Inala Capital Limited

(Incorporated in Eswatini - Registration number 2364 of 2017)

Financial statements

for the 14 months ended 31 December 2018

General information

Country of incorporation and domicile	Kingdom of Eswatini
Company registration number	2364 of 2017
Nature of business and principal activities	Investment holding
Business address	2nd Floor Nedbank Centre Corner Sishayi and Sozisa Roads Mbabane Eswatini
Holding company	African Alliance Eswatini Limited incorporated in the Kingdom of Eswatini
Ultimate holding company	Cinco Holdings Limited incorporated in the Isle of Man
Auditor	Kobla Quashie and Associates
Bankers	Nedbank (Swaziland) Limited
Functional Currency	The financial statements are expressed in Emalengeni the currency of Kingdom of Eswatini

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The reports and statements set out below comprise the financial statements presented to the shareholder:

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 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 14 months and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

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 judgments 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 have reviewed the Company’s cash flow forecast for the 12 months to 31 December 2019 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's financial statements. The annual financial statements have been examined by the Company's external auditor and their report is presented on pages 6 -7.

The financial statements set out on pages 8 to 27, which have been prepared on the going concern basis, were approved by the board on 7 May 2019 and were signed on its behalf by:

Director **Director**

Directors' report

The directors submit their report on the financial statements of Inala Capital Limited (the "Company") for the 14 months ended 31 December 2018.

Incorporation

The Company was incorporated on 01 November 2017 and obtained its certificate to commence business on the same day.

Review of activities

Main business and operations

The main business of the Company is investment holding.

The Company has presented 14 months financial statements representing period from 01 November 2017 (date of incorporation) to 31 December 2018.

During the 14 months there were no major changes in the activities of the business.

Net loss of the Company was E 10 041, after taxation of E Nil.

Post reporting date events

The directors are not aware of any matter or circumstance arising since the end of the financial 14 months that would have materially altered the results reported.

Authorised and issued share capital

The Company issued 100 shares at par value (Refer note 5).

Dividends

No dividend was declared during the period.

Directors

The directors of the Company during the 14 months and to the date of this report are as follows:

Name	Nationality	Changes
A M B de Castro	Portuguese	Appointed 01 November 2017
S M Ginindza	LiSwati	Resigned 19 December 2018
M Dlamini	LiSwati	Appointed 01 July 2018
N K Mabuza	LiSwati	Appointed 01 November 2017
T M Dlamini	LiSwati	Appointed 01 July 2018

Directors' report

Secretary

The secretary of the Company is African Alliance Advisory (Pty) Ltd.

Holding company

The Company's holding company is African Alliance Eswatini Limited incorporated in the Kingdom of Eswatini.

Ultimate holding company

The Company's ultimate holding company is Cinco Holdings Limited incorporated in the Isle of Man.

Auditor

Kobla Quashie and Associates have been appointed as auditors.

Directors' report

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Statement of financial position as at 31 December 2018

Figures in Emalangeni	Note(s)	31 December 2018
Assets		
Non-current asset		
Other financial assets	13	22 500 000
Current asset		
Cash and cash equivalents	4	10 391 059
Total assets		**32 891 059**
Equity and liabilities		
Equity		
Share capital	5	100
Accumulated loss		(10 041)
		(9 941)
Liabilities		
Current liability		
Amounts owing to related parties	2	8 000
Other financial liabilities	7	30 000 000
Other payables	6	2 893 000
		32 901 000
Total equity and liabilities		**32 891 059**

The notes on pages 23 to 27 form part of these financial statements.

The financial statements set out on pages 8 to 27, which have been prepared on the going concern basis, were approved by the board on 7 May 2019 and were signed on its behalf by:

Director **Director**

Statement of profit or loss and other comprehensive Income for the 14 months ended 31 December 2018

Figures in Emalangeni	Note(s)	14 months ended 31 December 2018
Operating expenses		(10 041)
Loss before taxation		**(10 041)**
Taxation		-
Loss for the period		**(10 041)**
Other comprehensive income		-
Total comprehensive loss		**(10 041)**

The notes on pages 23 to 27 form part of these financial statements.

Statement of changes in equity for the 14 months ended 31 December 2018

Figures in Emalangeni	Share capital	Accumulated loss	Total equity
Balance at 01 November 2017 (Date of incorporation)	**-**	**-**	**-**
Total comprehensive loss for the 14 months	**-**	**(10 041)**	**(10 041)**
Issue of shares	**100**	**-**	**100**
Total changes	**100**	**(10 041)**	**(9 941)**
Balance at 31 December 2018	**100**	**(10 041)**	**(9 941)**
Notes	5		

The notes on pages 23 to 27 form part of these financial statements.

Statement of cash flows for the 14 months ended 31 December 2018

Figures in Emalangeni	Note(s)	14 months ended 31 December 2018
Cash flows from operating activities		
Cash generated from operations	9	2 890 959
Purchase of other financial assets		(22 500 000)
Net cash used in investing activities		**(22 500 000)**
Cash flows from financing activities		
Proceeds on share issue	5	100
Proceeds from other financial liabilities		30 000 000
Net cash from financing activities		**30 000 100**
Total cash movement for the period		**10 391 059**
Total cash at end of the period	4	**10 391 059**

The notes on pages 23 to 27 form part of these financial statements.

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act. The financial statements incorporate the principal accounting policies set out below.

The financial statements have been prepared on a going concern basis and historical cost basis. The financial statements are presented in Emalangeni (E) which is the Company's functional and presentation currency.

1.1 New and amended standards and interpretations

Amendments mandatory effective for the year ended 31 December 2018

The following is a summary of the new and revised IFRSs that are mandatory effective for the annual periods beginning on or after 1 January 2018.

- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments

FRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The accounting policies are set out in note 1.10.

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

The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectibility or measuring non-cash considerations.

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. The amendments have no impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

1.1 New and amended standards and interpretations (continued)

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018.

Classification and measurement

The Company's financial assets are held at amortised cost.

IFRS 9 requires financial assets to be classified on the basis of two criteria:
- The business model within which financial assets are managed, and
- Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest).

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are required to be measured at fair value through profit and loss if they are held for the purposes of trading, if their contractual cash flows do not meet the 'solely payments of principal and interest' criterion, or if they are managed on a fair value basis and the Company maximises cash flows through sale. IFRS 9 allows an entity to irrevocably designate a financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (that is, an accounting mismatch).

Impairment calculation

The impairment model has been changed from an "incurred loss" model from IAS 39 to a forward-looking "expected credit loss" (ECL) model under IFRS 9.

IFRS 9 outlines a "three stage" model for impairment based on credit quality since initial recognition, as summarized below:

A financial asset / loan issued that is not credit impaired on recognition and has not undergone significant deterioration in credit risk (SICR) since initial recognition in classified in "Stage 1". If a significant increase in credit risk since initial recognition has been identified, the financial asset is classified in "Stage 2" but is not yet deemed to be credit impaired. If the financial asset is credit impaired then it is classified in Stage 3.

Within the Company the following definitions exist for the classification of financial assets and identification of SICR:
- Any financial asset which is performing and up to 30 days in arrears is considered Stage 1
- Any financial asset with a maximum arrears level of between 31 and 90 days is considered Stage 2
- Any financial assets with a maximum arrears level of greater than 90 days is considered credit impaired and stage 3

Once the portfolio has been classified into the three given stages, IFRS 9 loss allowances are measured on either of the following bases:

- Stage 1 : 12-month expected loss – A 12-month ECL implies the loss expected in the 12 months following reporting date.
- Stage 2 and Stage 3 : Lifetime ECLs – that is, the loss expected over the lifetime of loans falling within this category.

1.1 New and amended standards and interpretations (continued)

IFRS 9 Financial Instrument (Continued)

ECL Methodology

The methodology adopted by the Company to calculate Expected Credit Losses relies on historical cash flow data across all jurisdictions. This data allows for an accurate estimation of historical losses, given certain levels of arrears reached. This data takes into account any recoveries made from accounts which rectify from arrears, as well as written off amounts from accounts which failed to rectify. The historical data is distilled into Expected Credit Loss rates which are applied to individual accounts, based on the level of arrears for that account.

In addition to the historical cash flow modelling, Expected Credit Losses are subjected to forward looking adjustments based on “upside” and “downside” scenarios. That is, the final ECL value is a weighted average of the current impairment number (given current portfolio dynamics), a projected value based on favourable conditions and a projected value based on unfavourable conditions. This is based on the IFRS 9 requirement that ECL estimates are based on multiple future scenarios encompassing with favourable and unfavourable economic conditions. Refer to note 13 for more detailed explanation.

Not yet mandatory effective but early application allowed for the year ended 31 December 2018

The Company have 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 2019 or later periods:

- Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015-2017 cycle
- Amendments to IAS 23 Borrowing costs: Annual Improvements to IFRS 2015-2017 cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 16 Leases

Where relevant, the Company are still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

Amendments to IAS 12 Income Taxes

These amendments clarify that all income tax consequences of dividends(including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits. The amendments are not expected to have a significant impact on the Company's financial statements. They apply for annual periods beginning on or after 1 January 2019.

Amendments to IAS 23 Borrowing costs

These amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

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

They apply for annual periods beginning on or after 1 January 2019.

1.1 New and amended standards and interpretations (continued)

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The standards and interpretations are not expected to have a significant impact on the Company’s financial statements.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

IFRS 16 *Leases*

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors . IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Company have begun assessing the potential impact of IFRS 16 on the financial statements.

The Company enter into operating leases of relatively short duration (not more than 3 years) and with the overall lease expenditure not amounting to more than 5% of the operating expenditure. Operating lease expenditure will have a similar accounting treatment finance lease. The right to use an asset is recognised by the lessee and a lease liability representing its obligation to make lease payments. The standard is not expected to have a significant impact on the results of the Company.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

1.2 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements.

Going concern

The Company's management has made the assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Company is to generate returns in Emalangeni. The liquidity of the Company is managed on a day-to-day basis in Emalangeni. The Company's performance is evaluated in Emalangeni. Therefore, management considers Emalangeni as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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 Company recognises liabilities 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.

1.2 Significant accounting judgements, estimates and assumptions (continued)

The Company recognises 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 Company 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 Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

1.3 Financial instruments: IAS 39 Comparatives

Classification

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.

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

1.3 Financial instruments: IAS 39 Comparatives (continued)

Impairment of financial assets

At each reporting date the company 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 company, 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 recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised 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 recognised, 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 recognised. Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

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 recognised 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.

Amounts owing by/to related parties

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.

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 (more than 30 days overdue) 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.

1.3 Financial instruments: IAS 39 Comparatives (continued)

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.

1.4 Financial instruments

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.

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

Amounts owing by/to related parties

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 financial assets at amortised costs.

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

Other payables

Other payables are initially measured at fair value.

Other payables are subsequently measured at amortised cost.

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.

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Company 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 Company, 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 at fair value through other comprehensive income, 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 such 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 recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised 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 recognised, 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 recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified at fair value through other comprehensive income.

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 recognised 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if :
- there is a currently enforceble legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on all financial assets. The amount of expected credit losses is updated at each reporting date.

Loss allowance for all receivables is determined as lifetime expected credit losses (simplified approach). Loss allowance for receivables is determined in the same manner as prescribed for all financial assets at amortised cost.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

1.4 Financial instruments (continued)

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss

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 reporting date.

Deferred tax assets and liabilities

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

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 Impairment of assets

The Company assesses at each end of the reporting date 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.

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

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

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

1.7 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.

If the Company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.8 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, at pre-tax rate.

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.

Accounting Policies

1.9 Revenue

Revenue is recognised using the 5 step model as defined below:

- identify the contract – this would be amatter of law but collection needs to be probable, has to have commercial substance, rights to goods and services and payment obligations can be identified and that both parties are committed to their obligations.

- identify the performance obligations – where there are multiple performance obligations, an assessment is required whether these can be separately enjoyed and if so need to recognised as such.

- determine the transaction price – a risk of revenue reversal as well as a significant finance component need to be factored in.

- Allocate the transaction price – the transaction price needs to be allocated to the performance obligations. This must be done using stand alone selling prices to the extent that they are available. In the absence of these an expected cost plus margin or market assessment approach is to be used.

- Recognise revenue when the entity satisfies a performance obligation. Indicators of this are a present obligation to pay, physical possession, legal title, risk and rewards and acceptance. If these criteria are met over time then allocation can be done using an objective allocation method based on inputs or outputs.

Interest is recognised, in profit or loss, using the effective interest rate method. Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

1.10 Borrowing costs

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

Notes to the financial statements

Figures in Emalangeni	Note	2018

2. Amounts owing to related parties

Current	
African Alliance Eswatini Limited	(8 000)

The loan is current, unsecured and has no fixed terms of repayment. Interest is charged at 2 % over the prime interest rate of the lender's country.

3. Financial assets by category

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

31 December 2018

	Amortised cost	Total
Investment in other financial assets	22 500 000	22 500 000
Cash and cash equivalents	10 391 059	10 391 059
	32 891 059	**32 891 059**

4. Cash and cash equivalents

Cash at bank:

Nedbank (Swaziland) Limited	10 391 059

5. Share capital

Authorised	
100 Ordinary shares of E 1 each	100

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued	
100 Ordinary shares of E 1 each	100

6. Other payables

Deposit on shares	2 893 000

Represents amount received for which no shares have yet been issued.

Figures in Emalangeni	Note	31 December 2018

7. Other financial liabilities

Held at amortised cost	
African Alliance Swaziland Ligcebesha Fund	15 000 000
Fixed maturity loan repayable on 31 March 2019 with interest rate of 10% p.a.	
African Alliance Swaziland Portfolio Fund	10 000 000
Fixed maturity loan repayable on 31 March 2019 with interest rate of 10% p.a.	
African Alliance Swaziland Managed Fund	5 000 000
Fixed maturity loan repayable on 31 March 2019 with interest rate of 10% p.a.	
	30 000 000
Current liabilities	
At amortised cost	30 000 000

8. Financial liabilities by category

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

31 December 2018

	Financial liabilities at amortised cost	Total
Amounts owing to related parties	8 000	8 000
Other financial liabilities	30 000 000	30 000 000
Other payables	2 893 000	2 893 000
	32 901 000	**32 901 000**

9. Cash generated from operations

Loss before taxation	(10 041)
Changes in working capital:	
Increase in trade and other payables	2 893 000
Net movement in balance held with related parties	8 000
	2 890 959

10. Related parties

Relationships

Ultimate Holding company:	Cinco Holdings Limited, incorporated in the Isle of Man
Holding company:	African Alliance Eswatini Limited, incorporated in Republic of Eswatini

Related party balances

Related party balances are set out in note 2 of the financial statements.

Figures in Emalangeni	Note	31 December 2018

11. Risk management

Capital risk management

The board of directors monitors the return on capital which the Company defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Company's approach to capital management during the period.

There are no externally imposed capital requirements.

Financial risk management

The Company’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 Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below analyses the Company’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting 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.

All the amounts reflected are less than one year.

Amounts owing to related parties	8 000
Other payable	2 893 000
Other financial liabilities	30 000 000
	32 901 000

Notes to the financial statements

Figures in Emalangeni	Note	31 December 2018

11. Risk management (continued)

Interest rate risk

The Company's activities do not expose it to significant financial risks of changes in interest rate.

At the reporting date the interest rate profile of the Company's floating interest-bearing financial instruments was:

Variable interest rate risk	
Cash and cash equivalents	10 391 059
Amounts owing to related parties	(8 000)
	10 383 059

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

100 bps increase		
Variable rate instruments	+/-	**103 831**

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash and cash equivalents, loans to group companies and trade and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Management evaluates credit risk relating to customers on an ongoing basis by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at 14 months end were as follows:

Financial instrument	
Cash and cash equivalents	10 391 059
Other financial assets	22 500 000
	32 891 059

Foreign exchange risk

The Company is not exposed to significant foreign exchange risks.

Notes to the financial statements

Figures in Emalangeni	Note	31 December 2018

12. Financial instruments measured at fair value

The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments and the levels have been defined as follows:

Level 1 – fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2 – fair values are calculated using valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All the Company's financial instruments are measured at amortised cost. The fair value hierarchy does not apply.

Company	**Level 3**	**Total**
31 December 2018		
Other financial assets	22 500 000	22 500 000
Comprising:		
Amortised cost		22 500 000

13. Other financial assets

At amortised cost	
Alliance Foods (Pty) Limited	22 500 000
Non-current assets	
At amortised cost	22 500 000

The Company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior 14 months.

Detailed Income Statement for the 14 months ended 31 December 2018

Figures in Emalangeni	Note(s)	14 months ended 31 December **2018**
Operating expenses		
Bank charges		(10 041)
Loss before taxation		**(10 041)**
Taxation		-
Loss for the period		**(10 041)**

The supplementary information presented does not form part of the financial statements and is unaudited