

Amica Guesthouse (Proprietary) Limited
(Registration number 2004/358)
Annual Financial Statements
For the year ended 31 March 2016

Amica Guesthouse (Proprietary) Limited

(Registration number 2004/358)

Annual Financial Statements for the year ended 31 March 2016

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Provides accommodation, catering and services related thereto.
Directors	Irvinne Simataa Andrew Schanknecht
Registered office	24 Orban Street Klein Windhoek Windhoek Namibia
Postal address	PO Box 30 Windhoek Namibia
Holding company	Skorpion Zinc (Proprietary) Limited
Auditors	CR van Wyk & Company Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	SGA Namibia
Company registration number	2004/358

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Directors' Responsibilities and Approval

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

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


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

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


The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4-5.

The annual financial statements set out on pages 6 to 27, which have been prepared on the going concern basis, were approved by the board on 22 APRIL 2016 and were signed on their behalf by:



Director



Director

Independent Auditor's Report

To the shareholders of Amica Guesthouse (Proprietary) Limited

We have audited the annual financial statements of Amica Guesthouse (Proprietary) Limited, as set out on pages 8 to 25, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Amica Guesthouse (Proprietary) Limited as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of Namibia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 20 to the annual financial statements which indicates that the company incurred a net loss of N\$ 1,542,703 (2015: loss N\$ 601,296) for the year ended 31 March 2016 and, as at that date, the company's total liabilities exceeded its total assets by N\$ 3 646 311 (2015: N\$ 2,103,608). The note 20 also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Independent Auditor's Report

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 26 to 27 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

CR van Wyk & Company

CR van Wyk & Company
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: S van Rooyen
Partner

22 APRIL 2016

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Amica Guesthouse (Proprietary) Limited for the year ended 31 March 2016.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directorate

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

Directors	Nationality	Changes
Irvinne Simataa	Indian	Appointed 31 December 2015
Andrew Schanknecht	South African	Appointed 31 December 2015
P Suryarao	Indian	Resigned 31 July 2015
K Angula	Namibian	Resigned 31 December 2015

4. Holding company

The company's holding company is Skorpion Zinc (Proprietary) Limited. They are incorporated in Namibia.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

We draw attention to the fact that at 31 March 2016, the company had accumulated losses of N\$ 3,646,411 (2015: N\$ 2,103,708) and that the company's total liabilities exceed its total assets by N\$ 3,646,311 (2015: N\$ 2,103,608).

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

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 7 will remain in force for so long as it takes to restore the solvency of the company.

7. Auditors

CR van Wyk & Company continued in office in accordance with the Companies Act of Namibia.

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Directors' Report

8. Secretary

The company secretary is SGA Namibia.

Postal address

PO Box 30
Windhoek
Namibia

Business address

24 Orban Street
Klein Windhoek
Windhoek
Namibia

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Statement of Financial Position as at 31 March 2016

	Note(s)	2016 N\$	2015 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	126 411	151 804
Current Assets			
Inventories	3	43 005	30 813
Trade and other receivables	4	297 874	504 275
Cash and cash equivalents	5	26 851	32 730
Total Assets		367 730	567 818
		494 141	719 622
Equity and Liabilities			
Equity			
Share capital	6	100	100
Accumulated loss		(3 646 411)	(2 103 708)
		(3 646 311)	(2 103 608)
Liabilities			
Non-Current Liabilities			
Loans from shareholders	7	1 725 348	1 725 348
Current Liabilities			
Trade and other payables	8	2 415 104	1 097 882
Total Liabilities		4 140 452	2 823 230
Total Equity and Liabilities		494 141	719 622

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Statement of Comprehensive Income

	Note(s)	2016 N\$	2015 N\$
Revenue	9	2 510 945	2 436 154
Cost of sales		(664 145)	(616 275)
Gross profit		1 846 800	1 819 879
Other income		13 715	-
Operating expenses		(3 398 734)	(2 421 239)
Operating loss	10	(1 538 219)	(601 360)
Investment revenue	11	106	147
Finance costs	12	(4 590)	(83)
Loss for the year		(1 542 703)	(601 296)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1 542 703)	(601 296)

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Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	N\$	N\$	N\$
Balance at 01 April 2014	100	(1 502 412)	(1 502 312)
Loss for the year	-	(601 296)	(601 296)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(601 296)	(601 296)
Balance at 01 April 2015	100	(2 103 708)	(2 103 608)
Loss for the year	-	(1 542 703)	(1 542 703)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(1 542 703)	(1 542 703)
Balance at 31 March 2016	100	(3 646 411)	(3 646 311)

Note

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Statement of Cash Flows

	Note(s)	2016 N\$	2015 N\$
Cash flows from operating activities			
Cash receipts from customers		2 717 773	2 161 695
Cash paid to suppliers and employees		(2 719 168)	(2 196 725)
Cash used in operations	15	(1 395)	(35 030)
Interest income		106	147
Finance costs		(4 590)	(83)
Net cash from operating activities		(5 879)	(34 966)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(851)
Total cash movement for the year		(5 879)	(35 817)
Cash at the beginning of the year		32 730	68 547
Total cash at end of the year	5	26 851	32 730

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Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

The preparation of annual financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the company's accounting policies.

(a) Standards early adopted by the company

No standards have been early adopted

(b) Standards and interpretations in issue not yet effective

At the date of the statement of financial position of these financial statements, other than the standards and interpretations adopted by the company in advance of their effective date (as described in (a) above), the following were in issue but not yet effective:

- IFRS 9 Financial Instruments - (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 10 Consolidated Financial Statements - (effective for accounting periods beginning on or after 1 January 2016);
- IAS 1 Presentation of Financial Statements - (effective for accounting periods beginning on or after 1 January 2016);
- IAS 16 Property, Plant and Equipment - (effective for accounting periods beginning on or after 1 January 2016);
- IAS 27 Consolidated and separate financial statements - (effective for accounting periods beginning on or after 1 January 2016);

The directors anticipate that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the company in the period of initial application, except for certain amended disclosures.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Asset lives and residual values

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

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Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Taxation

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 end of the reporting period could be impacted.

1.2 Property, plant and equipment

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

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

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

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

Item	Depreciation method	Average useful life
Equipment	Straight line	6.66 years
Office equipment	Straight line	6.66 years
Crockery and cutlery	Straight line	6.66 years

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

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

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

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

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Accounting Policies

1.3 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, 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.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

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Accounting Policies

1.3 Financial instruments (continued)

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (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.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

1.4 Tax

Current tax assets and liabilities

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

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

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Accounting Policies

1.4 Tax (continued)

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

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

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

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

1.5 Leases

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

Operating leases – lessee

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

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

1.6 Inventories

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

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Accounting Policies

1.7 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:

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

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

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

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

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

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 does 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.

1.8 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.

1.9 Employee benefits

Defined contribution plans

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

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

1.10 Revenue

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

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

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

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Accounting Policies

1.10 Revenue (continued)

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

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

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

1.11 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

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	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2 014	(1 784)	230	2 014	(1 113)	901
Office equipment	224 209	(188 584)	35 625	224 209	(163 862)	60 347
Crockery and cutlery	90 556	-	90 556	90 556	-	90 556
Total	316 779	(190 368)	126 411	316 779	(164 975)	151 804

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Total
Furniture and fixtures	901	(671)	230
Office equipment	60 347	(24 722)	35 625
Crockery and cutlery	90 556	-	90 556
	151 804	(25 393)	126 411

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1 511	-	(610)	901
Office equipment	82 156	-	(21 809)	60 347
Crockery and cutlery	89 705	851	-	90 556
	173 372	851	(22 419)	151 804

Details of properties

A register containing the information required by the Companies Act, is available for inspection at the registered office of the company.

3. Inventories

Merchandise - at cost	40 149	30 610
Consumables	2 856	203
	43 005	30 813

4. Trade and other receivables

Trade receivables	294 164	503 565
Employee Loans	3 710	710
	297 874	504 275

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2016	2015
N\$	N\$

4. Trade and other receivables (continued)

Trade and other receivables pledged as security

Trade and other receivables (net of allowances) held by the company at 31 March 2016 amounted to N\$ 309,159 (March 2015: N\$ 504,275).

The average credit period is 30 days from invoice date. No interest is charged on trade receivables. The company has provided specifically for certain trade receivables between 90 to 120 days and these provisions are determined based on estimated irrecoverable amounts determined by reference to past default experiences.

The following customers represents more than 10% of the total balance of trade receivables:

	March 2016	March 2015
- Namzinc (Proprietary) Limited	N\$ 257,897	N\$ 343,643
- Skorpion Mining Company	N\$ 21,495	N\$ 29,269
- Lesedi Travel (Jhb) (Proprietary) Limited	N\$ -	N\$ 25,362

Fair value of trade and other receivables

Trade and other receivables	309 159	504 275
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Trade and other receivables past due but not impaired

Trade and other receivables which are less than 90 days past due are not considered to be impaired. At 31 March 2016, N\$ 99 480 (2015: N\$ 110,159) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	57 388	96 778
2 months past due	42 092	17 458
3 months past due	-	13 733
more than 3 months	-	70 276

Trade and other receivables impaired

As of 31 March 2016, trade and other receivables of N\$ 40,445 (2015: N\$ 91,372) were impaired and provided for.

The ageing of these loans is as follows:

Over 90 days	40 445	91 372
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The carrying amount of trade and other receivables are denominated in the following currencies:

Namibian Dollar	309 159	504 275
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	2016 N\$	2015 N\$
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3 514	1 250
Bank balances	23 337	31 480
	<u>26 851</u>	<u>32 730</u>
6. Share capital		
Authorised		
4,000 Ordinary shares of N\$ 1 each	4 000	4 000
Reconciliation of number of shares issued:		
Reported as at 01 April 2015	100	100
3,900 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 N\$ 1 each	100	100
7. Loans to (from) shareholders		
Namzinc (Proprietary) Limited	(1 725 348)	(1 725 348)
The loan is interest free, unsecured with no fixed repayment terms. These arrangements are reviewed from time to time.		
THL Zinc Namibia Holdings (Proprietary) Limited, the holding company of Namzinc (Proprietary) Limited has issued a letter whereby it undertakes to provide financial support to Amica Guesthouse (Proprietary) Limited through its subsidiaries. The loan has been subordinated to claims of other creditors of the company until such time that its assets fairly valued exceed its liabilities fairly valued.		
Fair value of loans to and from shareholders		
Loans to shareholders	(1 725 348)	(1 725 348)
The carrying amount of loans to and from shareholders are denominated in the following currencies:		
Namibian Dollars	(1 725 348)	(1 725 348)
8. Trade and other payables		
Trade payables	171 436	231 067
VAT	114 409	768 846
Salary accruals	94 393	65 840
Accruals	-	32 129
Provision for VAT penalties and interest	2 023 341	-
Refunds payable to customers	11 525	-
	<u>2 415 104</u>	<u>1 097 882</u>

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	2016 N\$	2015 N\$
8. Trade and other payables (continued)		
The carrying amount of trade and other payables are denominated in the following currencies:		
Namibian Dollar	2 419 553	1 097 882
9. Revenue		
Sale of goods	2 510 945	2 436 154
10. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	144 000	144 000
Petty cash write off	14 339	-
Depreciation on property, plant and equipment	25 393	22 419
Employee costs	1 285 478	1 004 224
11. Investment revenue		
Interest revenue		
Bank	106	147
12. Finance costs		
Other interest paid	4 590	83
13. Taxation		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(1 542 703)	(601 296)
Tax at the applicable tax rate of 32% (2015: 33%)	(493 665)	(198 428)
Tax effect of adjustments on taxable income		
Penalties and interest	423 299	231 178
Deferred tax asset not recognised / (realized)	70 366	(32 750)
	-	-

The income tax rate of 33% in 2015 was reduced to 32% in 2016.

No provision has been made for 2016 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N\$ (1,549,900) (2015: N\$ (1 327 438)).

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	2016 N\$	2015 N\$
14. Auditors remuneration		
Fees	40 036	30 000
Expenses	32 953	28 960
	72 989	58 960
15. Cash used in operations		
Loss before taxation	(1 542 703)	(601 296)
Adjustments for:		
Depreciation and amortisation	25 393	22 419
Interest received - investment	(106)	(147)
Finance costs	4 590	83
Changes in working capital:		
Inventories	(12 192)	141
Trade and other receivables	206 401	(274 031)
Trade and other payables	1 317 222	817 801
	(1 395)	(35 030)
16. Contingencies		
<p>The tax status report indicated that there were outstanding provisional income tax returns (2009-2015) as at 31 March 2016. Penalties estimated of N\$ 255,700 (2015: 145,900) are payable. No accrual has been raised for this amount since management are of the opinion that the penalties will be waived.</p>		
17. Related parties		
Relationships		
Ultimate Holding Company	Skorpion Zinc (Proprietary) Limited	
Holding Company	Namzinc (Proprietary) Limited	
Related party balances		
Loan accounts - Owing (to) by related parties		
Namzinc (Proprietary) Limited	(1 725 348)	(1 725 348)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Namzinc (Proprietary) Limited	257 897	343 643
Skorpion Zinc (Proprietary) Limited	21 495	29 269
Namzinc (Proprietary) Limited	(24 000)	-
Related party transactions		
Purchases from (sales to) related parties		
Namzinc (Proprietary) Limited	(1 265 048)	(1 561 367)
Skorpion Zinc (Proprietary) Limited	(211 322)	(129 366)
Rent paid to (received from) related parties		
Namzinc (Proprietary) Limited	144 000	144 000

18. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

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2016	2015
N\$	N\$

19. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 7 and cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Credit risk

The company deposits cash surpluses with a bank of high credit standing. The credit standing of the financial institutions is evaluated with reference to official credit ratings as obtained from Skorpion Zinc (Proprietary) Limited treasury function.

Interest rate risk

Borrowings are obtained from a related party and interest rates are managed in accordance with policies set down by the Skorpion Zinc (Proprietary) Limited treasury function. Currently no interest is charged on the related party loan.

Liquidity risk

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 statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2016	Less than 1 year	Between 1 and 2 years
Borrowings		1,725,348
Trade and other payables	2,481,635	
As at 31 March 2015	Less than 1 year	Between 1 and 2 years
Borrowings		1,725,348
Trade and other payables	1,097,882	

Foreign exchange risk

The company does not transact in foreign currency.

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2016	2015
N\$	N\$

20. Going concern

We draw attention to the fact that at 31 March 2016, the company had accumulated losses of N\$ (3 646 411) and that the company's total liabilities exceed its assets by N\$ (3 646 311).

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

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 7 will remain in force for so long as it takes to restore the solvency of the company.

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Detailed Income Statement

	Note(s)	2016 N\$	2015 N\$
Revenue			
Sale of goods		2 510 945	2 436 154
Cost of sales			
Opening stock		(30 813)	(30 954)
Purchases		(676 337)	(616 134)
Closing stock		43 005	30 813
Gross profit		1 846 800	1 819 879
Other income			
VAT income		13 715	-
Interest received	11	106	147
		13 821	147
Expenses (Refer to page 27)			
Operating loss		(3 398 734)	(2 421 239)
Finance costs	10 12	(1 538 113) (4 590)	(601 213) (83)
Loss for the year		(1 542 703)	(601 296)

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Detailed Income Statement

	Note(s)	2016 N\$	2015 N\$
Operating expenses			
Accounting fees		(2 115)	(1 682)
Advertising		(9 400)	(6 512)
Auditors remuneration	14	(72 989)	(58 960)
Bad debts		(11 823)	(17 480)
Bank charges		(27 482)	(18 414)
Depreciation, amortisation and impairments		(39 732)	(22 419)
Employee costs		(1 285 478)	(1 004 224)
Gas		(5 049)	(8 022)
General expenses		(500)	(21 706)
Lease rentals on operating lease		(144 000)	(144 000)
Levies		(25 432)	(25 005)
Licenses		-	(2 659)
Motor vehicle expenses		(38 740)	(27 878)
Municipal expenses		(315 069)	(280 780)
Penalties and interest		(132 608)	(90 471)
Printing and stationery		(12 858)	(16 630)
Repairs and maintenance		(200)	(297)
Secretarial fees		-	(3 093)
Subscriptions		(46 937)	(28 892)
Telephone and fax		(37 668)	(27 187)
Training		(454)	(4 860)
VAT penalties and interest		(1 190 200)	(610 068)
		(3 398 734)	(2 421 239)