Alpha Namibia Industries Renewable Power Limited
(Registration Number: 2018/0148)

Annual Financial Statements
for the year ended 28 February 2019

GENERAL INFORMATION AND INDEX

Date of incorporation	8 March 2018
Directors	I. Nangolo M. Hengari A. Myllärinen M. Demamu P. Hango S. Oosthuysen P. Kambala G. Nakazibwe-Sekandi H. Hamukoto A. Möseler
Nature of business	Facilitate the investment in long-term renewable industries incorporating artificial intelligence technology in Namibia and Sub-Sahara Africa.
Auditors	Ernst & Young
Bankers	Bank Windhoek Limited
Company registration number	2018/0148
Country of registration and incorporation	Namibia
Registered address	47 Nelson Mandela Avenue Klein Windhoek Windhoek, Namibia
Postal address	P.O. Box 90680 Klein Windhoek Windhoek, Namibia
Company secretary	Dr Weder, Kauta & Hoveka Incorporated

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of Namibia to maintain adequate account 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 year 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 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 boards of directors 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 misstatements or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2020 and, in the light of this review and the current financial position, they 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 reviewing 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 pages 3 and 4.

The financial statements set out on pages 5 to 22, which have been prepared on the going concern basis, were approved and authorised for issue by the board of directors and were signed on its behalf by:

Director	**Director**
03rd July 2019.	03/JULY/2019
Date	**Date**
Windhoek	**Windhoek**

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALPHA NAMIBIA INDUSTRIES RENEWABLE POWER LIMITED

Opinion

We have audited the financial statements of Alpha Namibia Indusrtries Renewable Power Limited set out on pages 5 to 22, which comprise the directors' report, the statement of financial position as at 28 February 2019, the statement of changes in equity and the statement of cash flows for the period 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 Alpha Namibia Industries Renewable Power Limited as at 28 February 2019, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the general information and the directors' responsibility and approval on pages 1 and 2. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 of Namibia, 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.

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 ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ernst & Young

Ernst & Young
Partner - Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountant (Namibia)

Windhoek

Date: 04 July 2019

DIRECTORS' REPORT

The directors present their report which forms part of the financial statements of the company for the year ended 28 February 2019.

1. Nature of operations

To facilitate the investment of long-term capital in renewable industries incorporating artificial intelligence technology in Namibia and Sub-Sahara Africa, with an initial focus on the infrastructural renewable energy sector in generation, transmission and distribution. The infrastructural renewable energy sector includes biomass, geothermal, solar, hydro, wind and wave resources.

2. Financial results and dividends

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirments of the Companies Act of Namibia.

Full details of the financial position, results of operations and cashflows of the company are set out in these annual financial statements.

No dividend has been declared for the year under review.

The company was incorporated on 8 March 2018 therefore, this financial period comprised of 51 weeks.

3. Share capital

The company was incorporated with an authorised share capital of 100 000 000 ordinary par value shares of N$ 0.01 each, of which 279 710 were issued to the shareholders.

4. Directors

The directors of the company during the year and to date of this report are as follows:

Name	Nationality	Date appointed at incorporation
I. Nangolo	Namibian	8 March 2018
M. Hengari	Namibian	8 March 2018
A. Myllärinen	Finnish	8 March 2018
M. Demamu	Ethiopian	8 March 2018
P. Hango	Namibian	8 March 2018
S. Oosthuysen	Namibian	8 March 2018
P. Kambala	Namibian	8 March 2018
G. Nakazibwe-Sekandi	Ugandan	8 March 2018
H. Hamukoto	Namibian	8 March 2018
A. Möseler	Namibian	8 March 2018

5. Future developments

The directors resolved to apply for a listing of the company on the "Infrastructural Renewable Energy" sector of the Namibia Stock Exchange ("NSX") under the name Alpha Namibia Industries Renewable Power Limited.

6. Subsequent events

The directors are not aware of any matters or circumstances since the reporting date not otherwise dealt with in the financial statements, which significantly affects the financial position of the company.

DIRECTORS' REPORT (continued)

7. Auditors

Ernst & Young will continue in office in accordance with section 278(2) of the Companies Act of Namibia.

STATEMENT OF FINANCIAL POSITION

	Note(s)	2019 N$
ASSETS		
Current Assets		**1 173 466**
Prepaid Expenses	**3**	857 017
Trade and Other Receivables	**4**	4 603
Cash and Cash Equivalents	**5**	311 846
Total Assets		**1 173 466**
EQUITY AND LIABILITIES		
Capital and Reserves		**924 952**
Share Capital	**6**	2 797
Share Premium	**7**	919 303
Retained Earnings		2 852
Current Liabilities		**248 514**
Related Party Loans	**8**	248 514
Total Equity and Liabilities		**1 173 466**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2019 N$
Interest received	10	2 852
Profit before taxation		**2 852**
Taxation	11	--
Profit for the year		**2 852**
Other comprehensive income		--
Total comprehensive income for the year		**2 852**

STATEMENT OF CHANGES IN EQUITY

	Share Capital N$	Share Premium N$	Retained Earnings N$	Total N$
Balance as at 1 March 2018	**- -**	**- -**	**- -**	**- -**
Issue of shares	2 797	919 303	- -	922 100
Total comprehensive income for the year	- -	- -	2 852	2 852
Balance as at 28 February 2019	**2 797**	**919 303**	**2 852**	**924 952**
Note(s)	**6**	**7**		

STATEMENT OF CASH FLOWS

	Note(s)	2019 N$
Cash flows from operating activities		
Receipts from customers		- -
Payments to suppliers		(861 620)
Cash utilised in operations		**(861 620)**
Interest received		2 852
Net cash utilised in operations		(858 768)
Cash flows from financing activities		
Issue of share capital		2 797
Issue of share premium		919 303
Movement in related party loans		248 514
Net cash flow from financing activities		**1 170 614**
Net change in cash and cash equivalents		311 846
Cash and cash equivalents at beginning of the year		- -
Cash and cash equivalents at the end of the year	**5**	**311 846**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards (IFRS) and its interpretation as issued by International Accounting Standard Board (IASB) and in the manner required by the Companies Act of Namibia. The financial statements have been prepared on a going concern basis.

1.1 Investment entity

In term of IFRS 10 the company is exempt from producing consolidated financial statements if it holds a majority shareholding in other entities, providing the investment in the related subsidiary is carried at fair value through profit or loss in the company's stand-alone financial statements.
An investment entity is an entity that:

a) obtained funds from one or more investors for the purpose of providing those investor(s) with investment management services. The company obtained funding from its shareholders and is providing investment management services to its shareholders;

b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The company's income is derived from dividends received and capital appreciation; and

c) measures and evaluates the performance of substantially all of its investments on a fair value basis. All investments of the company are carried at fair value through profit and loss.

1.2 Functional and presentation currency

The financial statements are presented in Namibia Dollars, which is the company's functional currency. All amounts have been rounded to the nearest N$ 1.

1.3 IFRS's and IFRIC interpretations not yet effective (Effective 1 January 2019)

The following accounting standards, amendments to standards and new interpretations that are not yet mandatory for the company, have not been adopted in the current year:

IFRS 16 Leases

The company does not expect the above Standards to have a significant impact on the financial figures of the entity, but might lead to additional disclosure.

1.4 Significant judgements and sources of estimation uncertainty

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. Significant judgements include:

a) Trade receivables and loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

1.4 Significant judgements and sources of estimation uncertainty (continued)

b) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

c) Investment entity

Refer to basis of preparation in note 1 above where the significant judgements and assumptions applied to determine if the entity has met the definition of an investment entity is disclosed.

d) Interests in subsidiaries

Interests in subsidiaries are carried at fair value through profit or loss. The value of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company. Subsequently, investments are carried at fair value through profit or loss. The fair value of investments is determined on a yearly basis.

e) Investments in unlisted equity

An investment in unlisted equity is carried at fair value and classified as fair value through profit or loss.

2. ACCOUNTING POLICIES

2.1 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss - designated
- Financial assets at amortised cost
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the practical expedient has been applied. Financial assets are initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the practical expedient has not been applied for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

• Financial assets at amortised cost (debt instruments)

• Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant. Financial assets are measured at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets at amortised cost include trade receivables, other receivables and receivables from joint arrangements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if; the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or

• The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either; the entity has transferred substantially all the risks and rewards of the asset, or the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Impairment of financial assets

The entity recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that is expected to be receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the entity applies the simplified approach in calculating expected credit losses, as permitted by IFRS 9. Therefore, the entity does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime expected credit losses at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the expected credit losses is based on the 12-month expected credit losses. The 12-month expected credit losses is the proportion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the entity's historical experience and informed credit assessment including forward-looking information.

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the entity assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The entity's financial liabilities include loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the entity that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

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

Loans to group companies are held to collect contractual cash flows and classified as financial assets at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Prepaid expenses

Specific costs directly attributable to the proposed listing of share capital is deferred as "prepaid expenses" and will be capitalised to equity on listing. Prepaid expenses of an aborted listing will be expensed at the date the listing is aborted or will be expensed if the listing does not happen in the next financial year.

2.4 Trade and other receivables

Trade and other receivables consists of dividends and other receivable balances from investments.

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.

Trade and other receivables are classified as financial assets at amortised cost.

2.5 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.

2.6 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 recorded at amortised cost.

2.7 Income tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax 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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

2.7 Income tax (continued)

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.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from: a transaction or event which is recognised, in the same or a different year, 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 year, 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 year, directly in equity.

2.8 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. Ordinary shares are classified as equity.

2.9 Dividend income

Dividend income comprises of dividend income received from investments in subsidiaries and unlisted equity. Dividend income is measured at fair value of the consideration received or receivable and is recorded in profit or loss when the right to the payment has been established.

2.10 Finance income and expenses

Finance income comprise of interest income on funds with financial institutions. Interest income is recognised as it accrues in finance income line item using the effective interest rate method.

Finance expenses comprise of interest expense on borrowings. Interest expense is recognised in profit or loss using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 N$
3. PREPAID EXPENSES	
Advertising and promotions	102 364
Audit fees	112 125
Legal fees	72 722
Namibian Stock Exchange fees	190 000
Printing and stationery	38 502
Travel and accommodation	271 991
Other	69 313
Pre-listing expenses	857 017

These relate to expenses incurred during the financial period in respect of the listing of the company on the Namibian Stock Exchange which is expected to take place in the 2020 financial year.

4. TRADE & OTHER RECEIVABLES	
VAT	777
Other	3 826
	4 603

5. CASH AND CASH EQUIVALENTS

Cash at banks	311 846

Cash at banks incurs interest at floating rates based on the prime rate. Cash and cash equivalents comprises cash and deposits held by the company. The carrying amounts of these assets and liabilities approximate their fair value.

6. SHARE CAPITAL

Authorised	
100 000 000 Ordinary shares with a par value of N$0.01	1 000 000
Issued	
279 710 Ordinary shares with a par value of N$0.01	2 797

All unissued ordinary shares are under the control of the directors.

7. SHARE PREMIUM

250 000 Issued ordinary shares with a share premium of N$2,49 each	622 500
29 710 Issued ordinary shares with a share premium of N$9,99 each	296 803
	919 303

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 N$

8. RELATED PARTY LOANS

Jordaan Oosthuysen Nangolo Quantity Surveyors Incorporated	26 605
Tulive Private Equity (Proprietary) Limited	221 909
	248 514

These loans are interest free, unsecured and not subject to any fixed repayment terms. These arrangements are reviewed from time to time.

9. REMUNERATION OF DIRECTORS

No remuneration has been paid to the directors during the year under review.

10. INTEREST RECEIVED

Interest received from cash in bank at 3% per annum	2 852

11. TAXATION

No taxable income has accrued to the company during the year under review, mainly due to the fact that the entity did not trade during this year. For this reason, the company has no tax liability.

12. FINANCIAL PERIOD AND COMPARATIVES

This financial period comprised of 51 weeks and there are comparative figures as the company was incorporated on 8 March 2018.

13. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 2.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. FINANCIAL INSTRUMENTS (continued)

13.1 Categories of financial instruments

	Note(s)	Fair value through profit and loss	Amortised cost	Fair value through other comprehensive income
28 February 2019		**N$**	**N$**	**N$**
Financial assets				
Trade and other receivables	4	- -	3 826	- -
Cash and cash equivalents	5	- -	311 846	- -
Total financial assets		**- -**	**315 672**	**- -**
Financial liabilities				
Related party loans	8	- -	248 514	- -
Total financial liabilities		**- -**	**248 514**	**- -**

13.2 Fair values

The fair values of all financial instruments are substantially the same to the carrying values reflected in the statement of financial position.

13.3 Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments, which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques that uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the current financial year end, the company had no financial instruments that were subsequently measured at fair value and therefore there have been no transfers between fair value levels during the reporting year.

14. RISK MANAGEMENT

Capital risk management
The primary objective of the entity’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise investors’ value.
The entity manages equity and related party loans and borrowings as part of its capital management.
The entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

Financial risk management
The entity’s principal financial instruments comprise of cash and cash equivalents, related party loans, trade and other receivables and prepaid expenses. The main purpose of these financial instruments is to raise finance for the entity’s operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. RISK MANAGEMENT (continued)

The main risks arising from the entity's financial instruments are liquidity risk and interest rate risk.

There has been no significant change during the financial year, or since the end of the financial year, to the types of financial risks faced by the entity, the approach to measurement of these financial risks or the objectives, policies and processes for managing these financial risks.

The Director's reviews and agrees policies for managing each of these risks which are summarised below:

Liquidity risk
The company's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.
The entity monitors its risk to a shortage of funds using monthly management accounts, general cash flow projections and adequate utilised borrowing facilities are monitored.

The entity's objective is to maintain a balance between continuity of funding and flexibility through the use of related party loans.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Interest rate movements impact on the value of the company's short-term cash investments and payables (where applicable). The exposure to interest rate risk is managed through monitoring cash flows, investing surplus cash at negotiated rates when appropriate, which enables the company to maximise returns while minimising risks.