682,412	1,507,857,338	950,082,316

	Company 2013		Company 2012	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	26,589,017	26,589,017	57,603,920	57,603,920
Loans and advances	1,494,610,635	808,508,526	1,284,900,623	727,125,601
Other assets	101,194,964	101,194,964	93,804,873	93,804,873
	1,622,394,615	936,292,506	1,436,309,416	878,534,394

	Group 2013		Group 2012	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Bank overdraft	30,167,504	30,167,504	36,879,358	36,879,358
Trade and other payables	85,744,431	85,744,431	110,663,463	110,663,463
Borrowings	5,552,112	5,552,112	29,261,026	29,261,026
Other financial liabilities	86,939,145	86,939,145	76,936,304	76,936,304
	208,403,192	208,403,192	253,740,151	253,740,151

	Company 2013		Company 2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Trade and other payables	49,933,958	49,933,958	52,994,694	52,994,694

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.

3.4.2 Categories of financial assets and liabilities

	Group		Company	
	2013	**2012**	**2013**	**2012**
Financial assets	**P**	**P**	P	P
Cash and cash equivalents	98,443,759	58,686,450	26,589,017	57,603,920
Other assets	117,730,127	165,779,511	101,194,964	93,804,873
Loans and advances to customers	808,508,526	725,616,355	808,508,526	727,125,601
	1,024,682,412	950,082,316	936,292,507	878,534,394
Financial liabilities				
Borrowings and bank overdrafts	35,719,616	66,140,384	1,545,157	-
Trade and other payables	85,744,431	110,663,463	49,933,958	52,994,694
Other financial liabilities	86,939,145	76,936,304	76,936,304	
	208,403,192	253,740,151	128,415,419	52,994,694

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS required management to make judgements, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about varying values of assets and liabilities that are not readily apparent form other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future period. Judgements made by the management in the application of IFRS that have a significant effect on the financial statements have been disclosed wherever applicable.

(a) Impairment losses on loans and advances

The group reviews individual loans and loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from an individual loan or a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The historical loss experience is based on a 12 month observation period of loans in arrears moving into default, with default defined as loans in arrears greater than 150 days or loans which have been classified as non-performing. Objective evidence of impairment is assumed to be evident once a loan moves to more than 90 days in arrears.

The projected future cash flows of the loans which reflect objective evidence of default are based on the historical recovery experience of a representative sample of non-performing loans. The projected future cash flows are discounted at the ruling contract rate of the particular loan advance product category.

Recovery rate experience is the average duration that a classified account is expected to be recovered over a specified amount of time. The recovery rate experience is dependant on the nature of security and duration of the original loan granted.

The security percentage realisable is calculated using the value as at the reporting date. Where recent valuation is not held, either external data may be used to validate the difference, i.e. movements in the price indices or justification should be provided to demonstrate that the value used is still an accurate reflection of the security value.

Specific impairment provision considerations

Management periodically evaluate all loans that have been rescheduled on payment terms or moratorium period. These loans are impaired by comparing the holding value to recoverable security values. This is accounted for as a specific provision.

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

31 March 2013

P'000	Existing impairment allowance	Impact on changes in Emergence Period		Impact on changes in Roll rates	Impact on changes in Roll rates	Impact on changes in Recovery experience	
		(+) 3 months	(-) 3 months	(-) 5%	(+) 5%	(+) 5%	(-) 5%
	P	P	P	P	P	P	P
Portfolio provision	595,649	(3,324)	3,324	(54,095)	54,095	(41,125)	41,125
Specific provision	90,453	-	-	-	-	(13,537)	14,242
Total provision	686,102	(3,324)	3,324	(54,095)	54,095	(54,662)	55,367

Sensitivity analysis on impairment provision as per management's estimates (continued)

31 March 2012

P'000	Existing impairment allowance	Impact on changes in Emergence Period		Impact on changes in Roll rates	Impact on changes in Roll rates	Impact on changes in Recovery experience	
		(+) 3 months	(-) 3 months	(-) 5%	(+) 5%	(+) 5%	(-) 5%
	P	P	P	P	P	P	P
Portfolio provision	461,655	(3,449)	3,449	(53,218)	53,218	(30,626)	30,626
Specific provision	96,120	-	-	-	-	(5,123)	5,189
Total portfolio provision	557,775	(3,449)	3,449	(53,218)	53,218	(35,749)	35,815

(b) 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 comprehensive income.

(c) Residual values of property, plant and equipment

Residual values are based on expected future circumstances measured at current prices.

			CEDA Group		CEDA Company	
			2013	2012 Restated	2013	2012 Restated
			P	P	P	P
1	**Revenue**					
	Interest income	1.1	63,161,236	60,996,467	63,161,236	60,426,263
	Bond fee income		2,914,748	2,518,976	2,914,748	2,518,976
	Interests from associates		10,199,490	5,186,383	10,199,490	2,011,045
	Sales of goods and services		144,730,929	194,610,522	-	-
	Gross premiums - Credit guarantee fund		2,736,566	1,856,870	2,736,566	1,856,870
			223,742,969	265,169,218	79,012,040	66,813,154
1.1	**Interest income**					
	Interest on advances		57,718,467	51,080,866	57,718,467	51,080,866
	Staff loan interest		3,980,318	4,528,345	3,980,318	4,528,345
	Interest from short term investments		1,462,451	5,387,256	1,462,451	4,817,052
			63,161,236	60,996,467	63,161,236	60,426,263
2	**Government grants**					
	Funds received from Government-CEDA		218,093,500	280,000,000	218,093,500	280,000,000
	Funds received from Government-Textile		581,100	22,278,364	581,100	22,278,364
			218,674,600	302,278,364	218,674,600	302,278,364
3	**Other operating income**					
	Profit on disposal of plant and equipment		341,912	343,376	341,912	343,376
	Other income		32,634,250	14,634,389	9,724,332	10,592,966
			32,976,162	14,977,765	10,066,244	10,936,342
4	**Textile grant expenses**					
	Labour grants					
	- Small scale		401,532	3,720,201	401,532	3,720,201
	- Medium scale		173,170	2,843,657	173,170	2,843,657
	Textile grant					
	- Medium scale		6,620	15,854,749	6,620	15,854,749
			581,322	22,418,607	581,322	22,418,607
5	**Expenses**					
5.1	**Operating expenses**					
	Auditors' remuneration		2,387,776	2,809,102	1,840,900	1,986,294
	Depreciation (note 19)		10,452,380	9,052,938	7,000,532	5,287,902
	Directors' emoluments		217,983	2,093,309	217,983	353,333
	Mentoring expenses		4,737,548	6,895,434	4,737,548	6,895,434
	Consultancy fees		2,352,974	4,148,611	2,352,974	2,945,657
	Operating leases		10,468,661	10,188,259	6,151,249	5,377,796
	Security expenses		1,189,734	2,246,208	1,189,734	1,131,384
	Computer and IT support costs		5,447,256	4,842,813	5,447,256	4,764,840
	Legal costs		3,492,395	3,099,356	2,056,419	2,235,172
	Public Relations Expenses		3,824,453	3,866,132	3,824,453	3,866,132
	Training expenses		305,537	483,987	305,537	480,802
	Due diligence consultancies		1,642,656	520,559	1,642,656	520,559
	Other administration expenses		36,063,007	33,255,028	11,727,295	9,235,359
			82,582,360	83,501,736	48,494,537	45,080,664
5.2	**Management Fees**					
	Management fees		5,600,000	5,600,000	-	-
	Management fees-carried interest		-	13,460,298	-	-
			5,600,000	19,060,298	-	-

		Group		Company	
		2013	2012	2013	2012
		P	P	P	P
6	**Staff expenses**				
	Salaries and wages	74,083,737	77,332,220	57,101,926	57,429,644
	Leave pay	1,802,724	1,241,740	1,802,724	1,241,740
	Gratuity	5,884,013	6,193,881	5,884,013	6,054,109
	Pension scheme contributions	5,438,028	5,107,597	5,438,028	5,107,597
	Medical aid contributions	2,886,595	2,984,271	2,886,595	2,549,235
	Staff training cost	2,338,547	3,215,783	2,338,547	3,215,783
	Staff travelling and other expenses	6,670,432	6,865,790	6,670,432	6,252,310
		99,104,076	102,941,282	82,122,265	81,850,418
7	**Profit/(loss) arising on disposal of investments**				
	AON Botswana (Pty) Ltd				
	Cost of investment	26,553,750	-		
	Share of post acquisition results	10,414,393			
	Net proceeds on disposal	(55,087,500)	-		
	Profit arising on disposal of investments	18,119,357	-		
	MRI Botswana (Pty) Ltd				
	Cost of investment	8,918,800	-		
	Share of post acquisition results	(2,265,062)			
	Net proceeds on disposal	(14,800,000)	-		
	Profit arising on disposal of investments	8,146,262	-		
	Hyperbola (Pty) Ltd				
	Cost of investment	2,603,161	-		
	Share of post acquisition results	(648,478)			
	Net proceeds on disposal	(1,954,683)	-		
	Profit arising on disposal of investments	-	-		
	Transport Holdings (associate)				
	Cost of investment	-	4,500,000		
	Share of post acquisition profits		9,254,384		
	Net proceeds on disposal	-	(45,000,000)		
	Profit arising on disposal of investments	-	31,245,616		
	Total profit arising on disposal of investments	26,265,619	31,245,616		
8	**Impairment charge**				
	Impairment of loans and advances (note 12.2)	128,327,087	164,890,198	128,327,087	164,890,198
	Impairment on investment in subsidiaries (note 13.1)	-	-	28,340,523	24,311,027
	Impairment (release) /charge on associates (note 14.4)	63,335,896	(9,369,659)	66,169,275	15,220,438
	Impairment charge on intangibles (note 16)	-	4,150,000	-	-
	Impairment loss on PPE (note 20)	22,267,218	-	-	-
	Impairment charge on assets held for sale / distribution (note 15)	6,047,499	2,226,966	-	-
	Bad debtors on trade receivables	2,348,216	-	-	-
	Impairment charge on receivables (note 18)	40,264,916	366,735	1,526,458	-
		262,590,832	162,264,240	224,363,343	204,421,663
9	**Finance Cost**				
	Interest on debenture / Loans	7,028,240	8,545,472	772,812	-
		7,028,240	8,545,472	772,812	-
10	**Income tax (credit) / expense**				
	Current	-	-	-	-
	Deferred tax	(311,022)	7,795,472	-	-
		(311,022)	7,795,472	-	-

Under the provisions of the Income Tax Act (Chapter 52:01), the Citizen Entrepreneurial Development Agency (CEDA) and its subsidiary, CEDA Venture Capital Fund are exempt from income tax. Taxation charged to entities controlled by the company which are consolidated, and that are subject to tax, is recognised as an expense in the group financial statements.

		Group		Company	
		2013	2012	2013	2012
		P	P	P	P
11	**Cash and cash equivalents**				
	Funds on deposit	28,804,517	28,590,575	13,006,225	28,237,552
	Other bank balances and cash	69,639,242	30,095,875	13,582,792	29,366,368
		98,443,759	58,686,450	26,589,017	57,603,920
11.1	Cash and Cash equivalent includes the following for the purposes of the statement of cash flow				
	Funds on deposit	28,804,517	28,590,575	13,006,225	28,237,552
	Bank Overdrafts	(30,167,504)	(36,879,358)		-
	Other bank balances and cash	69,639,242	30,095,875	13,582,792	29,366,368
		68,276,255	21,807,092	26,589,017	57,603,920

Funds on deposit represent amounts placed with commercial banks bearing interest at rates of 6.65% per annum (2012: 5% to 7%). All deposits are callable within three months.

		Group		Company	
		2013	2012 Restated	2013	2012 Restated
		P	P	P	P
12	**Loans and advances**				
	Loans and advances (note 32)	1,494,610,635	1,283,274,582	1,494,610,635	1,284,900,624
	Loans to related parties (note 29)	-	116,795	-	-
	Impairment provision (note 12.2)	(686,102,109)	(557,775,022)	(686,102,109)	(557,775,022)
		808,508,526	725,616,355	808,508,526	727,125,602
12.1	**Sector analysis of loans and advances**				
	Loan to small scale customers	424,300,217	373,102,309	424,300,217	373,102,309
	Loans to customers other than small scale	1,070,310,417	910,172,273	1,070,310,417	911,798,315
		1,494,610,634	1,283,274,582	1,494,610,634	1,284,900,624
	Maturity analysis				
	Current	244,052,994	201,844,637	244,052,994	203,353,884
	Non - current	1,250,557,641	1,081,429,945	1,250,557,641	1,081,546,740
		1,494,610,635	1,283,274,582	1,494,610,635	1,284,900,624
12.2	**Impairment provision of loan and advances:**				
	Balance at beginning of the year	(557,775,022)	(394,228,064)	(557,775,022)	(394,228,064)
	Charge for the year (note 8)	(128,327,087)	(164,890,198)	(128,327,087)	(164,890,198)
	Bad debts written off	-	1,343,240	-	1,343,240
	Balance at end of the year	(686,102,109)	(557,775,022)	(686,102,109)	(557,775,022)

Loans have been advanced for periods up to 84 months. Interest on advances is charged at 5% per annum on loans up to P500,000 and 7.5% on loans above P500,000. Approximately 68% of the loan book is at the rate of 7.5% (2012: 71%).

12.3 Commitments to advance funds to customers at 31 March, but not yet disbursed at that date amounted to,

At the end of the year	150,015,275	142,784,121	140,141,175	132,910,021

The above advances will be funded from internally generated funds and grants from the Government of the Republic of Botswana.

		Group		Company	
		2013	2012	2013	2012
			0		0
		P	P	P	P
13	**Investment in subsidiaries**				
	100% capital investment in CEDA Venture Capital Fund	-	-	184,000,000	184,000,000
	Less: Provision for impairment (note 13.1)	-	-	(112,277,479)	(83,936,956)
		-	-	71,722,521	100,063,044

CEDA Venture Capital Fund is a company limited by guarantee and wholly owned by CEDA.

13.1	**Provision for impairment in investment in subsidiaries**				
	Balance at beginning of the year	-	-	(83,936,956)	(59,625,929)
	Charge for the year	-	-	(28,340,523)	(24,311,027)
	Balance at end of the year	-	-	(112,277,479)	(83,936,956)

13.2 Investments in subsidiaries

Details of the group's subsidiaries at 31 March 2013 are as follows:

Name of subsidiary	Proportion of ownership interest	Proportion of voting power held	Principal activity
PG Industries (Botswana) (Pty) Ltd	51%	51%	Supply and manufacture of timber
Phika Entrepreneurs (Pty) Ltd	49%	54%	Air charters
Delta Dairies (Pty) Ltd	98.46%	98.46%	Manufacturing of Long life milk

Details of the company's subsidiaries at 31 March 2013 are as follows:

CEDA Venture Capital Fund		100%	Venture capital and private equity

a) PG Industries Botswana (Pty) Ltd

On 31 December 2007, PG Industries Botswana (Pty) ("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, undertaking a non underwritten rights issue of shares. Subsequent to this , the group now holds 13,156,236 shares representing 51% share holding. The group now exercises control, which makes it an subsidiary, and hence, the results of this company have been consolidated in these group financial statements.

b) Phika Entrepreneurs (Pty) Ltd

The interest in Phika Entrepreneurs (Pty) Limited was acquired in November 2004. The group holds a 49% equity interest in this company. The group has subscribed for 226 convertible debentures with a nominal value of P10 000 each. There is therefore a possible conversion of an additional 226 shares, which has the potential to increase the effective holding to 54%. Consequently, this company's operating result are consolidated in these group financial statements.

Interest on debentures is charged at prime plus 1% and is payable on a semi-annual basis. These debentures may be convertible to ordinary shares at the rate of one to one. The debentures are secured by deed of hypothecation over all movable assets of the company.

c) Delta Dairies (Pty) Ltd

The interest in Delta Dairies (Pty) Limited was acquired in December 2005. The group increased its share holding to 82% equity interest on 1 January 2009 in this company.

The company went through a statement of financial position restructuring on 1 January 2009 where P9,431,679 debenture notes and accrued interest of P10,568,321 were converted into ordinary shares by way of the company issuing additional shares.

An additional investment of P8,200,000 was made during the financial year ended 2011 as a shareholder loan. The group also granted shareholder loans of P16,367,900 to Delta Dairies (Pty) Ltd during the year, of which P11,267,900 was unsecured, interest free and convertible to stated capital and P5,100,000 was unsecured, accrued interest at prime plus 3% per annum and convertible to stated capital. P 55,035,034 which represent all outstanding loans together with accrued interest thereon were converted to stated capital by issue of additional shares in the company. This resulted in increase of group's current shareholding in the company to 98.46% of issued stated capital.

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
14 Investments in associates				
14.1 Cost				
At beginning of the year	75,996,720	76,298,249	63,772,324	-
Investments during the year net of conversions	64,325,479	63,772,324	64,325,479	63,772,324
Classified as assets held for sale/distribution	-	(59,573,853)	-	-
Investments disposed during the year	-	(4,500,000)	-	-
Total investment in associates	140,322,199	75,996,720	128,097,803	63,772,324
Interest receivable	4,853,357	6,379,813	-	2,011,045
At end of the year	145,175,556	82,376,533	128,097,803	65,783,369
14.2 Share of post acquisition results of associates				
At beginning of the year	(32,466,470)	21,627,165	-	-
Share of associates' (loss)/profit for the year	(6,254,604)	(4,838,425)	-	-
Release of share of profit on investment disposed during the year	-	(9,254,384)	-	-
Release of share of profit on investments classified to assets held for sale/distribution	-	(22,616,174)	-	-
Impairment of associates (note 14.3)	(63,335,896)	(17,384,652)	(81,389,713)	(15,220,438)
Dividends received from associates	-	-	-	-
	(102,056,970)	(32,466,470)	(81,389,713)	(15,220,438)
Carrying value of investment in associates	43,118,586	49,910,063	46,708,090	50,562,931
14.3 Impairment of investment				
At beginning of the year	17,384,652	41,355,688	15,220,438	-
Impairment on associates for the year (note 14.4)	63,335,896	(9,369,659)	66,169,275	15,220,438
Reclassification of impairment to share of post acquisition results	-	-	-	-
Release of provisions on investments classified to assets held for sale/distribution	-	(14,601,377)	-	-
At end of the year	80,720,548	17,384,652	81,389,713	15,220,438
14.4 Impairment for the year is recognised in respect of the				
Mobility (Pty) Ltd	13,279,611	11,153,156	13,279,611	15,220,438
Pule Modisana Pty Ltd	16,840,070		16,934,752	-
Ta Shebube Pty Ltd	20,838,163		21,422,702	-
Rim Rock (Pty) Ltd	12,378,052		14,532,210	
Biz Capital (Pty) Ltd	-	(1,823,118)	-	-
Easy Concrete Products (Pty) Ltd	-	(4,228,914)	-	-
Hyperbola (Pty) Ltd	-	(1,594,854)	-	-
ZS Botswana (Pty) Ltd	-	(9,380,150)	-	-
MRI Botswana (Pty) Ltd	-	(3,495,779)	-	-
	63,335,896	(9,369,659)	66,169,275	15,220,438

CEDA subsidiary - CEDA Venture Capital Fund is in the business of start ups/green fields. Accordingly, certain of its investee companies incur losses during the early stages of their operations. For equity investments it is the group policy to value the carrying value of these investments at their fair value less costs to sell determined by reference to an active market .The investments are written down to the extent of the group's share of the company's net assets being an amount that approximate the fair value less cost to sell where there is no active market and the fair value in use approximates zero on the basis of a history of losses. Impairment losses on debentures are recognised where future cash flows are expected not to be sufficient for the entity to service and perform according to the terms and conditions of agreements in place.

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
14.5 Summarised financial information of associates				
Revenue - post acquisition results	53,912,266	21,027,655	53,912,266	-
(Loss)/profit after tax - post acquisition results	(26,365,307)	(23,874,967)	(26,365,307)	-
Statement of financial position				
Non current assets	73,405,465	13,722,123	73,405,465	-
Current assets	67,151,329	59,898,135	67,151,329	-
Total assets	140,556,794	73,620,258	140,556,794	-
Equity	(6,798,766)	24,750,835	(6,798,766)	-
Total liabilities	147,356,561	48,869,223	147,356,561	-
Total equity and liabilities	140,557,795	73,620,058	140,557,795	-

14.6 Investments in associate companies

Details of the group's associates at 31 March 2013 are as follows:

Name of associate	Proportion of ownership interest	Proportion of voting power held	Principal activity
ZS Botswana (Pty) Ltd	49%	49%	Supply and maintenance of radio communication equipment
Biz Capital Botswana (Pty) Ltd	49%	49%	Supply of short term working capital requirements.
Mobility (Pty) Ltd	49%	49%	Telecommunications and Equipment suppliers
Pula Steel Casting and Manufacturing (Pty) Ltd	35%	35%	Steel casting and Manufacturing
Pule Modisana Holdings (Pty) Ltd	40%	40%	Funeral and Financial services
Hoisting Solutions (Pty) Ltd	49%	49%	Contracting
Rim Rock (Pty) Ltd	40%	40%	Contracting
Ta Shebube (Pty) Ltd	49%	49%	Tourism
Daintree			

Details of the company's associates at 31 March 2013 are as follows:

Mobility (Pty) Ltd	49%	49%	Telecommunications and Equipment suppliers
Pula Steel Casting and Manufacturing (Pty) Ltd	35%	35%	Steel casting and Manufacturing
Pule Modisana Holdings (Pty) Ltd	40%	40%	Funeral and Financial services
Hoisting Solutions (Pty) Ltd	49%	49%	Contracting
Rim Rock (Pty) Ltd	40%	40%	Contracting
Ta Shebube (Pty) Ltd	49%	49%	Tourism
Daintree			

14.7 Break down of costs of investment in associates

Group Name	Investment in Equity	Investment in Preference Shares	Investment in Debentures	Investment via loans	Total 2013	Total 2012
ZS Botswana (Pty) Ltd	1,249,300	6,302,583	-	-	7,551,883	7,551,883
Biz Capital Botswana (Pty) Ltd	1,000,000	8,041,283	-	-	9,041,283	9,041,283
Mobility (Pty) Ltd	49	28,500,000	-	-	28,500,049	30,026,507
Pula Steel Casting and Manufacturing (Pty) Ltd	5,337,523	-	13,089,753	-	18,427,276	18,427,276
Pule Modisana Holdings (Pty) Ltd	40	17,329,546	-	-	17,329,586	17,329,586
Hoisting Solutions (Pty) Ltd	3,329,587	6,306,482	10,000,000	-	19,636,069	-
Rim Rock (Pty) Ltd	2,527,020	13,049,020	-	-	15,576,040	-
Ta Shebube (Pty) Ltd	4,641,461	22,471,909	-	-	27,113,370	-
Daintree	2,000,000	-	-	-	2,000,000	-
	20,084,980	102,000,823	23,089,753	-	145,175,556	82,376,535

Company	Investment in Equity	Investment in Preference Shares	Investment in Debentures	Investment via loans	Total 2013	Total 2012
Mobility (Pty) Ltd	49	28,500,000	-	-	28,500,049	30,026,507
Pula Steel Casting and Manufacturing (Pty) Ltd	5,337,523	-	13,000,000	-	18,337,523	18,427,276
Pule Modisana Holdings (Pty) Ltd	40	16,934,712	-	-	16,934,752	17,329,586
Hoisting Solutions (Pty) Ltd	3,329,587	6,306,482	10,000,000	-	19,636,069	-
Rim Rock (Pty) Ltd	2,527,020	13,049,020	-	-	15,576,040	-
Ta Shebube (Pty) Ltd	4,641,461	22,471,909	-	-	27,113,370	-
Daintree	2,000,000	-	-	-	2,000,000	-
	17,835,680	87,262,123	23,000,000	-	128,097,803	65,783,369

14.8 Break down of carrying values of investment in associates

Group Name	Investments	Share of post acquisition results	Dividends received	Impairment	Net 2013	Net 2012
ZS Botswana (Pty) Ltd	7,551,883	(7,445,860)	-	(106,023)	-	-
Biz Capital Botswana (Pty) Ltd	9,041,283	(2,915,809)	-	(6,125,474)	-	-
Mobility (Pty) Ltd	28,500,049	(4,067,282)	-	(24,432,767)	-	14,806,069
Pula Steel Casting and Manufacturing (Pty) Ltd	18,427,276	(1,938,214)	-	-	16,489,062	18,263,924
Pule Modisana Holdings (Pty) Ltd	17,329,586	(489,516)	-	(16,840,070)	-	16,840,070
Hoisting Solutions (Pty) Ltd	19,636,069	(1,741,043)	-	-	17,895,026	-
Rim Rock (Pty) Ltd	15,576,040	(2,154,158)	-	(12,378,052)	1,043,830	-
Ta Shebube (Pty) Ltd	27,113,370	(584,539)	-	(20,838,163)	5,690,668	-
Daintree	2,000,000	-	-	-	2,000,000	-
	145,175,556	(21,336,421)	-	(80,720,549)	43,118,586	49,910,063

Company	Investments	Impairment	Net 2013	Net 2012
Mobility (Pty) Ltd	28,500,049	(28,500,049)	-	14,806,069
Pula Steel Casting and Manufacturing (Pty) Ltd	18,337,523	-	18,337,523	18,427,276
Pule Modisana Holdings (Pty) Ltd	16,934,752	(16,934,752)	-	17,329,586
Hoisting Solutions (Pty) Ltd	19,636,069	-	19,636,069	-
Rim Rock (Pty) Ltd	15,576,040	(14,532,210)	1,043,830	-
Ta Shebube (Pty) Ltd	27,113,370	(21,422,702)	5,690,668	-
Daintree	2,000,000	-	2,000,000	-
	128,097,803	(81,389,713)	46,708,090	50,562,931

14.9 Investments in associate companies (continued)

a) ZS Botswana (Pty) Ltd

The group currently holds 49% of the equity in ZS Botswana (Proprietary) Limited through ordinary shares acquired in January 2007. The investment in the company has been equity accounted in these group financial statements.

The group holds 3 670 redeemable and cumulative preference shares of P 1 300 per share. The dividend is payable at a coupon rate of 12% annually.

Preference shares are redeemable in three instalments from the third anniversary of the effective date (January, 2008) or earlier on mutual agreement with the ordinary share holders, at a premium that will give an internal rate of return (IRR) of 23% to the holder, over the period that the shares have been held.

b) Biz Capital (Pty) Ltd

The group holds 49% of the equity in Biz Capital (Pty) Limited through ordinary shares acquired in January 2008.The investment in the company has been equity accounted in these group financial statements.

The group holds 5,000,000 preference shares of P1 each. Preference shares earn dividends at 12 thebe per share annually. The preference dividend is due and payable half yearly in March and September.

c) Mobility (Pty) Ltd

The group holds 49% of the equity in Mobility (Pty) Limited through ordinary shares acquired in April 2011. The investment in the company has been equity accounted in these group financial statements.

The group holds 28,500,000 cumulative preference shares 16,094,954 shares paid in September 2011 and 12,405,046 shares paid in January 2012. The shares carry a cumulative preference dividend calculated at a fixed coupon rate of 13% on an annual basis. No dividend was capitalised as dividend accrued during the financial year ended 31 March 2013 because the investment was impaired in year ended March 2012.

d) Pula Steel Casting and Manufacturing (Pty) Ltd

The interest in Pula Steel Casting and Manufacturing (Pty) Ltd was acquired in March 2011. The group holds 35% of the equity in the company. The investment in the company has been equity accounted in these group financial statements.

The group holds 13,000,000 debentures notes paid in March 2012. Debenture coupon shall be calculated at a fixed coupon rate of 14% per annum. P1 820 000 was capitalised as interest accrued during the financial year ended 31 March 2013.

e) Pule Modisana Holdings (Pty) Ltd

The group holds 40% of the equity in Pule Modisane Holdings through ordinary shares acquired in January 2012. The investment in the company has been equity accounted in these group financial statements.

16,934,712 preference shares of P1 each were issued in January 2012. Preferential dividend shall be calculated at a fixed coupon rate of 11.5% per annum. P1 947 491.88 was capitalised as interest accrued during the financial year ended 31 March 2013.

f) Rimrock Holdings Pty Ltd

The group holds 40% of the equity in Rimrock Holdings Pty Ltd through ordinary shares acquired in April 2011. The investment in the company has been equity accounted in these group financial statements.

The group holds 18,952 650 preference shares in the company, 13,049,020 preference shares of P1 each were paid in August 2012. Preferential dividend shall be calculated at a fixed coupon rate of 15% per annum. P1 270 938.8 was capitalised as interest accrued during the financial year ended 31 March 2013.

g) Ta Shebube Pty Ltd

The group holds 40% of the equity in Ta Shebube Pty Ltd through ordinary shares acquired in June 2011. The investment in the company has been equity accounted in these group financial statements.

22,471,909 preference shares of P1 each were paid in April 2012. Preferential dividend shall be calculated at a fixed coupon rate of 14% per annum. P2 982 299.38 was capitalised as dividend accrued during the financial year ended 31 March 2013.

h) Hoisting Solutions Pty Ltd

The group holds 49% of the equity in Hoisting Solutions Pty Ltd through ordinary shares acquired in December 2011. The investment in the company has been equity accounted in these group financial statements.

6,306,482 preference shares of P1 each were paid in April 2012. Preferential dividend shall be calculated at the prevailing prime rate per annum. P649 999.60 was capitalised as dividend accrued during the financial year ended 31 March 2013. The Group further holds 10,000,000 debenture notes in the company which were paid for in April 2012. Debenture coupon shall be calculated at a fixed coupon rate of 13% per annum. P1 218 082.19 was earned as coupon interest while P1,033,333.00 was received from the company as coupon repayment during the financial year ended 31 March 2013.

15 **Assets held for sale/distribution**

The assets related to companies classified as assets held for sale/distribution have been presented below and there were no any liabilities related to these companies at year end.

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Assets held for sale	-	50,670,261	-	-
Assets held for distribution	-	2,226,966	-	-
	-	52,897,227	-	-

At 31 March 2013	Cost of investment	Share of post acquisition results	Dividends received	Impairment	Proceeds received	Disposal gain/loss	Carrying value
Assets held for sale	P	P	P	P	P	P	P
AON Botswana (Pty) Ltd	26,553,750	23,101,143	(12,686,750)	-	(55,087,500)	(18,119,357)	-
MRI Botswana (Pty) Ltd	8,918,800	1,966,576	(4,231,638)	-	(14,800,000)	(8,146,262)	-
Hyperbola (Pty) Ltd	2,603,161	(478,001)	-	(170,477)	(1,954,683)	-	-
	38,075,711	24,589,718	(16,918,388)	(170,477)	(71,842,183)	(26,265,619)	-
Assets held for distribution							
Easy Concrete Products (Pty) Ltd	21,498,142	(7,067,242)	-	(14,430,900)	-	-	-
Tannery Industries Botswana (Pty) ltd	4,453,931	-	-	(4,453,931)	-	-	-
Latex Medical Products (Pty) Ltd	3,820,533	-	-	(3,820,533)	-	-	-
	29,772,606	(7,067,242)	-	(22,705,364)	-	-	-

Impairment provision of assets held for sale/distribution:

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Balance at beginning of the year	16,828,342	14,601,377	-	-
Charge for the year (note 8)	6,047,499	2,226,965	-	-
Balance at end of the year	22,875,841	16,828,342	-	-

a) **Aon Botswana (Pty) Ltd**
The interest in Aon Botswana (Pty) Ltd was acquired in April 2007. The group holds a 25% equity interest in this company, thus making it an associate company. At the year end, this investment was classified as assets held for sale and measured at the lower of its carrying amount and fair value less costs to sell. The sale process was concluded during the year.

b) **MRI Botswana (Pty) Ltd**
The interest in MRI Botswana (Pty) Ltd was acquired in March 2008. The group holds a 40% equity interest in this company, thus making it an associate company. At the year end, this investment was classified as assets held for sale and measured at the lower of its carrying amount and fair value less costs to sell. The sale process was concluded during the year.

c) **Hyperbola (Pty) Ltd**
The interest in Hyperbola (Pty) Ltd was acquired in March 2009. The group holds a 26% equity interest in this company, thus making it an associate company. At the year end, this investment was classified as assets held for sale and measured at the lower of its carrying amount and fair value less costs to sell. The sale process was concluded during the year.

d) **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 Barclays Bank of Botswana from time to time applied on an annual 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.

e) **Tannery Industries (Botswana (Pty) Ltd**
The interest in Tannery Industries (Botswana) (Pty) Ltd was acquired in June 2005. The company went into creditors liquidation in December 2010 and has been accounted for as a disposal in previous 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 after recognition of an impairment charge.

f) **Latex Medical Products (Pty) Ltd**
The interest in Latex Medical Products (Pty) Ltd was acquired in May 2007. The company went into creditors liquidation in 2012/13 year and has been accounted for as a disposal in current financial statements. 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.

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
16 Intangible assets				
Balance at beginning of year	-	5,468,000.00	-	-
Amounts recognised from business combinations	-	-		
Impairment charge for the year (note 8)	-	(4,150,000)	-	-
Amortisation of intangible assets	-	(1,318,000)	-	-
Balance at end of year	-	-	-	-

	2013 Trade marks	2013 Contractual customer relationships	2012 Trade marks	2012 Contractual customer relationships
Cost	10,180,000	9,500,000	10,180,000	9,500,000
Accumulated impairment and amortisation	(10,180,000)	(9,500,000)	(10,180,000)	(9,500,000)
Carrying value at end of year	-	-	-	-

Customer contracts and relationships (Delta Dairies (Pty) Ltd)
Customer contract relates a to contract entered into by Delta Dairies with the Botswana Government to supply milk to schools as part of Governments national feeding scheme. This contract expired in September 2009 and in accordance with IAS 38 - 'intangible assets', this is considered a reacquired right recognised an intangible asset in business combination and thus customer contract is fully amortised. The customer relationship relates to the contract entered into with the principal distributor/customer and the value of this sale is dependent upon the sales to Government since in terms of the agreement, the distributor/customer had agreed to buy the remainder of the produce. This agreement is reviewed annually. As this is closely linked to the contract entered into with the Government of Botswana, the intangible asset recognised for customer relationship is also amortised over the same period as the customer contract.

Trade marks (Delta Dairies (Pty) Ltd)
At the date of business combination the trade marks were evaluated and their useful lives were estimated as five years. At the reporting date, management assessed the carrying value of the trade mark and considered it fully impaired as management did not expect to recognise any future economic benefits from these trade marks.

Trade marks (PG Industries (Botswana) (Pty) Ltd)
At the date of business combination, the remaining useful life of the trade marks was estimated as ten years and amortised accordingly. At the reporting date, management assessed the carrying value of the trade mark and considered it fully impaired as management did not expect to recognise any future economic benefits from these trade marks.

		Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
17	**Inventories**				
	Merchandise	23,384,516	33,654,494	-	-
	Raw materials	206,182	3,347,735	-	-
	Finished products	504,210	2,120,460	-	-
	Provision for impairment of inventories	(2,020,826)	(2,285,908)	-	-
		22,074,082	36,836,781	-	-
18	**Other assets**				
	Staff loans	77,036,395	86,282,923	77,036,395	86,282,923
	Loans to related parties (note 29)	1,051,632	1,051,632	-	-
	Receivables from related parties (note 29)	10,816,523	233,330	10,816,523	233,330
	Trade receivables	14,083,709			
	Proceeds receivable from disposal of Transport Holdings	-	45,000,000	-	-
	Other receivables	57,406,784	35,978,361	17,268,504	9,688,620
	Provision for impairment of receivables	(42,664,916)	(2,766,735)	(3,926,458)	(2,400,000)
		117,730,127	165,779,511	101,194,964	93,804,873

Staff loans are repayable over periods of 5 and 10 years. Loans are substantially granted to purchase fixed property and motor vehicles and such loans are secured by Mortgage Bonds and the relevant assets financed by these loans. Terms and conditions for staff loans are same as the terms and conditions on loans for ordinary customers at the interest rate of 5% to 7.5% per annum.

Impairment provision of other assets:

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Balance at beginning of the year	2,766,735	2,400,000	2,400,000	2,400,000
Write-off during the year	(366,735)	-	-	-
Charge for the year (note 8)	40,264,916	366,735	1,526,458	-
Balance at end of the year	42,664,916	2,766,735	3,926,458	**2,400,000**

19 Deferred tax (assets)/liabilities

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Deferred tax assets				
Balance at beginning of year	(2,203,365)	(7,537,193)	-	-
Movements during the year attributable to:				
Decrease in tax losses available for set off against future taxable income.	2,203,365	5,333,828	-	-
Balance at the end of the year	-	(2,203,365)	-	-
Deferred tax assets consist of;				
Accelerated capital allowances for tax purposes	-	(157,956)	-	-
Tax losses available for set-off against future taxable income	-	(2,045,409)	-	-
	-	(2,203,365)	-	-
Deferred tax liabilities				
Balance at beginning of year	6,435,403	3,973,756	-	-
Movements during the year attributable to:				
Adjustment on recognition of fair value loss on PPE	(4,607,680)	-	-	-
Decrease in tax losses available for set off against future taxable income.	-	1,778,879	-	-
Originating and reversing temporary difference on fixed assets	(916,591)	682,768	-	-
Balance at the end of the year	911,132	6,435,403	-	-
Deferred tax liabilities consist of;				
Accelerated capital allowances for tax purposes	911,132	6,435,403	-	-
	911,132	6,435,403	-	-

20 **Property, plant and equipment**

Group	Land & Buildings	Plant & Machinery	Motor vehicles	Office furniture and fittings	Computer equipment and software	Aircrafts	Total
			P	P	P	P	P
At 31 March 2013							
At cost / revaluation	5,999,203	59,242,341	22,186,900	12,103,544	24,831,623	7,439,044	131,802,655
Impairment of Delta Plant	-	(20,944,000)	-	-	-	-	(20,944,000)
Impairment of Aircraft (Phika)	-	-	-	-	-	(5,639,528)	(5,639,528)
Accumulated depreciation	(496,216)	(14,729,419)	(15,145,589)	(6,698,832)	(16,858,769)	(1,799,516)	(55,728,341)
Net book value at 31 March 2013	5,502,987	23,568,922	7,041,311	5,404,712	7,972,854	-	49,490,786
Opening net book value	29,807,459	46,470,329	7,449,942	5,267,004	8,584,185	5,616,972	103,195,891
Additions	795,790	306,741	1,821,663	1,120,004	3,202,983	-	7,247,181
Transfer	-	(33,225)	33,225	-	-	-	
Revaluation surplus	-	-	2,293,350	-	-	-	2,293,350
Disposals	(25,000,000)	(68,351)	(2,628,977)	(533,756)	(383,897)	-	(28,614,981)
Depreciation on disposal	-	-	1,321,848	430,942	279,857	-	2,032,647
Impairment of Plant - charged to IS	-	(20,944,000)	-	-	-	-	(20,944,000)
Impairment of Aircraft - charged to IS	-	-	-	-	-	(1,323,218)	(1,323,218)
Impairment of Aircraft - charged to OCI	-	-	-	-	-	(3,943,704)	(3,943,704)
Depreciation charge (note 5)	(100,262)	(2,162,572)	(3,249,740)	(879,482)	(3,710,274)	(350,050)	(10,452,380)
Net book value at 31 March 2013	5,502,987	23,568,922	7,041,311	5,404,712	7,972,854	-	49,490,786
At 31 March 2012							
At cost / revaluation	30,203,413	59,037,176	20,667,639	11,517,296	22,012,537	7,439,044	150,877,105
Impairment of Aircraft	-	-	-	-	-	(372,606)	(372,606)
Accumulated depreciation	(395,954)	(12,566,847)	(13,217,697)	(6,250,292)	(13,428,352)	(1,449,466)	(47,308,608)
Net book value at 31 March 2012	29,807,459	46,470,329	7,449,942	5,267,004	8,584,185	5,616,972	103,195,891
Opening net book value	21,148,852	48,589,484	8,238,624	4,788,745	8,654,191	5,967,022	97,386,918
Additions	73,647	118,326	1,602,531	1,355,517	3,175,083	-	6,325,104
Revaluation surplus	8,609,993	-	-	-	-	-	8,609,993
Reclassification - cost	-	-	-	107,265	(107,265)	-	-
Reclassification - accumulated depreciati	-	-	-	(11,310)	11,310	-	-
Disposals	-	-	(1,420,153)	(13,715)	(26,539)	-	(1,460,407)
Depreciation charge (note 5)	(25,033)	(2,237,481)	(2,339,517)	(968,977)	(3,131,880)	(350,050)	(9,052,938)
Depreciation on disposal	-	-	1,368,457	9,479	9,285	-	1,387,221
Net book value at 31 March 2012	29,807,459	46,470,329	7,449,942	5,267,004	8,584,185	5,616,972	103,195,891

Company	Motor vehicles	Office furniture and fittings	Computer equipment and software	Aircrafts	Total
At 31 March 2013					
At cost / revaluation	14,069,861	8,091,396	19,957,846	-	42,119,103
Accumulated depreciation	(9,651,171)	(3,664,649)	(12,399,049)	-	(25,714,869)
Net book value at 31 March 2013	4,418,690	4,426,747	7,558,797	-	16,404,234
Opening net book value	4,260,145	4,170,870	7,967,903	-	16,398,918
Additions	1,821,663	1,023,020	3,118,621	-	5,963,304
Revaluation	2,293,350				2,293,350
Disposals	(2,425,747)	(473,809)	(383,897)	-	(3,283,453)
Depreciation on disposal	1,321,848	430,942	279,857	-	2,032,647
Depreciation charge (note 5)	(2,852,569)	(724,276)	(3,423,687)	-	(7,000,532)
Net book value at 31 March 2013	4,418,690	4,426,747	7,558,797	-	16,404,234
At 31 March 2012					
At cost / revaluation	12,380,595	7,542,185	17,223,122	-	37,145,902
Accumulated depreciation	(8,120,450)	(3,371,315)	(9,255,219)	-	(20,746,984)
Net book value at 31 March 2012	4,260,145	4,170,870	7,967,903	-	16,398,918
Opening net book value	4,407,374	3,570,223	7,864,267	-	15,841,864
Additions	1,602,531	1,130,682	3,143,423	-	5,876,636
Disposals	(1,248,937)	(13,715)	(26,539)	-	(1,289,191)
Depreciation on disposal	1238747	9,479	9,285	-	1,257,511
Reclassification - cost	-	107,265	(107,265)	-	-
Reclassification - accumulated depreciation	-	(11,310)	11,310	-	-
Depreciation charge (note 5)	(1,739,570)	(621,754)	(2,926,578)	-	(5,287,902)
Net book value at 31 March 2012	4,260,145	4,170,870	7,967,903	-	16,398,918

	Group		Company	
	2013	2012	2013	2012
21 Revaluation	P	P	P	P
Movements during the year				
Surplus arising from the revaluation of assets	29,065,400	20,455,407	5,121,568	5,121,568
Gain/(impairment) on property revaluation	2,293,348	8,609,993	2,293,348	-
Transfer from revaluation reserve on disposal of property	(16,693,781)	-	-	-
Impairment on revaluation of property	(3,943,704)	-	-	-
Balance at the end of the year	10,721,263	29,065,400	7,414,916	5,121,568
Attributable to minority	(1,599,688)	(12,001,381)	-	-
Attributable to group	9,121,575	17,064,019	7,414,916	5,121,568

The group revalued vehicles effective on 1 April, 2012 by independent professional valuer. The carrying value of the vehicles would have been P 3,272,016 had the vehicles been carried at cost less depreciation.

The group had revalued the aircraft by independent valuers namely, Porflight Engineering Services to determine the fair value of the aircrafts. The valuation which confirms to International Valuation Standards for the industry was carried out on 10 March 2008. The revaluation surplus net of applicable deferred income taxes was credited to 'revaluation reserve'. In FY 2012-13, full impairment on Aircraft was taken since the physical existence of the aircraft could not be confirmed through physically verified by the independent auditors. Additionally, revenue earned on the Aircraft has substantially reduced from prior year, confirming the impairment status.

The group revalued its land and building as at 31 March 2012 by an independent valuer based on the open market value. The valuation which confirms to International Valuation Standards for the industry. The revaluation surplus net of applicable deferred income taxes was credited to 'revaluation reserve'. Bulk of the revalued land and buildings were disposed off during the year. The carrying value of the land and buildings would have been P Nil (2012 : P 7,777,521 had them been carried at cost less depreciation.

	Group		Company	
22 Borrowings	2013	2012	2013	2012
	P	P	P	P
Finance leases	1,545,157	7,321,887	1,545,157	-
Term loans	4,006,955	21,939,139	-	-
	5,552,112	29,261,026	1,545,157	-
23 Trade and other payables				
Trade payables	36,080,183	3,538,114	986,869	3,538,114
Deferred Income	1,017,299	953,978	1,017,299	953,978
Provision for guaranteed loans (note 23.1)	25,892,801	22,327,706	25,892,801	22,327,706
Amounts due to related parties (note 29)	-	-	-	-
Other payables	22,754,148	26,174,896	22,036,989	26,174,896
	85,744,431	52,994,694	49,933,958	52,994,694
23.1 Outstanding claims payable				
Opening balance	6,035,595	5,102,647	6,035,595	5,102,647
Payments	-	(417,988)		(417,988)
Provision for the year	501,564	1,350,936	501,564	1,350,936
Closing balance	6,537,159	6,035,595	6,537,159	6,035,595
Provision of guaranteed loans in arrears:				
Opening balance	16,292,111	13,045,542	16,292,111	13,045,542
Additional provision in the year	3,063,531	3,246,569	3,063,531	3,246,569
Closing balance	19,355,642	16,292,111	19,355,642	16,292,111
Total provision for guaranteed loans	25,892,801	22,327,706	25,892,801	22,327,706

The outstanding claims payable represents the amount payable on guaranteed loans which have been identified as of the year end where as the provision for guaranteed loans in arrears represents the provision for unknown guaranteed loans as guaranteed under CEDA Credit Guarantee Scheme which are likely to be payable, determined based on the aged loans as reported by the participating banks.

24 Other financial liabilities				
Liability on staff guaranteed loans (note 24 (a))	76,936,304	-	76,936,304	-
Short term credit facilties	5,002,841	-	-	-
Other financial liabilities	5,000,000	-	-	-
	86,939,145	-	76,936,304	-

24 (a) The company sold its staff loan scheme to Barclays Bank of Botswana Limited with effect from 1st January 2013. However due to the fact that the company retained the credit risk of these loans. The asset was derecognised and company continues to recognise the staff loans under loans and advances (refer Note 11) The amount of proceeds received from the bank is recognised as a financial liability in accordance with IAS39 Financial Instruments: Recognition and measurement.

25 Funding of the company

The company is constituted in terms of the Companies Act (Chapter 42:01) as a company limited by guarantee. The Founding Member and Guarantor in terms of the company's Memorandum and Articles of Association is the Government of the Republic of Botswana.

26 Lease commitments

The company has entered into operating leases for the rental of premises.
The amounts due in terms of these agreements were:

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Due within one year	6,107,436	5,833,862	6,107,436	5,833,862
Due thereafter	12,087,416	20,484,500	12,087,416	20,484,500
	18,194,852	26,318,361	18,194,852	26,318,361

Lease commitments are standing in respect of twelve lease agreements for properties scattered over the country used in respect of carrying out the operation of branches of CEDA. These commitments will be financed out of internally generated funds.

27 Capital commitments

The following expenditure was authorised and/or committed at 31 March:

	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Motor vehicles	3,009,596	37,250	3,009,596	37,250
Computer hardware	1,052,000	1,401,000	1,052,000	1,401,000
Computer software	200,000	850,000	200,000	850,000
Office furniture and fittings	4,944,113	2,559,700	4,944,113	2,559,700
Executive House	-	5,000,000	-	5,000,000
	9,205,709	9,847,950	9,205,709	9,847,950

These commitments will be financed out of internally generated funds.

28 Contingent liabilities

The subsidiary company; Delta Dairies (Pty) Ltd has a contingent liability as at 31 March 2013 in respect of guarantee entered on its behalf in the form of an overdraft to Bank ABC to P10 000 000. PGIB Pty Ltd has a shareholder guarantee to the tune of P3 563 000 as at 31 March 2013 . Further two more subsidiaries which are under liquidation been Latex Pty Ltd and Easy Concreate Pty Ltd have guarantees of P3 500 000 and P2 000 000 respectivily.

CEDA Credit Guarantee Fund guarantees the net losses incurred by participating financial institutions as a result of their lending to small and medium sized industries under the CEDA Credit Guarantee Scheme. The fund has guaranteed 60% or 75% of the net losses incurred by the participating financial institutions. The total contingent liability as at 31 March 2013, as a result of guarantees issued amount to P94,179,676 (2012: P84,690,642).

The Agency (CEDA) has certain pending litigations as at 31 March 2013. The outcome of these cases are currently unknown. Management have estimated a contingent exposure of P 1.957 million.

29 Related party transactions

Related party balances consists of amounts due from entities under common ownership or control other than the state, directors, shareholders and Venture Partner Botswana (VPB), an entity which has been contracted to manage CEDA's wholly owned subsidiary, CEDA Venture Capital Fund.

	2013 P	2012 P
Transactions during the year		
Subsidiary:		
PG Industries (Botswana) (Pty) Ltd		
Directors' fees	37,646	37,800
Directors' remuneration for executive services	1,095,324	959,076
Latex Medical Products (Pty) Ltd		
Directors' fees	-	5,600
Directors' remuneration for executive services	-	480,000
Delta Dairies (Pty) Ltd		
Directors' remuneration for executive services	257,500	-
Associates:		
ZS Botswana (Pty) Ltd		
Directors' remuneration for executive services	-	418,188
Interest on preference shares	-	515,964
Aon Botswana (Pty) Ltd		
Directors' fees	-	15,000
Directors' remuneration for executive services	-	3,610,875
Biz Capital (Pty) Ltd		
Directors' fees	-	15,000
Directors' remuneration for executive services	-	450,000
Interest on preference shares	-	834,057
MRI Botswana (Pty) Ltd		
Directors' fees	-	77,106
Easy Concrete (Pty) Ltd		
Directors' remuneration for executive services	-	-
Interest on preference shares	-	1,825,318
Mobility (Pty) Ltd		
Interest on preference shares	-	1,526,458
Pula Steel Casting and Manufacturing		
Interest on preference shares	1,909,753	-
Pule Modisana Holdings (Pty) Ltd		
Interest on preference shares	2,342,326	-
Hoisting Solutions (Pty) Ltd		
Interest on preference shares	784,749	-
Rim Rock (Pty) Ltd		
Interest on preference shares	1,270,939	-
Ta Shebube (Pty) Ltd		
Interest on preference shares	2,982,299	-
Fund management company :		
Management fees payable to VPB (Pty) Limited	26,352,986	5,600,000

29 Related Party Transactions - group (Continued)

	2013 P	2012 P
Year end balances		
Receivables from related parties:		
Easy Concrete (Pty) Ltd	-	233,330
Mobility (Pty) Ltd	1,526,458	-
Pula Steel Casting and Manufacturing	1,909,753	-
Pule Modisana Holdings (Pty) Ltd	2,342,326	-
Hoisting Solutions (Pty) Ltd	784,749	-
Rim Rock (Pty) Ltd	1,270,939	-
Ta Shebube (Pty) Ltd	2,982,299	-
	10,816,523	233,330
Payables to related parties:		
Biz Capital (Pty) Ltd	-	397,000
VPB (Pty) Limited	-	13,460,298
		13,857,298
Loans to related parties under loans and advances:		
Biz Capital (Pty) Ltd	-	116,795
Loans to related parties under other assets:		
BMB Employee Share Participation Scheme	-	969,287
PGIB Employee Share Trust	-	82,345
	-	1,051,632

Related Party Transactions - Company

Compensation of key management personnel

The following is the compensation of key management personnel and these are set by the remuneration committee in relation to performance and the market trends. The balances consists of short term payments which includes gratuity accumulated/paid during the year.

	2013 P	2012 P
Salaries	5,927,523	5,400,653
Housing allowance	1,398,415	1,314,696
Car allowance	1,038,000	972,818
Gratuity, medical aids and other	3,278,020	2,662,182
	11,641,959	10,350,349
Loans to Senior Managers	9,657,769	15,095,046
Loans to directors	-	1,694,000

Loans to directors/senior managers are repayable over maximum periods of between 5 and 10 years. Loans are substantially granted to purchase fixed property and motor vehicles and such loans are secured by Mortgage Bonds and the relevant assets financed by these loans. Terms and conditions for loans are same as the terms and conditions on loans for ordinary customers. Loans to directors/senior managers were not impaired as at the year end.

	2013 P	2012 P
Directors' emoluments - non executive directors	217,983	353,333

30 Events after the reporting date

There were no material events that occurred after the reporting date that require disclosure or adjustment to the financial statements except for the disclosure made in note 14 a) to d).

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31 Cash generated from operations	Notes	Group 2013 P	Group 2012 P	Company 2013 P	Company 2012 P
Operating (loss)/ profit		(70,226,079)	65,052,002	(51,373,678)	21,659,003
Adjustments for:					
Interests from associates	1	(10,199,490)	(5,186,383)	(10,199,490)	(2,011,045)
Amortisation of intangible assets	16	-	1,318,000	-	-
(Profit)/loss on disposal of investment in associates	7	(26,265,619)	(31,245,616)	-	-
Profit on disposal of plant and equipment	3	(341,912)	(343,376)	(341,912)	(343,376)
Depreciation	20	10,452,380	9,052,938	7,000,532	5,287,902
Charge for impairments	8	262,590,832	162,264,240	224,363,343	204,421,663
Net cash generated from operating activities before changes in operating assets and liabilities		166,010,112	200,911,805	169,448,795	229,014,147
Changes in operating assets and liabilities:					
- Inventories		14,762,699	2,462,887	-	-
- Loans and advances	31.1	(211,219,258)	(206,309,577)	(209,710,011)	(207,818,824)
- Trade and other payables	31.2	62,020,113	22,696,116	73,875,568	5,784,969
- Other assets	31.3	5,436,252	(16,534,003)	(8,916,549)	(13,668,289)
Cash generated from operations		37,009,918	3,227,228	24,697,803	13,312,003

Notes to statement of cash flows

31.1 Change in loans and advances	Group 2013	Group 2012	Company 2013	Company 2012
Balance at the beginning of the year	725,616,355	684,196,976	727,125,602	684,196,976
Balance at the end of the year	(808,508,526)	(725,616,355)	(808,508,526)	(727,125,602)
Impairment charge for the year	(128,327,087)	(164,890,198)	(128,327,087)	(164,890,198)
	(211,219,258)	(206,309,577)	(209,710,011)	(207,818,824)

31.2 Change in trade and other payables	Group 2013	Group 2012	Company 2013	Company 2012
Balance at the beginning of the year	(110,663,463)	(87,967,347)	(52,994,694)	(47,209,725)
Balance at the end of the year	172,683,576	110,663,463	126,870,262	52,994,694
	62,020,113	22,696,116	73,875,568	5,784,969

31.3 Change in other assets	Group 2013	Group 2012	Company 2013	Company 2012
Balance at the beginning of the year	165,779,511	104,612,243	93,804,873	80,136,584
Balance at the end of the year	(117,730,127)	(165,779,511)	(101,194,964)	(93,804,873)
Proceeds receivable from disposal of Transport Holdings	-	45,000,000	-	-
Impairment charge for the year	(42,613,132)	(366,735)	(1,526,458)	-
	5,436,252	(16,534,003)	(8,916,549)	(13,668,289)

32 Prior year restatement

The company did not charge interest on loans in the moratorium period as per its revised credit policy and per the guidelines by Ministry of Finance with effect from 1 April 2009. As such no interest income was recorded in the ledger in respect of those loans in the moratorium period. However, as per the requirements of IAS 39, Financial Instruments: Recognition and Measurement, loans and advances are to be measured at amortised cost using the effective interest method. As this is construed to be material error, in terms of IAS 8- ' Accounting Policies, Changes in Accounting Estimates and Errors', the correction is effected as a prior year restatement.

In year 2008, CEDA Venture Capital Fund ("CVCF") paid to CEDA a part of the investment in capital funds. However, this transaction was erroneously treated as it was accounted for as dividends received. As this is construed to be material error, in terms of IAS 8- ' Accounting Policies, Changes in Accounting Estimates and Errors', the correction is effected as a prior year restatement.

The above errors have an impact on Loans and advances and retained earnings reported in statement of financial positions as at 31 March 2012 and 1 April 2011 respectively for both group and company while investments in subsidiaries of the company was also misstated. Therefore, a third set of statement of financial position has been presented.

Statement of comprehensive income for the year ended 31 March 2012

	Notes	Group 2013 P	Company 2012 P
Interest Income - interest on advances			
- As previously stated	1.1	255,418,705	57,071,888
-Adjustment on interest for loans under moratorium		9,741,266	9,741,266
Restated		265,159,971	66,813,154
Profit for the year (attributable to parent)			
-As previously stated		38,166,331	11,917,737
-Adjustment on interest for loans under moratorium		9,741,266	9,741,266
Restated		47,907,597	21,659,003

Statement of financial position as at 31 March 2011 and 31 March 2012

	Notes	Group P	Company P
Loans and advances	12		
As previously stated as at 31 March 2011		678,527,043	678,527,043
-Adjustment on interest for loans under moratorium		5,669,933	5,669,933
Restated as at 31 March 2011		684,196,976	684,196,976
As previously stated at 31 March 2012		710,205,156	711,714,403
Cumulative adjustment on interest for loans under moratorium		15,411,199	15,411,199
Restated as at 31 March 2012		725,616,355	727,125,602
Investment in subsidiaries	13		
As previously stated as at 31 March 2011		-	140,374,071
Adjustments on account of erroneous accounting - repayment of capital		-	(16,000,000)
Restated as at 31 March 2011		-	124,374,071
As previously stated at 31 March 2012		-	116,063,044
Cumulative adjustment on account of erroneous accounting - repayment of capital		-	(16,000,000)
Restated as at 31 March 2012		-	100,063,044
Accumulated losses			
As previously stated as at 31 March 2011		(321,716,358)	(275,909,987)
Adjustments on account of erroneous accounting			
- Interest adjustment for loans under moratorium		5,669,933	5,669,933
- Repayment of capital		-	(13,600,000)
- Impairment of WHT receivable on dividend		-	(2,400,000)
Restated as at 31 March 2011		(316,046,425)	(286,240,054)
As previously stated at 31 March 2012		(283,680,486)	(263,992,250)
Cumulative adjustment on account of erroneous accounting			
- Interest revenue for moratorium loans		15,411,199	15,411,199
- Repayment of capital		-	(13,600,000)
- Impairment of WHT receivable on dividend		-	(2,400,000)
Restated as at 31 March 2012		(268,269,287)	(264,581,051)