

ELSAMEX-ITNL JVCA
(REGISTRATION NUMBER EX2014/5572)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile

Botswana

Nature of business and principal activities

Construction and maintenance of roads and civil works

Directors

Ramchand Karunakaran Mukund Gajanan Sapre Ravi Shreehari Maddipatla Fernando Jaime Bardisa Jordá Ignacio Maria Chueca Garcia

Registered office

Plot 50370, Acumen Park

Fairgrounds Gaborone Botswana

Postal address

P O Box 1157 Gaborone Botswana

Bankers

Barclays Bank of Botswana Limited State Bank of India (Botswana) Limited State Bank of India (South Africa) Limited

Auditors

Baker Tilly

Certified Auditors

Plot 50668, Unit 3B, RDC Mpingo Tholo Office Park, Fairgrounds

Gaborone, Botswana

Attorneys

Moses Kadye Attorneys Plot 22904, Phase 4 Gaborone West Gaborone, Botswana

Secretary

Grant Thornton Business Services (Proprietary) Limited

Company registration number

EX2014/5572

Tax reference number

C314914-01-01-9

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act (Chapter 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4 to 7.

The financial statements set out on pages 8 to 34, which have been prepared on the going concern basis, were approved by the board on $\frac{27}{24}$, $\frac{248}{248}$ and were signed on their behalf by:

Approval of financial statements

Mr. Surender Pal Singh



Unit 3B, Tholo Office Park, RDC Mpingo Plot 50668, Fairgrounds Gaborone, Botswana Tel: +267 3916650, 3916659

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Independent Auditor's Report

To the shareholders of ELSAMEX-ITNL JVCA

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of ELSAMEX-ITNL JVCA set out on pages 8 to 34, which comprise the Statement of Financial Position as at 31 December 2017, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of ELSAMEX-ITNL JVCA as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 42:01).

Basis for opinion

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



Key audit matters

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

Key audit matter

How our audit addressed the key audit matter

Construction contracts receivable

The company's disclosure about construction contracts receivable are included on note 5. The company's construction contracts receivable constitute a significant amount of the total current assets. Because the valuation of the company's construction contracts receivable is based on stage of completion and there is significant measurement uncertainty involved in this valuation, as a result, the valuation of the construction contracts receivable was significant to our audit. The company has determined it is necessary to use an entity-developed model to value this construction contracts receivable, due to their unique structure and terms.

We challenged management's rationale for using the model, and discussed this with those charged with governance, and we concluded the use of such a model was appropriate.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 42:01), and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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.

Report on other legal and regulatory requirements

As required by the Companies Act (Chapter 42:01) we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of books; and
- the company's statement of financial position and profit and loss account are in agreement with books of accounts.

Baker Tilly

Certified Auditors

Practising Member: Samuel N Njanji Membership Number: 20140132 30/04/2018

Date

Plot 50668, Unit 3B, RDC Mpingo Tholo Office Park, Fairgrounds Gaborone, Botswana

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Statement of Financial Position as at 31 December 2017

	Note(s)	2017 P	2016 P
Property, plant and equipment	3	116,235,045	118,708,334
Other financial assets	4	27,809,279	30,000,852
		144,044,324	148,709,186
Construction contracts and receivables	5	300,260,132	205,610,801
Trade and other receivables	6	105,175,739	54,445,942
Cash and cash equivalents	7	651,344	1,822,816
		406,087,215	261,879,559
Total Assets		550,131,539	410,588,745
Retained income		114,127,238	40,039,115
Deferred income Deferred tax	8	721,544 26,819,816	1,685,183 7,358,366
		27,541,360	9,043,549
rade and other payables	9	179,980,857	120 210 501
oans from group companies	10	189,099,175	138,219,591 138,240,555
ank overdraft	7	39,382,909	85,045,935
		408,462,941	361,506,081
otal Liabilities		436,004,301	370,549,630
otal Equity and Liabilities		550,131,539	410,588,745

Mr. Surender Pal Singh

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 P	2016 P
Develope			P
Revenue	11	405,493,836	238,947,580
Cost of sales	12	(248,898,200)	(128,074,199)
Gross profit		156,595,636	110,873,381
Other operating income	13	963,640	963,640
Other operating gains (losses)			,,,,,
Foreign exchange gains		39,804,299	17,552,289
Other			
Other operating expenses			
Advertising		(1,600)	(900)
Auditors remuneration	15	(296,760)	(111,500)
Bad debts		A	(503,361)
Cleaning		(170,256)	(108,346)
Accounting fees		*	(190)
Consulting and professional fees		(20,800)	-
Depreciation		(19,194,802)	(14,237,896)
Employee costs		(24,299,826)	(27,427,926)
Insurance		(406,504)	(4,094,613)
IT expenses		(99,062)	(23,626)
Lease rentals on operating lease		(5,076)	(5,000)
Medical expenses		(165,070)	(41,140)
Motor vehicle expenses		(8,500,275)	(9,667,604)
Utilities		(1,217,527)	(1,359,267)
Postage		(9,740)	(8,671)
Printing and stationery		(189,224)	(263,504)
Promotions		(1,000,136)	(953,567)
Repairs and maintenance		(2,897,234)	(726,574)
Staff welfare		(3,008,823)	(3,908,954)
Subscriptions		(3,285,706)	(134,967)
Telephone and fax		(270,926)	(622,190)
raining		(8,032)	(2,150)
ransport and freight		(3,372,709)	(1,077,422)
ravel		(5,516,944)	(2,872,821)
		(73,937,032)	(68,152,189)
Operating profit	15	123,426,543	61,237,121
inance costs	16	(29,876,970)	(25,200,949)
rofit before taxation		93,549,573	36,036,172
axation	17	(19,461,450)	(5,883,492)
rofit for the year			
ther comprehensive income		74,088,123	30,152,680
otal comprehensive income for the year		74.000.155	
the year		74,088,123	30,152,680

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Statement of Changes in Equity

	Retained income	Total equity
	Р	Р
Balance at 1 January 2016	9,886,435	9,886,435
Profit for the 12 Months	30,152,680	30,152,680
Other comprehensive income		<u></u>
Total comprehensive income for the 12 Months	30,152,680	30,152,680
Balance at 1 January 2017	40,039,115	40,039,115
Profit for the year	74,088,123	74,088,123
Other comprehensive income	-	-
Total comprehensive income for the year	74,088,123	74,088,123
Balance at 31 December 2017	114,127,238	114,127,238

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Statement of Cash Flows

	Note(s)	2017 P	2016 P
Cash flows from operating activities			
Cash used in operations Finance costs	18	(1,764,455) (29,876,970)	(15,530,108)
Tax paid	19	(29,876,970)	(25,200,949) (670,806)
Net cashflows from operating activities		(31,641,425)	(41,401,863)
Cash flows from investing activities			
Purchase of property, plant and equipment Movement in loans to/from group companies movement of financial assets	3	(16,721,516) 50,858,620 2,191,573	(67,956,638) 90,050,462 1,650,833
Net cash from investing activities		36,328,677	23,744,657
Total cash movement for the year Cash at the beginning of the year Effect of exchange rate movement on cash balances		4,687,252 (83,223,119) 39,804,302	(17,657,206) (83,118,202) 17,552,289
Total cash at end of the year	7	(38,731,565)	(83,223,119)

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act (Chapter 42:01).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Trade receivables

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

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of construction equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Campsites	Straight line	10 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	4 years
Computer software	Straight line	5 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.3 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Classification

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

- Held-to-maturity investments
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, 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.

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.

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

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.4 Financial instruments (continued)

Derecognition

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

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.4 Financial instruments (continued)

Bank overdraft and borrowings

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Held to maturity

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

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised 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 recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company 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, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.5 Tax (continued)

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

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

1.6 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.

Operating leases - lessee

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

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.7 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by surveys of work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.8 Impairment of assets

The company 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 company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company 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 amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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Accounting Policies

1.8 Impairment of assets (continued)

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

1.9 Share capital and equity

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

1.10 Employee benefits

Short-term employee benefits

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

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

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

1.11 Provisions and contingencies

Provisions are recognised when:

- the company 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 recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.11 Provisions and contingencies (continued)

- 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 recognised in business combinations that are recognised separately are subsequently measured at the higher of:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.12 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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.

1.13 Revenue

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 company;
- 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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by .

Contract revenue comprises:

- · the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.13 Revenue (continued)

- to the extent that it is probable that they will result in revenue; and
- they are capable of being reliably measured.

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.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.14 Cost of sales

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

Contract costs comprise:

- costs that relate directly to the specific contract;
- · costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.15 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Accounting Policies

1.16 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

2017	2016
P	Р

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company 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:

Expected impact:

Years beginning on or

after

Amendments to IAS 7: Disclosure initiative

1 January 2017

The impact of the standard resulted in addditional disclosure.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2018 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate
 when there is a change in the amounts expected to be paid in a residual value guarantee or when there
 is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which
 decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee
 re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect
 the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of
 the lease is recognised in profit or loss. For all other lease modifications which are not required to be
 accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding
 adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities.
 If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as
 either finance leases or operating leases. Lease classification is reassessed only if there has been a
 modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the
 new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the
 right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and
 for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January 2019.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The company expects to adopt the standard for the first time in the 2019 financial statements.

The impact of this standard is currently being assessed.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 1 January 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

The expected impact of the amendment is on the accounting treatment of revenue from the construction contracts.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

• All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as
 opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an
 entity to account for expected credit losses and changes in those expected credit losses at each
 reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer
 necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

The company expects to adopt the standard for the first time in the 2018 financial statements.

The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

IFRS 15 also includes extensive new disclosure requirements.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the standard is for years beginning on or after 1 January 2018.

The company expects to adopt the standard for the first time in the 2018 financial statements.

The expected impact of the standard is on the accounting treatment of revenue from the construction contracts.

3. Property, plant and equipment

	2017				2016	
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Campsites	125,304,138	(29,947,464)	95,356,674	125,304,138	(14,303,615)	111,000,523
Plant and machinery	18,836,828	(2,056,741)	16,780,087	2,725,662	(568,409)	
Furniture and fixtures	741,298	(341,177)	400,121	686,773	(198,491)	to the state of th
Motor vehicles	6,969,294	(3,819,501)	3,149,793	6,468,627	(2,128,571)	
IT equipment	308,938	(187,397)	121,541	253,782	(110,938)	STATE OF THE PROPERTY OF
Computer software	708,921	(285,934)	422,987	708,921	(144,150)	564,771
Equipment	42,754	(38,912)	3,842	42,754	(28,149)	37
Total	152,912,171	(36,677,126)	116,235,045	136,190,657	(17,482,323)	118,708,334

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Campsites	111,000,523	-	(15,643,849)	95,356,674
Plant and machinery	2,157,253	16,106,817	(1,483,983)	16,780,087
Furniture and fixtures	488,282	54,525	(142,686)	400,121
Motor vehicles	4,340,056	500,668	(1,690,931)	3,149,793
IT equipment	142,844	55,156	(76,459)	121,541
Computer software	564,771		(141,784)	422,987
Equipment	14,605	4,350	(15,110)	3,842
	118,708,334	16,721,516	(19,194,802)	116,235,045

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

			2017 P	2016 P
3. Property, plant and equipment (continued)				
Reconciliation of property, plant and equipment - 2016				
	Opening balance	Additions	Depreciation	Total
Campsites	59,995,867	63,526,213	(12,521,557)	111,000,523
Plant and machinery	1,225,355	1,301,195	(369,297)	2,157,253
Furniture and fixtures	591,267	33,945	(136,930)	488,282
Motor vehicles	2,985,433	2,351,786	(997,163)	
IT equipment	156,819	46,778		
Computer software	9,835	696,721		
Equipment	25,016	(ma	(10,411)	
	64,989,592	67,956,638	(14,237,896)	118,708,334
4. Other financial assets				
Held to maturity Bank deposit 10 year deposit of US\$2,817,080.00 with the State bank of Africa). The deposit is security for a US\$21,667,676.62 guarantee provided by the bank.		_	27,809,279	30,000,85
Non-current assets				
Held to maturity			27,809,279	30,000,852
5. Construction contracts and receivables				
Contracts in progress at the end of the reporting period				
Construction contracts and receivables		3	00,260,132	205,610,80
Advances received in excess of work completed are include	ded in trade an	d other paya	bles.	
6. Trade and other receivables				
Trade receivables		ı	68,494,584	33,939,18
Employee costs in advance			959,632	24,53
Prepaid finance cost			883,508	1,273,63
Deposits			11,614,440	11,358,15
Other receivables			-	111,40
Contracts retention		_	23,223,575	7,739,03
		1	05,175,739	54,445,94

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 P	2016
	<u> </u>	Р
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	317,252	88,175
Bank balances	334,092	1,734,641
Bank overdraft	(39,382,909)	(85,045,935)
	(38,731,565)	(83,223,119)
Current assets	651,344	1,822,816
Current liabilities	(39,382,909)	(85,045,935)
	(38,731,565)	(83,223,119)

The bank overdraft facility form State Bank of India (South Africa) is for US\$9,000,00 to asssit in the working capital needs of the business and bears interest at 5.44438% per annum. The facility is payable on demand. The closing balance on the facility as at 31 December 2017 was US\$3,975,624.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, however there are no external credit ratings of financial institutions in Botswana. The company banks with State Bank of India (Botswana) Limited which is licensed and supervised by the central bank and complies with the minimum capital adequacy requirements set by the regulator.

8. Deferred tax

Deferred tax liability

	179,980,857	138,219,591
Withholding tax payable	4,735,796	1,876,479
Value added tax payable	7,233,785	747,826
Amounts received in advance	50,618,976	74,741,551
Trade payables	117,392,300	60,853,735
9. Trade and other payables		
Deferred tax liability	(26,819,816)	(7,358,366)
Property plant and equipment	(26,819,816)	(7,358,366)

Included in trade and other payables are amounts due to related parties of P 6,073,451 (2016: P 3,415,223) which are fully disclosed in note 21. The amounts are unsecured and are non interest bearing. They have no fixed repayment terms and are re-payable on demand.

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 P	2016 P
10. Loans to (from) group companies		
Holding company and group company		
Elsamex S.A (Spain) The loan is extended to cover working capital needs. It is unsecured	(182,847,112)	(136,110,630)
and non interest bearing. There are no fixed repayment terms. CA IIPL (Singapore) The loan is unsecured and non interest bearing. There are no fixed repayment terms and the loan is repayable upon demand.	(6,252,063)	(2,129,925)
repayment terms and the loan is repayable upon demand.	(189,099,175)	(138,240,555)
11. Revenue		
Rendering of services Construction contracts Interest received	105,231,788 300,260,132 1,916	33,314,524 205,610,800 22,256
	405,493,836	238,947,580
12. Cost of sales		
Rendering of services Construction contracts	22,242,138 226,656,062 248,898,200	20,503,595 107,570,604 128,074,199
13. Other operating income		
Transfer from deferred income	963,640	963,640
14. Other operating gains (losses)		
Foreign exchange gains (losses) Net foreign exchange gains	39,804,299	17,552,289
15. Operating profit (loss)		
Operating profit for the year is stated after charging (crediting) the following, a	amongst others:	
Auditor's remuneration - external Audit fees	296,760	111,500

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 P	2016 P
15. Operating profit (loss) (continued)		
Employee costs		
Salaries and wages	23,216,413	26,851,672
Other employee benefits	1,083,413	576,254
Total employee costs	24,299,826	27,427,926
Depreciation and amortisation Depreciation of property, plant and equipment	19,194,802	14,237,896
16. Finance costs	0.021.452	7 262 655
Group companies	9,821,452 3,222,210	7,263,655 4,655,030
Trade and other payables	634,853	391,196
Interest on bank overdraft	16,198,455	12,891,068
Bank guarantee costs Total finance costs	29,876,970	25,200,949
17. Taxation Major components of the tax expense		
Deferred		
Originating and reversing temporary differences	19,461,450	5,883,492
18. Cash used in operations		
Profit before taxation	93,549,573	36,036,172
Adjustments for: Depreciation and amortisation	19,194,802	14,237,896
(Gains) losses on foreign exchange	(39,804,299)	(17,552,289)
Finance costs	29,876,970	25,200,949
Changes in working capital:		
Trade and other receivables	(50,729,797)	(13,014,024)
Construction contracts and receivables	(94,649,331)	(54,250,486)
Trade and other payables	41,761,266	(5,224,686)
Deferred income	(963,639)	(963,640)
	(1,764,455)	(15,530,108)
19. Tax paid		
		(670,806)

(Registration number EX2014/5572) Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

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	2017	2016
	Р	Р

20. Contingencies

Litigation is in process against the company relating to disputes with a former supplier and subcontractor. At the present there are no prospects of the matters being solved out of court. The legal advisors have estimated that there is 70% chance to incurr a potential loss of BWP47,531,946.

21. Related parties

Relationships
Ultimate holding company
Holding company
Fellow subsidiaries

INTL India
Elsamex Spain
CA IIPL Singapore
Ciesm Intevia(Spain)
Macovi(Mexico)
See general information (page 1)

Directors

Related party balances

Loan accounts - Owing (to) by related parties Elsamex S.A (Spain) CA IIPL Singapore	(182,847,112) (6,252,063)	(136,066,449) (2,129,925)
Amounts included in Trade Payable regarding related parties Elsamex SA (Spain) Macovi (Mexico) Ciesm Intevia SA (Spain) ITNL (India)	(3,733,363) (43,352) (2,055,079) (241,656)	(1,801,896) (125,144) (1,488,183)