

**Citizen Entrepreneurial Development Agency (CEDA)**  
(Registration number CO/2001/2412)  
Group Annual Financial Statements for the  
year ended 31 March 2017

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

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The reports and statements set out below comprise the group annual financial statements presented to the members:

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# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## General Information

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Country of incorporation and domicile

Botswana

Nature of business and principal activities

The Citizen Entrepreneurial Development Agency ("CEDA") was established by the Government of the Republic of Botswana to provide financial and technical support for business development with the view of promoting viable and sustainable citizen owned business enterprises. CEDA was incorporated as a company limited by guarantee on 12 April 2001 and commenced operations in June 2001.

In order to fulfill its objectives CEDA provides the following services:

- Financial assistance to enterprises in the form of loans which are offered at subsidized interest rates and guarantees issued on behalf of entrepreneurs;
- Training and mentoring providing management and marketing skills to the managers of its customers in order to enhance their opportunities for success;
- Provision of loan finance to young farmers;
- Provide access to finance for Small Micro and medium Enterprises (SMME) and to assist businesses operating in the SMME sector of the economy to 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 54350 Four Thirty Square  
Phillip Matante Road  
CBD  
Gaborone

Business address

Plot 54350 Four Thirty Square  
Phillip Matante Road  
CBD  
Gaborone

Postal address

Private Bag 00504  
Gaborone

# Citizen Entrepreneurial Development Agency (CEDA)

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<b>Bankers</b>	Standard Chartered Bank Botswana Limited Barclays Bank of Botswana Limited First National Bank of Botswana Limited Banc ABC Stanbic Bank Botswana Limited Bank Gaborone Limited
<b>Auditors</b>	PricewaterhouseCoopers Certified Auditors
<b>Secretary</b>	Cynthia Sebonego
<b>Company registration number</b>	CO/2001/2412

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 March 2018 and in the light of this review and the current financial position they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The group annual financial statements set out on pages 10 to 60 which have been prepared on the going concern basis were approved by the board of directors on 15 JAN 2018 and were signed on its behalf by:



Director



Director

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Directors' Report

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The directors have pleasure in submitting their report on the group annual financial statements of Citizen Entrepreneurial Development Agency (CEDA) and the group for the year ended 31 March 2017.

### 1. Nature of business

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

### 2. Review of financial results and activities

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

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

### 3. Capital Reserve

There were no changes in the stated capital of the company during the year under review.

### 4. Dividends

No dividends were declared or paid to the members the year (2016 P Nil).

### 5. Directors

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

Directors	Nationality	
Dr A Tsheboeng - Chairperson	Motswana	
G K Mosimaneotsile	Motswana	
Dr TS Mampane	Motswana	
D Mading	Motswana	
B Bogopa	Motswana	
W Mosweu	Motswana	
AT Khunwane	Motswana	
G Mmolawa	Motswana	
M Mulalu	Motswana	Resigned 30 November 2018
BM Ditlhabi	Motswana	Resigned 30 November 2016
SM Makosha	Motswana	Resigned 31 January 2019
SM Kaisara	Motswana	Resigned 30 November 2016
C Mokgware	Motswana	Resigned 1 July 2015
S Ramatshaba	Motswana	Resigned 30 August 2015
LB Sebetela	Motswana	Resigned 31 January 2016
ST Morolong	Motswana	Resigned 30 November 2015
Dr LP Gakale	Motswana	Resigned 30 November 2013

### 6. Fixed assets

There has been no major changes in the nature of the fixed assets of the company and the group during the year under review and the policy relating to their use.

### 7. Events after the reporting period

Refer to note 31 on the material subsequent events that occurred from reporting date to the date of signature of the annual financial statements.

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Directors' Report

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### 8. Going concern

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

### 9. Auditors

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

### 10. Secretary

The company secretary is Cynthia Sebonego.

### Postal address

Private Bag 00504  
Gaborone

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

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### ***Our opinion***

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Citizen Entrepreneurial Development Agency (the "Company") and its subsidiaries (together the "Group") as at 31 March 2017, and its consolidated and separate financial performance and its consolidated and separate financial cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### ***What we have audited***

Citizen Entrepreneurial Development Agency's consolidated and separate financial statements set out on pages 10 to 60 comprise of:

- the statements of consolidated and separate statements of financial position as at 31 March 2017;
- the statements of consolidated and separate statements of comprehensive income for the year then ended;
- the statements of consolidated and separate statements of changes in capital and funding for the year then ended;
- the statements of consolidated and separate statements of cash flows for the year then ended;
- the accounting policies;
- the critical accounting estimates and judgements; and
- the notes to the consolidated and separate financial statements.

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### ***Basis for opinion***

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

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

### ***Independence***

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

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### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the document titled “*Citizen Entrepreneurial Development Agency Group Annual Financial Statements for the year ended 31 March 2017*”. Other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

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

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### ***Responsibilities of the directors for the consolidated and separate financial statements***

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

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

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### ***Auditor’s responsibilities for the audit of the consolidated and separate financial statements***

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

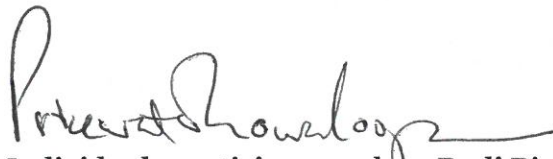
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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



**Individual practicing member: Rudi Binedell**  
**Registration number: 20040091**

24 FEB 2020

Gaborone

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Statement of Comprehensive Income for the year ended 31 March 2017

Figures in Pula	Notes	Group		Company	
		2017	2016	2017	2016
Revenue	1	106 698 285	88 534 357	103 578 672	87 109 505
Cost of sales	2	(526 545)	(328 446)	-	-
<b>Gross profit</b>		<b>106 171 740</b>	<b>88 205 911</b>	<b>103 578 672</b>	<b>87 109 505</b>
Government Grants	3	271 552 700	326 156 584	271 552 700	326 156 584
Other Operating Income	4	4 147 236	13 628 564	3 348 598	5 272 284
Operating expenses	5	(71 295 120)	(64 366 277)	(66 483 202)	(60 173 310)
Staff expenses	6	(120 696 890)	(115 223 531)	(119 766 474)	(114 023 600)
Provision for guarantee claims		1 389 712	(2 814 110)	1 389 712	(2 814 110)
Profit arising on disposal of investments	7	-	377 356	-	-
Release / (charge) for impairment	8	3 787 884	17 614 396	(170 199)	18 499 946
<b>Operating profit/(loss)</b>		<b>195 057 262</b>	<b>263 578 893</b>	<b>193 449 807</b>	<b>260 027 299</b>
Income from equity accounted investments		6 010 486	(74 104)	-	-
Finance costs	9	(1 645 122)	(177 555)	(1 598 566)	(158 705)
<b>Profit/(loss) for the year</b>		<b>199 422 626</b>	<b>263 327 234</b>	<b>191 851 241</b>	<b>259 868 594</b>
Other comprehensive income					
Revaluation of property, plant and equipment		-	(6 423 564)	-	(6 423 564)
<b>Total comprehensive income/(loss) for the year</b>		<b>199 422 626</b>	<b>256 903 670</b>	<b>191 851 241</b>	<b>253 445 030</b>
<b>Profit attributable to :</b>					
Owners of the parent		199 785 097	263 548 087	191 851 241	259 868 594
Non-controlling interest		(362 471)	(220 853)	-	-
		<b>199 422 626</b>	<b>263 327 234</b>	<b>191 851 241</b>	<b>259 868 594</b>
<b>Total comprehensive income</b>					
Owners of the parent		199 785 087	257 124 523	191 851 241	253 445 030
Non-controlling interest		(362 471)	(220 853)	-	-
		<b>199 422 626</b>	<b>256 903 670</b>	<b>191 851 241</b>	<b>253 445 030</b>

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Position as at 31 March 2017

Figures in Pula	Notes	Group		Company	
		2017	2016	2017	2016
<b>Assets</b>					
Cash and cash equivalents	10	391 640 487	378 542 660	332 382 115	319 307 064
Loans and advances	11	1 329 336 043	1 188 120 350	1 329 336 043	1 188 120 350
Other financial assets	12	26 025 178	27 190 123	26 025 178	27 190 123
Other assets	13	182 088 564	142 754 307	189 333 260	149 361 176
Investments in subsidiaries	14	-	-	58 750 641	58 750 641
Investments in associates	15	35 473 357	39 650 223	25 538 879	39 616 016
Inventories	17	100 103	100 000	-	-
Property plant and equipment	19	35 190 070	27 670 631	28 069 053	17 770 579
<b>Total assets</b>		<b>1 999 853 801</b>	<b>1 804 028 294</b>	<b>1 989 435 169</b>	<b>1 800 115 949</b>
<b>Capital funding and liabilities</b>					
<b>Capital and funding</b>					
Capital reserve		1 268 994 184	1 268 674 184	1 268 994 184	1 268 674 184
Retained income	18	605 937 551	406 152 454	599 559 983	407 708 743
Capital and funding attributable to owners of the parent		1 874 931 735	1 674 826 638	1 868 554 167	1 676 382 927
Non-controlling interest		618 617	981 088	-	-
<b>Total capital and funding</b>		<b>1 875 550 351</b>	<b>1 675 807 726</b>	<b>1 868 554 167</b>	<b>1 676 382 927</b>
<b>Liabilities</b>					
Finance leases	22	4 995 510	5 288 035	4 995 510	5 288 035
Trade and other payables	23	92 906 729	95 101 556	89 815 232	91 038 329
Loan from shareholders	20	71 000	71 000	-	-
Other financial liabilities	21	26 330 211	27 759 976	26 070 260	27 406 658
<b>Total liabilities</b>		<b>124 303 450</b>	<b>128 220 567</b>	<b>120 881 002</b>	<b>123 733 022</b>
<b>Total capital funding and liabilities</b>		<b>1 999 853 801</b>	<b>1 804 028 294</b>	<b>1 989 435 169</b>	<b>1 800 115 949</b>

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Statement of Changes in capital and funding for the year ended 31 March 2017

Group	Figures in Pula	Stated capital	Revaluation reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
<b>Balance at 1 April 2015</b>		1 252 024 077	6 423 564	135 908 157	1 394 355 798	(2 194 724)	1 392 161 074
Profit for the year		-	-	264 127 369	263 548 095	(220 853)	263 906 516
Revaluation reserve		-	(6 423 564)	6 423 564	-	-	-
<b>Total comprehensive income for the year</b>		-	(6 423 564)	270 550 933	263 548 095	(220 853)	263 906 516
Reserve transfer on account of depreciation		-	-	-	-	-	-
Donated shares in Norsad from Government		16 650 107	-	-	16 650 107	-	16 650 107
Other assets movement		-	-	(306 636)	(306 636)	-	272 638
Derecognized NCI relating to disposal of Phika Business combinations - Ta Shebube		-	-	-	-	2 194 724	2 194 724
<b>Total contributions by and distributions to owners of company recognized directly in equity</b>		-	-	-	-	1 201 941	1 201 941
<b>Balance as at 31 March 2016</b>		16 650 107	-	270 244 297	280 470 840	3 175 812	283 646 653
Profit for the year		-	-	406 152 454	1 674 826 638	981 088	1 675 807 726
<b>Total comprehensive income for the year</b>		-	-	199 785 097	199 785 097	(362 471)	199 422 626
Increase in funds from Government		320 000	-	199 785 097	199 785 097	(362 471)	199 422 626
<b>Total contributions by and distributions to owners of company recognized directly in equity</b>		-	-	-	320 000	-	320 000
<b>Balance at 31 March 2017</b>		1 268 994 184	-	605 937 551	1 874 931 735	6 186 617	1 875 550 351

Note(s)

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## Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

### Statement of Changes in capital and funding for the year ended 31 March 2017

Company	Share capital	Revaluation reserve	Retained income	Total attributable to equity holders of the group / company	Minority equity interest	Total
Balance at 1 April 2015	1 252 024 077	6 423 670	141 723 107	1 400 170 854	-	1 400 170 854
Profit for the year	-	-	259 868 602	259 868 602	-	259 868 602
Revaluation reserve	-	(6 423 670)	6 423 670	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>(6 423 670)</b>	<b>264 428 577</b>	<b>259 868 602</b>	-	<b>259 868 602</b>
Other assets movement adjustment	-	-	(306 636)	(306 636)	-	(306 636)
Increase in funds from Government	16 650 107	-	-	16 650 107	-	16 650 107
<b>Total contributions by and distributions to owners of company recognized directly in equity</b>	<b>16 650 107</b>	<b>-</b>	<b>(306 636)</b>	<b>16 343 471</b>	<b>-</b>	<b>16 343 471</b>
Balance as at 31 March 2016	1 268 674 184	-	407 708 743	1 676 382 927	-	1 676 382 927
Profit for the year	-	-	191 851 240	191 851 240	-	191 851 240
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>191 851 240</b>	<b>191 851 240</b>	<b>-</b>	<b>191 851 240</b>
Increase in funds from Government	320 000	-	-	320 000	-	320 000
<b>Total contributions by and distributions to owners of company recognized directly in equity</b>	<b>320 000</b>	<b>-</b>	<b>191 851 240</b>	<b>192 171 240</b>	<b>-</b>	<b>192 171 240</b>
Balance at 31 March 2017	1 268 994 184	-	599 559 983	1 868 554 167	-	1 868 554 167

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## Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

### Statement of Cash Flows for the year ended 31 March 2017

Figures in Pula	Notes	Group		Company	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Cash (used in)/generated from operations	24	9 593 847	30 078 986	9 359 211	30 171 355
<b>Net cash from operating activities</b>		<b>9 593 847</b>	<b>30 078 986</b>	<b>9 359 211</b>	<b>30 171 355</b>
<b>Cash flows from investing activities</b>					
Purchase of property plant and equipment	19	(15 743 351)	(8 774 684)	(15 509 742)	(8 774 684)
Proceeds on disposal of property plant and equipment	3	1 018 073	273 151	1 018 073	395 532
Proceeds on sale of investments		18 933 645	4 231 676	18 933 645	4 312 701
Purchase of other investments		-	(9 349 684)	-	(10 167 873)
Movement in other financial assets		1 233 260	-	1 164 955	-
<b>Net cash from investing activities</b>		<b>5 441 627</b>	<b>(13 619 541)</b>	<b>5 606 931</b>	<b>(14 234 324)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(1 645 122)	(187 167)	(1 598 566)	(158 705)
Receipt of shareholders' loan		-	71 000	-	-
Increase/(decrease) in finance lease obligations		(292 525)	3 477 707	(292 525)	3 477 707
<b>Net cash from financing activities</b>		<b>(1 937 647)</b>	<b>3 361 540</b>	<b>(1 891 091)</b>	<b>3 319 002</b>
<b>Total cash movement for the year</b>		<b>13 097 827</b>	<b>19 820 985</b>	<b>13 075 051</b>	<b>19 256 033</b>
Cash at the beginning of the year		378 542 660	358 721 675	319 307 064	300 051 031
<b>Total cash at end of the year</b>	8	<b>391 640 487</b>	<b>378 542 660</b>	<b>332 382 115</b>	<b>319 307 064</b>

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1. Presentation of Group Annual Financial Statements

The annual 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 Interpretation Committee ("IFRIC") interpretations issued by the International Accounting Standards Board and effective at the time of preparation of these financial statements. The group annual financial statements have been prepared on the historical cost basis as modified by the revaluation of property plant and equipment and incorporate the principal accounting policies set out below. They are presented in Botswana Pula.

#### 1.1 Consolidation

##### Basis of consolidation

The group annual financial statements incorporate the annual financial statements of the company and all investees which are controlled by the group and investees where the group has significant influence.

##### Investment in subsidiaries

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

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of 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. Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

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



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### 1.1 Consolidation (continued)

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

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

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

### Non-controlling interests

The group applies a policy of treating those with non-controlling 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 non-controlling 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. Losses of subsidiaries attributable to non-controlling interests are allocated to non-controlling interest even if this results in a debit balance being recognized for non-controlling interest.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

### 1.2 Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor 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.

An investment in associate is accounted for using the equity method except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate less any impairment losses.

Losses in an associate in excess of the group's interest in that associate are recognized only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

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

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

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

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### Taxation

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

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

### 1.3 Property plant and equipment

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

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably. Property plant and equipment is initially measured at cost.

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

Plant and equipment is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Property plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property plant and equipment have been assessed as follows:

Item	Average useful life
Land	Not depreciated
Buildings	10-40 years
Leasehold property	Lease period
Plant and machinery	6 years
Motor vehicles	4 years
Office furniture & fittings	10 years
Computer equipment	4 years
Computer software	3 years

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

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset

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### 1.3 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property plant and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of an item of property plant and equipment is determined as the difference between the net disposal proceeds if any and the carrying amount of the item.

### 1.4 Financial instruments

#### Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortized cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis except for derivatives and financial assets designated as at fair value through profit or loss which shall not be classified out of the fair value through profit or loss category.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category. A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

#### Initial recognition and measurement

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

The group classifies financial instruments or their component parts on initial recognition as a financial asset a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value except for equity investments for which a fair value is not determinable which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss transaction costs are included in the initial measurement of the instrument.

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

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### 1.4 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Loans and receivables are subsequently measured at amortized cost using the effective interest method less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognized in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognized in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analyzed between translation differences resulting from changes in amortized cost and other changes in the carrying amount. Translation differences on monetary items are recognized in profit or loss while translation differences on non-monetary items are recognized in other comprehensive income and accumulated in equity.

Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

#### Impairment of financial assets

At each reporting date the group assesses all financial assets other than those at fair value through profit or loss to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group significant financial difficulties of the debtor probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets the cumulative loss - measured as the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognized in profit or loss.

Impairment losses are recognized in profit or loss.

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

Reversals of impairment losses are recognized in profit or loss except for equity investments classified as available-for-sale

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### 1.4 Financial instruments (continued)

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

#### Loans to/ (from) related parties

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

Loans to related parties are classified as loans and advances.

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

#### Loans to shareholders directors managers and employees

These financial assets are classified as loans and advances.

#### Trade and other receivables

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

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

Trade and other receivables are classified as other assets.

#### Trade and other payables

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

#### Cash and cash equivalents

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

#### Bank overdraft and borrowings

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

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### 1.4 Financial instruments (continued)

#### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortized cost using the effective interest rate method less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

### 1.5 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is to the extent unpaid recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

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

#### Deferred tax assets and liabilities

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

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

#### Tax expenses

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

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

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

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

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### 1.6 Leases

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

#### Finance leases - lessee

Finance leases are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or if lower 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.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

#### Operating leases - lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 1.7 Inventories

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

Net realizable 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.

When inventories are sold the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized 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 realizable value are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

### 1.8 Assets held for sale (and) (disposal groups)

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

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

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### 1.8 Assets held for sale (and) (disposal groups) (continued)

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

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

### 1.9 Impairment of assets

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

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

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

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

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

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

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

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

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

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

### 1.10 Capital reserve

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

Ordinary shares are classified as equity.

If the group reacquires its own equity instruments the consideration paid including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognized in profit or loss on the purchase sale issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognized directly in equity.



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### 1.11 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and sick leave bonuses and non-monetary benefits such as medical care) are recognized in the period in which the service is rendered and are not discounted.

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

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.12 Provisions and contingencies

Provisions are recognized when:

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

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

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

Provisions are not recognized for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

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

- the amount that would be recognized as a provision; and
- the amount initially recognized less cumulative amortization.

Contingent assets and contingent liabilities are not recognised but are disclosed in note 29.

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### 1.13 Government grants

Government grants are recognized when there is reasonable assurance that:

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

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

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

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

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

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

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

### 1.14 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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### 1.14 Revenue (continued)

#### 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.

#### Dividends

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

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

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

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### 1.15 Cost of sales

When inventories are sold the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized 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 realizable value is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The related cost of providing services recognized as revenue in the current period is included in cost of sales.

### 1.16 Borrowing costs

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

### 1.17 Translation of foreign currencies

#### Foreign currency transactions

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

At the end of the reporting period:

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

### 1.18 Provisions and contingencies

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

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

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date

### 1.19 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.

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.20 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.

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

### 2 New Standards and Interpretations

#### 2.3 Standards and interpretations effective and adopted in the current year

In the current year the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016	Unlikely there will be a material impact
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	Unlikely there will be a material impact
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	01 January 2016	Unlikely there will be a material impact
• Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016	Unlikely there will be a material impact
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016	Unlikely there will be a material impact

#### 2.4 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IAS 17: Leases <sup>o</sup>	01 January 2018 <sup>o</sup>	Unlikely there will be a material impact
• IFRS 17 Financial Instruments - Disclosures	01 January 2018	Unlikely there will be a material impact

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Critical accounting estimates and judgement

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### 3 Significant judgements and sources of estimation uncertainty

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

#### Trade receivables and Loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### Impairment testing

##### 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

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 dependent 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.

## Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

### Critical accounting estimates and judgement

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

31 March 2017	Existing impairment	Impact on changes in Emergence period		Impact on changes in Roll	Impact on changes in Roll	Impact on changes in Recovery experience	
P'000	allowance	(+) 3 months	(-) 3 months	rates (-)5%	rates (+)5%	(+)5%	(-)5%
Portfolio provision	680 676	3 634	(3 634)	(297 297)	297 297	77 234	(77 234)
Specific provision	32 311	-	-	-	-	1 616	(1 616)
<b>Total provision</b>	<b>712 987</b>	<b>3 634</b>	<b>(3 634)</b>	<b>(297 297)</b>	<b>297 297</b>	<b>78 850</b>	<b>(78 850)</b>

31 March 2016	Existing impairme nt	Impact on changes in Emergence period		Impact on changes in Roll	Impact on changes in Roll	Impact on changes in Recovery experience	
P'000	allowance	(+) 3 months	(-) 3 months	rates (-)5%	rates (+)5%	(+)5%	(-)5%
Portfolio provision	690 980	3 991	(3 991)	(49 050)	49 050	74 550	(74 550)
Specific provision	21 937	-	-	-	-	10	(10)
<b>Total provision</b>	<b>712 817</b>	<b>3 991</b>	<b>(3 991)</b>	<b>(49 050)</b>	<b>49 050</b>	<b>74 760</b>	<b>(74 760)</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.

#### Residual values of property, plant and equipment

Residual values are based on expected future circumstances measured at current prices see policy 1.3.

#### Provisions

Provisions are raised when management determine an estimate based on the information available. Provisions for Guarantees as at year end were P35 024 893 (2016: P36 414 605).



Figures in Pula	Group		Company	
	2017	2016	2017	2016
<b>1. Revenue</b>				
Total revenue	106 698 285	88 534 357	103 578 672	87 109 505
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:				
Interest income (1.1)	95 524 318	81 380 379	95 292 128	81 103 058
Bond fee income	1 145 197	1 472 375	1 145 197	1 472 375
Interest from associates	6 594 254	3 351 942	6 594 254	3 351 942
Gross premiums - Credit Guarantee Scheme	547 093	1 182 130	547 093	1 182 130
Lodging	2 833 512	1 144 864	-	-
Game drive and bar sales	53 913	2 666	-	-
	<b>106 698 285</b>	<b>88 534 357</b>	<b>103 578 672</b>	<b>87 109 505</b>
<b>1.1 Interest income</b>				
Interest on advances	76 234 805	59 112 790	76 234 804	59 112 790
Staff loan interest	6 739 199	5 323 113	6 739 199	5 323 113
Interest from short term investments	12 550 314	16 944 476	12 318 125	16 667 155
	<b>95 524 318</b>	<b>81 380 379</b>	<b>95 292 128</b>	<b>81 103 058</b>
<b>2. Cost of sales</b>				
Food, cutlery, linen and crockery	526 546	328 446	-	-
<b>3. Government Grants</b>				
Funds received from Government - CEDA	271 552 700	326 156 584	271 552 700	326 156 584
	<b>271 552 700</b>	<b>326 156 584</b>	<b>271 552 700</b>	<b>326 156 584</b>
<b>4. Other income</b>				
Profit on disposal of plant and equipment	1 002 703	468 081	1 002 703	389 803
Profit/ (loss) on exchange differences	1 164 945	170 268	1 164 945	170 268
Bargain purchase on the acquisition of Ta Shebube	-	8 043 758	-	-
Other income	1 979 588	4 946 457	1 180 950	4 712 213
	<b>4 147 236</b>	<b>13 628 564</b>	<b>3 348 598</b>	<b>5 272 284</b>

Figures in Pula	Group		Company	
	2017	2016	2017	2016
<b>5. Operating expenses</b>				
Auditors' remuneration	1 675 353	1 293 681	1 557 753	1 293 681
Depreciation	8 208 388	9 258 368	5 195 895	7 695 840
Directors' emoluments	136 800	146 090	136 800	146 090
Mentoring expenses	6 169 088	6 197 066	6 169 088	6 197 066
Consultancy fees	1 303 204	997 613	1 005 823	997 613
Operating leases	8 693 048	8 210 447	8 398 005	8 210 447
Security expenses	1 184 276	1 113 467	1 184 276	1 113 467
Computer and IT support costs	7 948 155	8 641 544	7 932 998	8 641 544
Postage and telephone	2 454 518	2 079 380	2 427 995	2 079 380
Legal costs	5 263 757	3 120 302	5 263 757	3 120 302
Public Relations expenses	7 186 031	8 004 371	7 115 471	8 004 371
Training expenses	152 437	83 028	119 127	83 028
ACGS Insurance	2 943 758	1 432 981	2 943 758	1 432 981
Insurance	1 747 448	1 481 344	1 576 276	1 481 344
Strategy	1 512 643	2 801 022	1 512 643	2 801 022
Due diligence consultancies	334 737	-	334 737	-
Printing and stationery	1 323 350	1 053 874	1 323 350	1 053 874
Other administration expenses	5 141 963	8 541 699	12 285 450	5 821 260
	<b>71 295 120</b>	<b>64 366 277</b>	<b>66 483 202</b>	<b>60 173 310</b>
<b>6. Staff expenses</b>				
Salaries and wages	82 175 033	76 365 179	81 248 093	75 165 248
Leave pay	3 252 169	4 484 941	3 252 169	4 484 941
Gratuity	6 787 854	6 668 546	6 787 854	6 668 546
Pension scheme contributions	8 048 022	7 190 387	8 048 022	7 190 387
Medical aid contributions	4 716 634	4 260 037	4 716 634	4 260 037
Staff training costs	5 524 061	6 302 057	5 524 061	6 302 057
Staff travelling and other expenses	10 193 117	9 952 384	10 189 641	9 952 384
	<b>120 696 890</b>	<b>115 223 531</b>	<b>119 766 474</b>	<b>114 023 600</b>
<b>7. Profit from sale of investments</b>				
<b>7.1 Assets held for sale/distribution sale:</b>				
<b>Phika Entrepreneurs (Pty) Ltd</b>				
Cost	-	6 269 072	-	-
Accumulated impairment-	-	(6 269 072)	-	-
Proceeds	-	232 033	-	-
<b>Profit</b>	-	<b>232 033</b>	-	-
<b>7.2 Investment in associate held for distribution: BIZ Capital (Pty) Ltd</b>				
Cost	-	9 041 282	-	-
Accumulated impairment	-	(6 125 474)	-	-
Accumulated share of profit/(loss)	-	(2 915 808)	-	-
Proceeds	-	145 322	-	-
<b>Profit</b>	-	<b>145 322</b>	-	-
<b>7.3 Investment in associate held for sale:</b>				
<b>Mobility (Pty) Ltd</b>				
Cost	-	28 500 049	-	-
Accumulated impairment	-	(28 500 049)	-	-
Proceeds	-	1	-	-
<b>Profit</b>	-	<b>1</b>	-	-
<b>Total profit on sale of investments</b>	-	<b>377 356</b>	-	-

Figures in Pula	Group		Company	
	2017	2016	2017	2016
<b>8. Impairment charge</b>				
Impairment of loans and advances	170 199	(19 110 993)	170 199	(19 110 993)
Impairment of investments in subsidiaries (Note 8.1)	(3 958 083)	-	-	(1 028 120)
Impairment charge/(release) on associates (Note 8.2)		1 814 713	-	1 957 283
Impairment charge on receivables		(318 116)	-	(318 116)
NCI derecognized	-	-	-	-
Impairment charge on assets held for sale/distribution	-	-	-	-
	<b>(3 787 884)</b>	<b>(17 614 396)</b>	<b>170 199</b>	<b>(18 499 946)</b>
<b>8.1. Impairment of investment in subsidiary</b>				
CEDA Venture Capital Fund	-	-	-	(1 028 120)
<b>8.2. Impairment charge/(release) on associates</b>				
Pula Steel Casting and Manufacturing(Pty) Ltd	-	1 664 780	-	2 336 032
Hoisting Solutions (Pty) Ltd	(3 958 083)	2 710 389	-	-
United Refineries (Pty) Ltd	-	(1 085 736)	-	-
Stoffberg Investments (Pty) Ltd	-	(1 474 720)	-	(378 749)
Ta Shebube (Pty) Ltd	-	-	-	-
	<b>(3 958 083)</b>	<b>1 814 713</b>	<b>-</b>	<b>1 957 283</b>
<b>9. Finance costs</b>				
Finance leases / overdraft	1 645 122	177 555	1 598 566	158 705
<b>10. Cash and cash equivalents</b>				
<b>Cash and cash equivalents consist of:</b>				
Cash on hand	33 100	37 426	15 000	13 000
Bank balances	35 143 573	90 884 241	34 809 801	42 941 953
Short term deposits	356 463 814	287 620 993	297 557 314	276 352 111
	<b>391 640 487</b>	<b>378 542 660</b>	<b>332 382 115</b>	<b>319 307 06</b>

Short term deposits represent amounts placed with commercial banks bearing interest at rates of 4.27% per annum (2016:4.4%). All deposits are callable within three months. Cash and cash equivalents include the above for the purposes of the statement of cash flows.

Figures in Pula	Group		Company	
	2017	2016	2017	2016
<b>11. Loans and advances</b>				
Loans and advances	1 329 336 043	1 188 120 350	1 329 336 043	1 188 120
The loans have been advanced for a period up to 84 months. Interest on advances is charged at 5% per annum on loans up to P0.5 million ,7.5% on loans above P0.5 million and P4 million prime linked on loans up to P30 million.				
<b>11.1 Reconciliation of provision for impairment of loans and advances</b>				
Opening balance	(712 816 552)	(727 626 640)	(712 816 552)	(727 626 640)
Release of provision	(170 199)	19 106 379	(170 199)	19 106 379
Amounts written off as Uncollectable	-	(4 296 292)	-	(4 296 292)
	<b>(712 986 751)</b>	<b>(712 816 552)</b>	<b>(712 986 751)</b>	<b>(712 816 552)</b>
<b>11.2 Loans and advances</b>				
Loans and advances	2 042 322 794	1 900 936 902	2 042 322 794	900 936 902
Impairment provision	(712 986 751)	(712 816 552)	(712 986 751)	(712 816 552)
	<b>1 329 336 043</b>	<b>1 188 120 350</b>	<b>1 329 336 043</b>	<b>1 188 120 350</b>
<b>12. Other financial assets</b>				
<b>At fair value through profit or loss - designated</b>				
Equity Investment in Norsad	16 579 353	16 579 343	16 579 353	16 579 343
Preference share investment in Norsad	9 445 825	10 610 780	9 445 825	10 610 780
	<b>26 025 178</b>	<b>27 190 123</b>	<b>26 025 178</b>	<b>27 190 123</b>
<b>13. Other assets</b>				
Receivables	26 357 655	8 468	26 357 654	-
Staff loans	143 384 020	125 508 143	143 384 020	125 508 143
Prepayments	2 715 226	4 039 617	2 715 226	4 039 617
Deposits	737 639	766 939	730 639	759 939
Other receivables	8 894 024	12 431 140	16 145 721	19 053 477
	<b>182 088 564</b>	<b>142 754 307</b>	<b>189 333 260</b>	<b>149 361 176</b>

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**Figures in Pula**

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**Fair value of trade and other receivables**

The directors consider the carrying amount of trade and other receivables to approximate their fair values.

**14. Interests in subsidiaries**

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

**Group**

Name of company	Held by	% voting power	% voting power
		2017	2016
CEDA Venture Capital Fund	CEDA	100%	100%
Ta Shebube (Pty) Ltd	CEDA Venture Capital Fund	87%	87%

**Company**

Name of company	Held by	% voting power	% voting power	Carrying amount	Carrying amount
		2017	2016	2017	2016
CEDA Venture Capital	CEDA	100%	100%	184 000 000	184 000 000
Ta Shebube (Pty) Ltd	CEDA	87%	87%	23 849 421	23 849 421
				<b>207 849 421</b>	<b>207 849</b>
Impairment of investment in subsidiary				(149 098 780)	(149 098 780)
<b>Net investment in subsidiaries</b>				<b>58 750 641</b>	<b>58 750 641</b>

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Figures in Pula

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Group

15. Investments in associates

	Carrying amount 2017	Carrying amount 2016
<b>Investments in Associates</b>		
Equity investments (15.2)	13 234 389	18 434 389
Preference shares (15.3)	20 563 283	24 606 433
Debentures (15.4)	11 337 337	34 337 337
	<b>45 135 009</b>	<b>77 378 159</b>
Accumulated share of profit/ (loses) in associates	5 757 532	(5 724 605)
Accumulated Impairment of investments in associates	(15 419 184)	(32 003 331)
	<b>35 473 357</b>	<b>39 650 223</b>

Company

	Carrying amount 2017	Carrying amount 2016
<b>Investments in Associates</b>		
Equity investments (15.2)	13 234 389	18 434 389
Preference shares (15.3)	20 563 283	24 606 433
Debentures (15.4)	11 337 337	34 337 337
	<b>45 135 009</b>	<b>77 378 159</b>
Impairment of investments in associates	(19 596 130)	(37 762 143)
	<b>25 538 879</b>	<b>39 616 016</b>

15.1 Associates

	Nature of business	Method	% Ownership interest	
Pula Steel Casting and Manufacturing	Steel casting and manufacturing	Equity	- %	26 %
Pule Modisana Holdings (Pty) Ltd	Funeral and financial services	Equity	40 %	40 %
Hoisting Solutions (Pty) Ltd	Contracting	Equity	49 %	49 %
Rim Rock (Pty) Ltd	Contracting	Equity	-%	40 %
United Refineries (Pty) Ltd	Manufacturing	Equity	40 %	40 %
Stoffberg Investments (Pty) Ltd	Tourism	Equity	30 %	30 %

All associates of the group operate and are registered in Botswana.

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Figures in Pula	Group		Company	
	2017	2016	2017	2016

#### Associates (continued)

##### a) Pule Modisana Holdings (Pty) Ltd

The group holds 40% of the equity in Pule Modisana Holdings through ordinary shares acquired in January 2012. The investment in the company has been equity accounted in these group financial statements. 16 934 712 preference shares of P1 each were issued in January 2012. Preferential dividend shall be calculated at a fixed coupon rate of 11.5% per annum. P 'Nil was capitalized as interest accrued during the financial year ended 31 March 2017 since the investment is impaired.

##### b) 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.

Hoisting Solutions (Pty) Ltd paid in full all preference shares as well as accrued interest in investment held by CEDA. All debenture notes that were held by CEDA in Hoisting Solutions (Pty) Ltd were settled in November 2016, the group is now holds ordinary shares only.

##### c) United Refineries (Pty) Ltd

The group holds 40% of the equity in United Refineries (Pty) Ltd through ordinary shares acquired in June 2013. In addition, 11 343 337 debenture coupons of P1.00 each were issued in June 2013. Preference dividend is calculated at a fixed rate of 15%. P1 989 894 was capitalised as dividend accrued during the year ended 31 March 2017.

##### d) Stoffberg (Pty) Ltd

The group holds 49% of the equity in Stoffberg Investments (Pty) Ltd through ordinary shares that were acquired in July 2013. The group also hold 3 628 571 preference shares of P1.00 each that were issued in July 2013.

Preference dividend is calculated at a 15% fixed rate. No dividends were charged and capitalised during the year ended 31 March 2017 because the investment was impaired in the previous years.

#### 15.2 Equity investment in associates at cost

Pula Steel Casting and Manufacturing (Pty) Ltd	-	5 200 000	-	5 200 000
Pule Modisana Holdings (Pty) Ltd	40	40	40	40
Hoisting Solutions (Pty) Ltd	3 329 587	3 329 587	3 329 587	3 329 587
United Refineries (Pty) Ltd	7 333 333	7 333 333	7 333 333	7 333 333
Stoffberg Investments (Pty) Ltd	2 571 429	2 571 429	2 571 429	2 571 429
	<b>13 234 389</b>	<b>18 434 389</b>	<b>13 234 389</b>	<b>18 434 389</b>

#### 15.3 Preference Investments in associates

Pule Modisana (Pty) Ltd	16 934 712	16 934 712	16 934 712	16 934 712
Hoisting Solutions (Pty) Ltd	-	4 043 190	-	4 043 190
Stoffberg Investments (Pty) Ltd	3 628 571	3 628 531	3 628 571	3 628 571
	<b>20 563 282</b>	<b>24 606 433</b>	<b>20 563 283</b>	<b>24 606 433</b>

#### 15.4 Debenture investments in associates

Pula Steel Casting and Manufacturing (Pty) Ltd	-	13 000 000	-	13 000 000
Hoisting Solutions (Pty) Ltd	-	10 000 000	-	10 000 000
United Refineries (Pty) Ltd	11 337 337	11 337 337	11 337 337	11 337 337
	<b>11 337 337</b>	<b>34 337 337</b>	<b>11 337 337</b>	<b>34 337 337</b>
Total investment in associate at cost	<b>45 135 009</b>	<b>77 378 159</b>	<b>45 135 009</b>	<b>77 378 159</b>

# Citizen Entrepreneurial Development Agency (CEDA)

(Registration number CO/2001/2412)

Group Annual Financial Statements for the year ended 31 March 2017

## Notes to the Group Annual Financial Statements

Figures in Pula

Investments in associates (continued)

2017

### 15.5 Breakdown of carrying amounts of investments in Associates - Group

	Total investments at cost	Disinvestment/Transfers	Share of post-acquisition profit/ (loss)	Accumulated impairments	Carrying amounts (2017)	Carrying amounts (2016)
Pule Modisana Holdings (Pty) Ltd	16 934 752	-	(489 516)	(16 445 236)	-	-
Hoisting Solutions (Pty) Ltd	17 372 737	(14 043 150)	12 891 231	(910 445)	15 310 373	17 372 737
Stoffberg Investments (Pty) Ltd	6 200 000	-	(5 558 447)	850 761	1 492 314	3 538 511
United Refineries (Pty) Ltd	18 670 670	-	(1 085 736)	1 085 736	18 670 670	18 670 670
	<b>59 178 159</b>	<b>(14 043 150)</b>	<b>5 757 532</b>	<b>(15 419 184)</b>	<b>35 473 357</b>	<b>39 581 918</b>



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### Investments in associates (continued)

2016

#### 15.6 Breakdown of carrying amounts of investments in associates

	Total investments at cost	Disinvestment	Share of post-acquisition profit/(loss)	Accumulated impairments	Carrying amount (2016)	Carrying amount (2015)
Pula Steel Casting and Manufacturing (Pty) Ltd	18 200 000	-	(5 471 651)	(12 728 349)	-	1 817 117
Pule Modisana Holdings (Pty) Ltd	16 934 752	-	(489 516)	(16 445 236)	-	-
Hoisting Solutions (Pty) Ltd	18 693 808	(1 321 071)	4 834 581	(4 766 276)	17 441 042	18 693 808
Stoffberg Investments (Pty) Ltd	6 200 000	-	(3 512 283)	850 794	3 538 511	3 193 968
United Refineries (Pty) Ltd	18 670 670	-	(1 085 736)	1 085 736	18 670 670	18 670 670
	<b>78 699 230</b>	<b>(1 321 071)</b>	<b>(5 724 605)</b>	<b>(32 003 331)</b>	<b>39 650 223</b>	<b>42 375 563</b>

#### 15.7 Conversion of Associate to a subsidiary (2016)

	Total investments at cost	Disinvestment	Share of post acquisition profit/(loss)	Accumulated impairments	Carrying amount (2016)	Carrying amount (2015)
Ta Shebube (Pty) Ltd	23 849 421	-	(2 232 859)	(21 616 562)	-	77 430

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	2017	2016	2017	2016
<b>15.8 Summarised financial information of associates</b>				
Revenue - post acquisition results	60 911 249	35 088 118	60 911 249	35 088 118
(Loss) /profit after tax - post acquisition results	6 215 735	(9 344 394)	6 215 735	(9 344 394)
Statement of financial position				
Non-current assets	186 827 335	303 259 645	186 827 335	303 259 645
Current assets	53 923 424	45 478 715	53 923 424	45 478 715
<b>Total assets</b>	<b>240 750 759</b>	<b>348 738 360</b>	<b>240 750 759</b>	<b>348 738 360</b>
Equity	1 448 310	5 236 020	1 448 310	5 236 020
Total liabilities	239 302 449	343 502 340	239 302 449	343 502 340
<b>Total equity and liabilities</b>	<b>240 750 759</b>	<b>348 738 360</b>	<b>240 750 759</b>	<b>348 738 360</b>
<b>16. Assets held for sale/distribution</b>				
<b>16.1 Assets held for sale: Phika Entrepreneurs (Pty) Ltd</b>				
Cost	-	6 269 072	-	-
Accumulated impairment	-	(6 269 072)	-	-
Proceeds	-	232 034	-	-
<b>Profit</b>	<b>-</b>	<b>232 034</b>	<b>-</b>	<b>-</b>
<b>16.2 Investment in associate held for sale: Mobility (Pty) Ltd</b>				
Cost	-	28 500	-	28 500 049
Accumulated impairment	-	(28 500 049)	-	(28 500 049)
Proceeds	-	1	-	1
<b>Profit</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>16.3 Investment in associate held for distribution: Easy Concrete Products (Pty) Ltd</b>				
Cost	21 498 142	21 498 142	-	-
Accumulated impairment	(14 430 900)	(14 430 900)	-	-
Accumulated share of profit/(loss)	(7 067 242)	(7 067 242)	-	-
	-	-	-	-
<b>16.4 Investment in associate held for Distribution: Rim Rock (Pty) Ltd</b>				
Cost	18 079 670	18 079 670	18 079 670	18 079 670
Share of post-acquisition loss	(4 241 818)	(4 241 818)	-	-
Accumulated impairment	(13 837 852)	(13 837 852)	(8 079 670)	(18 079 670)
Accumulated share of profit/(loss)	-	-	-	-
	-	-	-	-

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<b>16.5 Investment in associate held for distribution: BIZ Capital (Pty) Ltd</b>				
Cost	-	9 041 282	-	-
Accumulated impairment	-	(6 125 474)	-	-
Accumulated share of profit/(loss)	-	(2 915 808)	-	-
Proceeds	-	145 322	-	-
<b>Profit</b>	<b>-</b>	<b>145 322</b>	<b>-</b>	<b>-</b>
<b>16.6 Investment in associate held for distribution: Tannery Industries (Botswana) (Pty) Ltd</b>				
Cost	4 453 931	4 453 931	-	-
Accumulated impairment	(4 453 931)	(4 453 931)	-	-
	-	-	-	-
<b>16.7 Investment in associate held for distribution: Pula Steel Casting and Manufacturing (Pty) Ltd</b>				
Cost	18 200 000	-	18 200 000	-
Accumulated impairment	(18 200 000)	-	(18 200 000)	-
	-	-	-	-
<b>16.8 Investment in associate held for distribution: PG Industries (Botswana) (Pty) Ltd</b>				
Cost	29 258 771	29 258 771	-	-
Accumulated impairment	(29 258 771)	(29 258 771)	-	-
	-	-	-	-

### PG Industries (Botswana) (Pty) Ltd

On 31 December 2007 PG Industries Botswana (Pty) Ltd ("PGIB") and Builders Merchants (Botswana) (Pty) Ltd ("BMB") were amalgamated to create a single business called PG Industries Botswana (Pty) Ltd. The amalgamation was by way of issuing shares to the existing shareholders of BMB. In previous periods the Fund's 400 000 preference shares valued at P4 million were converted into 2 797 203 fully paid up ordinary shares at an issue value of P1.43 per share. This was as a result of the company PG Industries Botswana (Pty) Ltd undertaking a non-underwritten rights issue of shares. Subsequent to this the group now holds 13 156 236 shares representing 51% shareholding. The group now exercises control which makes it a subsidiary and hence the results of this company were consolidated in the Group accounts.

PG Industries (Botswana) (Pty) Ltd was placed under liquidation on 8 May 2014 and hence is now classified as held for sale/distribution. Management do not expect any liquidation proceeds and hence the company was accounted for at the lower of its carrying amount and fair value less costs to sell.

### 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.

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	2017	2016	2017	2016

### Easy Concrete Products (Pty) Ltd (continued)

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.

### 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.

### Rim Rock (Pty) Ltd

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

13 049 020 preference shares of P1 each were issued in March 2012. Preferential dividend shall be calculated at 15% fixed deposit rate. P 'Nil' amount was capitalized as dividends accrued during the financial year ended 31

March 2016 because the investment was considered substantially impaired. The investment has been held for distribution since 2016.

### Pula Steel Casting and Manufacturing (Pty) Ltd

The interest in Pula Steel Casting and Manufacturing (Pty) Limited was acquired in March 2012. The Agency holds 26% of the equity in the company. The investment in the Agency has been cost accounted in these company financial statements. 9% of ordinary shares was sold to BCL (Pty) Ltd in prior year.

The Agency holds 13 000 000 debentures shares issued in March 2012. Preferential dividend shall be calculated at a fixed coupon rate of 14% per annum. Nil amount was capitalized as dividend accrued during the financial year ended 31 March 2017 because the investment was impaired the previous year. Pula Steel Casting and Manufacturing (Pty) Ltd was placed under liquidation during the year.

### Biz Capital (Pty) Ltd

Biz Capital (Pty) Ltd went into liquidation on 20 September 2012 and liquidation proceeds of P145,310 were received in October 2015. The receipt has been treated as disposal proceeds during that year.

### 17. Inventories

Cutlery and Crockery	100 103	100 000	-	-
	100 103	100 000	-	-

### 18. Revaluation Reserve

Reconciliation				
Opening balance	-	6 423 546	-	6 423 546
Gain/(loss) on fixed assets revaluation	-	6 423 546	-	6 423 546
Transfer to retained earnings on depreciation	-	-	-	-
	-	-	-	-

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### 19. Property plant and equipment

Group	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulate depreciation	Carrying value
Land	12 920 000	(5 054 465)	7 865 535	9 250 000	(4 437 799)	4 812 201
Buildings	12 482 584	(5 463 818)	7 018 766	6 854 706	(3 800 798)	3 053 908
Furniture and fixtures	14 919 197	(7 343 881)	7 575 316	11 867 210	(6 130 899)	5 736 311
Motor vehicles	21 703 233	(15 523 122)	6 180 111	24 513 673	(17 814 568)	6 699 105
Computer equipment and software	26 545 747	(19 995 405)	6 550 342	25 944 321	(18 575 215)	7 369 106
Computer software	25 771	(25 771)	-	-	-	-
<b>Total</b>	<b>89 400 835</b>	<b>(53 406 462)</b>	<b>35 990 070</b>	<b>78 429 910</b>	<b>(50 759 281)</b>	<b>27 670 631</b>

Company	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulate depreciation	Carrying value
Land	3 670 000	-	3 670 000	-	-	-
Buildings	5 387 639	(113 859)	5 273 780	-	-	-
Furniture and fixtures	12 945 433	(5 896 994)	7 048 439	9 893 935	(5 074 802)	4 819 133
Motor vehicles	19 778 969	(14 230 630)	5 548 339	22 543 481	(16 916 474)	5 627 007
Computer equipment and software	26 382 148	(19 853 653)	6 528 495	25 788 650	(18 464 213)	7 324 437
<b>Total</b>	<b>68 164 190</b>	<b>(40 095 136)</b>	<b>28 069 053</b>	<b>58 226 066</b>	<b>(40 455 489)</b>	<b>17 770 579</b>

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### Reconciliation of property plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	4 812 201	3 670 000	-	(616 666)	7 865 535
Buildings	3 053 908	5 628 228	-	(1 663 368)	7 018 768
Furniture and fixtures	5 736 311	3 198 365	(2 892)	(1 356 468)	7 575 316
Motor vehicles	6 699 105	1 870 505	(6 892)	(2 382 607)	6 180 111
Computer equipment and software	7 369 106	1 376 251	(5 737)	(2 189 279)	6 550 341
	<b>27 670 631</b>	<b>15 743 351</b>	<b>(15 521)</b>	<b>(8 208 388)</b>	<b>35 190 071</b>

### Reconciliation of property plant and equipment - Group - 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Revaluations	Depreciation	Total
Land	-	-	4 886 178	-	-	(73 977)	4 812 201
Buildings	-	-	3 951 780	-	-	(897 874)	3 053 908
Furniture and fixtures	4 462 586	1 131 998	1 240 145	-	-	(1 098 418)	5 736 311
Motor vehicles	5 984 949	5 223 083	1 297 189	-	(579 273)	(5 226 843)	6 699 105
Computer equipment and software	6 249 929	2 994 927	87 287	(1 781)	-	(1 961 256)	7 369 106
	<b>16 697 464</b>	<b>9 350 008</b>	<b>11 462 579</b>	<b>(1 781)</b>	<b>(579 273)</b>	<b>(9 258 368)</b>	<b>27 670 631</b>

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#### Reconciliation of property plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	-	3 670 000	-	-	3 670 000
Buildings	-	5 394 619	-	(120 839)	5 273 780
Furniture and fixtures	4 819 133	3 198 365	(3 192)	(966 318)	7 047 988
Motor vehicles	5 627 007	1 870 505	(6 892)	(1 942 281)	5 548 339
Computer equipment and software	7 324 436	1 376 253	(5 286)	(2 166 457)	6 528 946
	<b>17 770 577</b>	<b>15 509 742</b>	<b>(15 370)</b>	<b>(5 195 895)</b>	<b>28 069 053</b>

#### Reconciliation of property plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Furniture and fixtures	4 462 586	1 131 998	-	-	(775 451)	4 819 133
Motor vehicles	5 984 949	5 223 083	-	(579 273)	(5 001 752)	5 627 007
Computer equipment and software	6 249 929	2 994 927	(1 781)	-	(1 918 638)	7 324 437
	<b>16 697 464</b>	<b>9 350 008</b>	<b>(1 781)</b>	<b>(579 273)</b>	<b>(7 695 841)</b>	<b>17 770 579</b>

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	2017	2016	2017	2016
<b>20. Loans from shareholders</b>				
AKH Ndzingo The loan is interest free is unsecured and has no fixed terms of repayment.	21 000	21 000	-	-
JK Sento The loan is interest free is unsecured and has no fixed terms of repayment.	50 000	50 000	-	-
	<b>71 000</b>	<b>71 000</b>	<b>-</b>	<b>-</b>

#### Fair value of loans to/ (from) shareholders

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

#### 21. Other financial liabilities

##### Held at amortized cost

Barclays Bank of Botswana Limited 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 not derecognized and company continues to recognize the staff loans under other assets (refer Note 13) the amount of proceeds received from the bank is recognized as a financial liability in accordance with IAS39 Financial Instruments: Recognition and measurement:	26 330 211	27 759 976	26 070 260	27 406 658
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	2017	2016	2017	2016

The directors consider the carrying amount of other financial liabilities to approximate their fair value.

### Currencies - At amortized cost

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

### 22. Finance lease obligation

#### Present value of minimum lease payments due

- within one year	3 051 199	1 789 135	3 051 199	1 789 135
- in second to fifth year inclusive	1 944 311	3 498 900	1 944 311	3 498 900
	<b>4 995 510</b>	<b>5 288 035</b>	<b>4 995 510</b>	<b>5 288 035</b>

It is group policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 8.7% (2016: 9%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

### 23. Trade and other payables

Trade payables	899 666	4 361 093	803 122	4 264 555
Deferred income	15 347 910	15 256 885	14 977 865	14 977 865
Insurance claim	481 380	639 106	-	-
Other payroll accruals	30 657 433	25 237 212	29 974 773	24 274 958
Accrued audit fees	2 133 974	1 283 636	1 982 899	1 265 734
Provisions	35 024 893	36 414 605	35 024 893	36 414 605
Other accrued expenses	144 126	191 107	-	-
Other payables	8 217 347	11 717 912	7 051 680	9 840 612
	<b>92 906 729</b>	<b>95 101 556</b>	<b>89 815 232</b>	<b>91 038 329</b>

#### Fair value of trade and other payables

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

The provision for guaranteed loans represents amounts that are likely to be payable by CEDA under the Credit Guarantee Scheme. The provision is based on the loan ageing as reported by the participating banks under the Credit Guarantee Scheme.

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	2017	2016	2017	2016
<b>24. Cash generated from operations</b>				
Profit before taxation	195 057 262	263 578 893	193 449 807	260 027 299
<b>Adjustments for:</b>				
Depreciation and amortization	8 208 539	9 258 368	5 195 895	7 695 840
Profit on sale of assets	(1 002 703)	(468 081)	(1 002 703)	(389 803)
Profit on sale of investments in associates	-	(377 356)	-	-
Interest from associates	(4 536 515)	(3 351 950)	(4 536 515)	(3 351 950)
Staff loan benefit	6 739 199	5 323 113	6 739 199	5 323 113
(Release)/ charge for impairment	(3 787 884)	(17 614 396)	170 199	(18 499 946)
Bargain on purchase of subsidiary	-	(8 043 758)	-	-
<b>Net cash generated from operating activities before changes in operating assets and liabilities</b>	<b>200 677 898</b>	<b>248 304 841</b>	<b>200 015 882</b>	<b>250 804 561</b>
<b>Changes in operating assets and liabilities:</b>				
<b>Inventories</b>				
Loans and advances	(141 385 893)	(189 264 699)	(141 385 893)	(189 264 699)
Inventories	(103)	(100 000)	-	-
Trade and other payables	(10 363 798)	8 077 092	(9 298 694)	4 594 304
Other assets	(39 334 257)	(36 938 248)	(39 972 084)	(35 962 811)
	<b>9 593 847</b>	<b>30 078 978</b>	<b>9 359 211</b>	<b>30 171 347</b>
<b>Changes in operating assets and liabilities</b>				
<b>Changes in loans and advances</b>				
Balance at beginning of year	1 188 120 349	979 744 658	1 188 120 349	979 744 658
Balance at end of the year	(1 329 336 043)	(1 188 120 350)	(1 329 336 043)	(1 188 120 350)
Impairment	(170 199)	19 110 993	(170 199)	19 110 993
	<b>(141 385 893)</b>	<b>(189 264 698)</b>	<b>(141 385 893)</b>	<b>(189 264 698)</b>
<b>Changes in trade and other payables</b>				
Balance at beginning of year	(122 861 539)	(109 461 334)	(118 444 987)	(108 527 570)
Balance at end of the year	119 236 940	122 861 539	115 885 492	118 444 987
Staff loan benefit charge	(6 739 199)	(5 323 113)	(6 739 199)	(5 323 113)
	<b>(10 363 798)</b>	<b>8 077 092</b>	<b>(9 298 694)</b>	<b>4 594 304</b>
<b>Changes in other assets</b>				
Balance at beginning of year	142 754 307	105 816 059	149 361 176	113 398 365
Balance at end of the year	(182 088 564)	(142 754 307)	(189 333 260)	(149 361 176)
	<b>(39 334 257)</b>	<b>(36 938 428)</b>	<b>(39 972 084)</b>	<b>(35 962 811)</b>

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	2017	2016	2017	2016
<b>25. Related parties</b>				
<b>Relationships</b>				
Shareholders			Government of the Republic of Botswana	
Subsidiaries			CEDA Venture Capital Fund Ta Shebube (Pty) Ltd	
<b>Associates</b>				
			Pula Steel Casting & Manufacturing (Pty) Ltd Pule Modisana Holdings (Pty) Ltd Hoisting Solutions (Pty) Ltd Stoffberg Investments (Pty) Ltd United Refineries (Pty) Ltd ZS Botswana (Pty) Ltd Easy Concrete Products (Pty) Ltd Tannery Industries (Botswana) (Pty) Ltd	
<b>Related party balances</b>				
<b>Loan accounts - Owing (to)/by related parties</b>				
Loans to senior management	7 799 522	6 849 945	7 799 522	6 849 945
Loans to directors	-	-	-	-
<b>Amounts included in Trade receivables/(Trade Payables) regarding related parties</b>				
Mobility (Pty) Ltd	-	-	-	-
Pula Steel casting and Manufacturing (Pty) Ltd	-	-	5 256 444	5 256 444
Pule Modisana Holdings (Pty) Ltd	-	-	2 352 997	2 352 997
Hoisting Solutions (Pty) Ltd	-	-	-	616 826
Rim Rock (Pty) Ltd	-	-	3 378 850	3 378 850
Ta Shebube (Pty) Ltd	-	-	-	2 892 299
United Refineries (Pty) Ltd	-	-	6 677 453	4 687 559
Stoffberg Investments (Pty) Ltd	-	-	517 842	517 842
<b>Amounts included in impairments regarding related parties</b>				
Pula Steel casting and Manufacturing (Pty) Ltd	-	-	5 256 444	5 256 444
Pule Modisana Holdings (Pty) Ltd	-	-	2 352 997	2 352 997
Rim Rock (Pty) Ltd	-	-	3 378 850	3 378 850
Ta Shebube (Pty) Ltd	-	-	-	2 892 299
Stoffberg Investments (Pty) Ltd	-	-	517 842	517 842
<b>Related party transactions</b>				
Hoisting Solutions (Pty) Ltd	-	-	132 848	1 916 826
United Refineries (Pty) Ltd	-	-	1 989 894	1 989 894

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### 26. Key Management's emoluments

The following is the compensation of key management personnel and these are set by the remuneration committee in relation to performance and market trends.

#### Executive

2017

	Salaries	Housing allowance	Car allowance	Gratuity, medical aids, and other	Non-executive directors' fees	Total
For services as senior management	6 126 348	1 038 000	810 000	3 609 39	136 800	11 720 887

2016

	Salaries	Housing allowance	Car allowance	Gratuity, medical aids, and other	Non-executive directors' fees	Total
For services as senior management	6 215 264	1 285 973	912 000	2 661 873	146 090	11 221 200

### 27. Risk management

#### Financial risk management

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

The 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 an 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.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

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	2017	2016	2017	2016

### Risk management (continued)

Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

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

	1-3 months	3-12 months	1-5 years	Total
<b>Group</b>				
<b>At 31 March 2017</b>				
Trade and other payables	46 504 076	46 402 653	-	92 906 729
Other financial liabilities	388 606	947 792	24 993 813	26 330 211
	<b>46 892 682</b>	<b>47 350 445</b>	<b>24 993 813</b>	<b>119 236 940</b>
<b>At 31 March 2016</b>				
Trade and other payables	39 963 345	55 138 107	-	95 101 556
Other financial liabilities	529 809	1 589 429	25 640 738	27 759 976
	<b>40 493 259</b>	<b>56 727 536</b>	<b>25 640 738</b>	<b>122 861 532</b>
<b>Company</b>				
<b>At 31 March 2017</b>				
Trade and other payables	43 958 327	45 856 905	-	89 815 232
Other financial liabilities	388 606	947 792	24 733 862	26 070 260
	<b>44 346 933</b>	<b>46 804 697</b>	<b>24 733 862</b>	<b>115 885 492</b>
<b>At 31 March 2016</b>				
Trade and other payables	37 931 836	53 106 493	-	91 038 329
Other financial liabilities	529 809	1 589 429	25 287 420	27 406 658
	<b>38 461 645</b>	<b>54 695 922</b>	<b>25 287 420</b>	<b>118 444 987</b>

### Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2017 and 2016 the group's borrowings at variable rate were denominated in the Pula.

As at 31 March 2017 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 P1 916 450 arising substantially from the short term investments in cash and cash equivalents (2016: P1 794 515). If interest rates had lowered by 1% the decrease in net assets would amount to approximately P1 916 450 (2016: P1 794 515)

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	2017	2016	2017	2016

### Risk management (continued)

#### Capital risk management

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

There are no externally imposed capital requirements.

Total Borrowings	4 995 510	5 288 035	4 995 510	5 288 035
Less: Cash and Cash Equivalents	(391 640 486)	( 378 542 660)	(332 382 114)	(319 307 064)
<b>Net Debt</b>	<b>(386 644 976)</b>	<b>(373 254 625)</b>	<b>(327 386 604)</b>	<b>(314 019 029)</b>

#### 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.

#### 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.

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

Loans and advances				
Performing loans	643 805 988	870 310 974	643 805 988	870 310 974
Loans above 5 months in arrears	329 846 610	551 340 860	329 846 610	551 340 860
Loans which are foreclosed	1 068 670 196	479 285 067	1 068 670 196	479 285 067
	<b>2 042 322 794</b>	<b>1 900 936 901</b>	<b>2 042 322 794</b>	<b>1 900 936 901</b>

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### Credit risk (continued)

<u>Category</u>	<u>Description</u>	<u>Objective criteria</u>
Performing loans	No evident weakness and performing to contractual terms	Performing according to contractual terms
Non-performing loans	Exhibits potential weakness and/or settlement risk	In arrears for more than 150 days
Loans which are foreclosed	Settlement highly improbable	Non performing credit facilities on which any amount due remains unpaid and is litigated, the whole amount is due and payable

### 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.

### 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.

### Impairment and provisioning policies

The internal rating systems 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:

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	2017	2016	2017	2016
<b>Risk management (continued)</b>				
<b>Group and Company</b>				
<b>Analysis - Loans and advances</b>	<b>Loans and advances</b>	<b>Impairment provision</b>	<b>Loans and advances</b>	<b>Impairment provision</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Performing loans	643 805 988	342 200 241	890 118 895	305 130 450
Loans above 5 months in arrears	329 846 610	185 371 837	551 340 860	218 414 272
Loans which are foreclosed	1 068 670 196	185 414 673	459 477 145	189 271 830
	<b>2 042 322 794</b>	<b>712 986 751</b>	<b>1 900 936 901</b>	<b>712 816 552</b>

Credit risk exposure relating to the assets on the statement of financial position are as follows:

### Credit risk exposure

Cash and cash equivalents	391 640 486	378 542 660	332 382 114	319 307 064
Loans and advances	1 329 336 043	1 188 120 350	1 329 336 043	1 188 120 350
Other assets	182 088 564	142 754 307	189 333 260	149 361 176
	<b>1 903 065 093</b>	<b>1 709 417 317</b>	<b>1 851 051 417</b>	<b>1 656 788 590</b>

### Loans and advances

Loans and advances are summarised as follows:

#### Analysis

Neither past due nor impaired	643 805 988	467 381 242	643 805 988	467 381 242
Past due but not impaired	329 846 610	424 306 878	329 846 610	424 306 878
Impaired over 5 months	1 068 670 196	1 009 248 780	1 068 670 196	1 009 248 780
Less: Allowance for impairment	(712 986 751)	(712 816 552)	(712 986 751)	(712 816 552)
	<b>1 329 336 043</b>	<b>1 188 120 350</b>	<b>1 329 336 043</b>	<b>1 188 120 350</b>

The total impairment provision for loans and advances is P712 986 751 (2016: P712 816 552) of which 52% (2016: 57%) 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:

- 47% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2016: 46%).
- Loan portfolio is backed by collateral.
- The group has introduced a more stringent selection process upon granting loans and advances.



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### Risk management (continued)

#### Age analysis of loans and advances

	Neither past due nor impaired	1 - 150 days Past due but not impaired	Over 150 days	Total
<b>Group</b>				
Loans at 31 March 2017	643 805 988	329 846 610	1 068 670 196	2 042 322 794
<b>Company</b>				
Loans at 31 March 2017	643 805 988	329 846 610	1 068 670 196	2 042 322 794
<b>Group</b>				
Loans at 31 March 2016	467 381 243	424 306 878	1 009 248 780	1 900 936 901
<b>Company</b>				
Loans at 31 March 2016	467 381 243	424 306 878	1 009 248 780	1 900 936 901

During 2017, the Agency obtained assets by taking possession of collateral held as security which totalled P4 666 046 (2016: P3 153 200). Repossessed assets consist of land and buildings, plant and machinery and equipment. Repossessed properties are sold as soon as practical with the proceeds used to reduce the outstanding indebtedness.

### Fair value of financial assets and liabilities

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

Assumptions used to determine the fair value

(i) Loans and advances to customers and other assets

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

(ii) Financial liabilities

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

Borrowings are financed at market interest rates; therefore, the carrying values approximates fair values.

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#### Risk management (continued)

##### Group - 2017

	Loans and receivables
Cash and cash equivalents	391 640 486
Other assets	182 088 564
Loans and advances	1 329 336 043
	<hr/> 1 903 065 093

##### Group - 2016

	Loans and receivables
Cash and cash equivalents	378 542 660
Other assets	142 754 307
Loans and advances	1 188 120 350
	<hr/> 1 709 417 317

##### Company - 2017

	Loans and receivables
Cash and cash equivalents	332 382 114
Other assets	189 333 260
Loans and advances	1 329 336 043
	<hr/> 1 851 051 417

##### Company - 2016

	Loans and receivables
Cash and cash equivalents	319 307 064
Other assets	149 361 176
Loans and advances	1 188 120 350
	<hr/> 1 656 788 590

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### Financial liabilities by category

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

#### Group - 2017

	Financial liabilities at amortized cost
Other financial liabilities	26 330 211
Finance lease obligation	4 995 510
Loans from shareholders	71 000
Trade and other payables	92 906 729
	<hr/> 124 303 450

#### Group - 2016

	Financial liabilities at amortized cost
Other financial liabilities	27 759 976
Finance lease obligation	5 288 035
Loans from shareholders	71 000
Trade and other payables	95 101 556
	<hr/> 128 220 567

#### Company - 2017

	Financial liabilities at amortized cost
Other financial liabilities	26 070 260
Finance lease obligation	4 995 510
Trade and other payables	89 815 232
	<hr/> 120 881 002

#### Company - 2016

	Financial liabilities at amortized cost
Other financial liabilities	27 406 658
Borrowings	5 288 035
Trade and other payables	91 038 329
	<hr/> 123 733 022

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		2017	2016	2017	2016
<b>28. Commitments</b>					
<b>Authorized capital expenditure</b>					
<b>Already contracted for but not provided for</b>					
• Building		8 844 618	-	8 844 618	-
• Motor vehicles		2 162 832	-	2 162 832	-
• Computer hardware		1 275 000	1 740 000	1 275 000	1 740 000
• Computer software		562 000	2 081 300	562 000	2 081 300
• Furniture and fittings		4 907 390	6 556 671	4 907 390	6 556 671
		<b>17 751 840</b>	<b>10 377 971</b>	<b>17 751 840</b>	<b>10 377 971</b>

These committed expenditure relates to property plant and equipment and will be financed by funds internally generated.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	8 541 154	8 118 039	8 541 154	8 118 039
- in second year and later	4 052 870	9 343 958	4 052 870	9 343 958
	<b>12 594 024</b>	<b>17 461 997</b>	<b>12 594 024</b>	<b>17 461 997</b>

Lease commitments are standing in respect of lease agreements for properties scattered over the country used in respect of carrying out operations of CEDA Group. The commitments will be financed out of internally generated funds.

#### 29. Contingencies

CEDA Credit Guarantee Fund guarantees the net losses incurred by participating financial institutions as a result of their lending to small and medium sized entities under the CEDA Credit Guarantee Scheme. The fund has guaranteed 75% of the net losses incurred by the participating institutions. The total contingent liability as at 31 March 2017 as a result of guarantees issued amounts to P28 473 717 (2016: P42 193 619).

Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.

#### 30. Going concern

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

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the group.

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### 31. Events after the reporting period

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

#### Associates

Hoisting Solutions (Pty) Ltd was exited in April 2017.

Pule Modisana (Pty) Ltd went in liquidation in 2019.

United Refineries (Pty) Ltd has been placed under judicial management in 2019.

An investment of P26 million in Pula Steel Casting and Manufacturing (Pty) Ltd has been authorized during the year with condition that other shareholders should deposit their funds into a Trust account. As at year end none of the other shareholders had paid their share therefore the CEDA funds are still in the Trust account. The disbursed money has been recorded under other assets in the group accounts.