

Amica Guesthouse (Proprietary) Limited

Formerly Orban Investments One Hundred and Fifty-five (Proprietary) Limited
(Registration Number 2004/358)

Annual Financial Statements for the year ended 31 March 2021

Amica Guesthouse (Proprietary) Limited

(Registration Number 2004/358)

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General Information

Country of Incorporation and Domicile	Namibia
Registration Number	2004/358
Registration Date	19 July 2004
Nature of Business and Principal Activities	The company provides services in the hospitality industry, including accommodation, catering and any related business.
Directors	Jitendra Shrimali Christone Siame
Shareholder	Skorpion Zinc (Proprietary) Limited
Registered Office	Unit 1, Hartmann Suites C/o Robert Mugabe Avenue & Ballot Street Windhoek
Business Address	Amica Guesthouse Roterkam Street Rosh Pinah
Postal Address	P.O. Box 91563 Klein Windhoek Windhoek 10013
Bankers	First National Bank of Namibia Limited
Tax Number	03844198
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Namibian Companies Act 28 of 2004.
Auditors	eVolve Registered Accountants & Auditors Unit 2, Antonius Gartens Hendrik Witbooi Street P.O. Box 2655 Swakopmund 13001

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General Information

Company Secretary

eVolve (Windhoek) Trust
Unit 1, Hartmann Suites
C/o Robert Mugabe Avenue & Ballot Street
P.O. Box 91563, Klein Windhoek
Windhoek
10013

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Directors' Responsibilities and Approval

The directors are required by the Namibian Companies Act 28 of 2004 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 satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

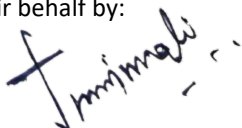
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, eVolve Registered Accountants & Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the board of directors and committees of the board of directors. The board of directors believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 7 to 8.

The annual financial statements set out on pages 9 to 26, and the supplementary information set out on pages 27 to 29 which have been prepared on the going concern basis, were approved by the board of directors and were signed on 21 April 2021 on their behalf by:



Jitendra Shrimali

Director

Amica Guesthouse (Proprietary) Limited

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Directors' Report

The directors present their report for the year ended 31 March 2021.

1. Review of activities

Main business and operations

The company provides services in the hospitality industry, including accommodation, catering and any related business. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

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

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the company's ability to continue as a going concern. The directors believe that the pandemic will have a temporary impact on the business activities. Notwithstanding these short-term challenges the directors are of the view that the company has sufficient resources to continue as a going concern.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

Impact of COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic. Since the outbreak of COVID-19, prices of risk assets have fallen sharply. Equity markets have endured declines of 30% or more at the trough and credit spreads have widened, most notably for sub-investment grade covenants. While the extent of the impact of these measures is not yet fully understood, it is clear from data releases over the past months that the economic damage caused will surpass that suffered after the global financial crisis of 2007-2009.

Most economic forecasts made for 2020 (as it relates to real GDP growth, inflation expectations and unemployment rates) before the onset of COVID-19 have been shattered and while it is challenging to accurately estimate the impact of the virus, the need remains urgent. In South Africa, the SARB forecasted a 6.1% contraction in 2020. GDP is now expected to grow by 2.2% in 2021 and then by 2.7% in 2022.

While it is still too early to quantify the full impact, if any, of COVID-19 on our core portfolio, we have evaluated the impact on the economy in South Africa (to which the Namibian economy is closely linked) and we are of the opinion that the business will remain a viable concern for at least the following twelve months.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

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Directors' Report

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. Dividend

No dividend was declared or paid to the shareholder during the year.

8. Directors

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

Jitendra Shrimali (Appointed 25 September 2020)

Christone Siame (Appointed 25 September 2020)

Irvinne Simataa (Resigned 1 October 2020)

Irleyn Zauana (Appointed 12 May 2020) (Resigned 1 October 2020)

9. Secretary

No changes were approved or made to the company secretary of the company during the year under review.

10. Shareholder

There have been no changes in ownership during the current financial year.

A register containing the beneficial interest of shareholders is maintained by the company as required in terms of section 147 of the Namibian Companies Act, and will be made available upon request.

The shareholder and its interest at the end of the year is:

	Holding
Skorpion Zinc (Proprietary) Limited	100.00%

11. Independent auditors

At the upcoming annual general meeting, the board will be requested to vote on the re-appointment of eVolve Registered Accountants & Auditors to continue in office as the company's auditors, with Mr. D.S. Kotze as lead audit partner.

Independent Auditor's Report

To the Shareholder of Amica Guesthouse (Proprietary) Limited

Opinion

We have audited the financial statements of Amica Guesthouse (Proprietary) Limited set out on pages 9 to 26, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Amica Guesthouse (Proprietary) Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Namibian Companies Act 28 of 2004.

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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our ethical responsibilities in accordance with these requirements. 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 statement of Directors' Responsibilities and Approval as required by the Namibian Companies Act 28 of 2004, which we obtained prior to the date of this report, and the supplementary information set out on pages 27 to 29. 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 and will not express 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Namibian Companies Act 28 of 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Other matters

We wish to draw your attention to the fact that, with the written consent of the shareholder, we have performed certain accounting, tax and secretarial services on behalf of the company.

eVolve Registered Accountants & Auditors

21 April 2021

Per: D.S. Kotze (Partner)
Chartered Accountants Namibia
Registered Accountants & Auditors (PAAB Nr. M537)

Unit 2, Antonius Gartens
Hendrik Witbooi Street
P.O. Box 2655
Swakopmund
13001

Amica Guesthouse (Proprietary) Limited

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Annual financial Statements for the year ended 31 March 2021

Statement of Financial Position

Figures in N\$

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	3	537,299	534,183
Current assets			
Inventories	4	207,979	104,511
Trade and other receivables	6	4,464,581	1,384,729
Cash and cash equivalents	9	1,259,030	2,354,305
Total current assets		5,931,590	3,843,545
Total assets		6,468,889	4,377,728
Equity and liabilities			
Equity			
Issued capital	10	100	100
Retained income		4,015,947	1,768,387
Total equity		4,016,047	1,768,487
Liabilities			
Non-current liabilities			
Deferred tax liabilities	7	62,252	42,093
Current liabilities			
Trade and other payables	11	555,042	630,013
Current tax liabilities	8	110,200	211,787
Loan from group company	13	1,725,348	1,725,348
Total current liabilities		2,390,590	2,567,148
Total liabilities		2,452,842	2,609,241
Total equity and liabilities		6,468,889	4,377,728

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Statement of Comprehensive Income

Figures in N\$	Notes	2021	2020
Revenue	14	7,753,986	6,826,128
Opening stock		(104,511)	(93,682)
Purchases		(2,488,356)	(1,214,703)
Closing stock		207,979	104,511
Cost of sales	15	(2,384,888)	(1,203,874)
Gross profit		5,369,098	5,622,254
Other income	16	290,112	158,077
Operating expenses	20	(2,538,060)	(3,137,652)
Profit from operating activities		3,121,150	2,642,679
Finance income	18	53,313	21,088
Finance costs	19	-	(29,861)
Profit before tax		3,174,463	2,633,906
Income tax expense	21	(926,903)	(805,746)
Profit for the year		2,247,560	1,828,160

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Statement of Changes in Equity

Figures in N\$	Issued capital	Retained income	Total
Balance at 1 April 2019	100	(59,773)	(59,673)
Changes in equity			
Profit for the year	-	1,828,160	1,828,160
Total comprehensive income for the year	-	1,828,160	1,828,160
Balance at 31 March 2020	100	1,768,387	1,768,487
Balance at 1 April 2020	100	1,768,387	1,768,487
Changes in equity			
Profit for the year	-	2,247,560	2,247,560
Total comprehensive income for the year	-	2,247,560	2,247,560
Balance at 31 March 2021	100	4,015,947	4,016,047
Notes	10		

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Statement of Cash Flows

Figures in N\$

	Notes	2021	2020
Cash flows (used in) / from operations			
Cash receipts from customers		6,312,345	8,105,645
Cash paid to suppliers and employees		(6,409,042)	(5,316,886)
Net cash flows (used in) / from operations		<u>(96,697)</u>	<u>2,788,759</u>
Interest received		53,313	21,088
Income taxes paid	24	(1,008,331)	(592,592)
Net cash flows (used in) / from operating activities		<u>(1,051,715)</u>	<u>2,217,255</u>
Cash flows used in investing activities			
Purchase of property, plant and equipment		(43,560)	(252,986)
Cash flows used in investing activities		<u>(43,560)</u>	<u>(252,986)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,095,275)</u>	<u>1,964,269</u>
Cash and cash equivalents at beginning of the year		2,354,305	390,036
Cash and cash equivalents at end of the year	9	<u>1,259,030</u>	<u>2,354,305</u>

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Notes to the Financial Statements

Figures in N\$

2021

2020

1. General information

Amica Guesthouse (Proprietary) Limited ('the company') provides services in the hospitality industry, including accommodation, catering and any related business.

The company is incorporated as a private company and domiciled in Namibia. The address of its registered office is Unit 1, Hartmann Suites, C/o Robert Mugabe Avenue & Ballot Street, Windhoek.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Amica Guesthouse (Proprietary) Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Namibian Companies Act 28 of 2004. The financial statements have been prepared under the historical cost convention. They are presented in Namibian Dollar.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 25.

The principal accounting policies applied in the preparation of these annual financial statements are set out in the notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Property, plant and equipment

3.1 Accounting policies

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Asset class	Estimated useful life
Fixtures and fittings	10 years
Computer equipment	5 years
Office- and guesthouse equipment	20 years
Cutlery and crockery	40 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

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Property, plant and equipment continued...

3.2 Balances at year end and movements for the year

	Fixtures and fittings	Computer equipment	Office- and guesthouse equipment	Cutlery and crockery	Total
Reconciliation for the year ended 31 March 2021					
Balance at 1 April 2020					
At cost	169,661	38,912	503,564	98,805	810,942
Accumulated depreciation	(14,607)	-	(228,802)	(33,350)	(276,759)
Net book value	155,054	38,912	274,762	65,455	534,183
Movements for the year ended 31 March 2021					
Additions from acquisitions	-	-	43,560	-	43,560
Depreciation	(16,765)	(5,762)	(15,447)	(2,470)	(40,444)
Property, plant and equipment at the end of the year	138,289	33,150	302,875	62,985	537,299
Closing balance at 31 March 2021					
At cost	169,661	38,912	547,124	98,805	854,502
Accumulated depreciation	(31,372)	(5,762)	(244,249)	(35,820)	(317,203)
Net book value	138,289	33,150	302,875	62,985	537,299
Reconciliation for the year ended 31 March 2020					
Balance at 1 April 2019					
At cost	54,448	-	371,547	93,051	519,046
Accumulated depreciation	(7,007)	-	(217,670)	-	(224,677)
Net book value	47,441	-	153,877	93,051	294,369
Movements for the year ended 31 March 2020					
Additions from acquisitions	115,212	38,912	132,017	5,754	291,895
Depreciation	(7,599)	-	(11,132)	(33,350)	(52,081)
Property, plant and equipment at the end of the year	155,054	38,912	274,762	65,455	534,183
Closing balance at 31 March 2020					
At cost	169,661	38,912	503,564	98,805	810,942
Accumulated depreciation	(14,607)	-	(228,802)	(33,350)	(276,759)
Net book value	155,054	38,912	274,762	65,455	534,183

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Notes to the Financial Statements

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4. Inventories

4.1 Accounting policies

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

4.2 Inventories comprise:

Kitchen	171,852	39,906
Bar	32,707	58,697
Consumables	3,420	5,908
	<u>207,979</u>	<u>104,511</u>

5. Financial assets

5.1 Accounting policies

Trade receivables and other financial assets

Other financial assets are recognised initially at the transaction price, including transaction costs except where the asset will subsequently be measured at fair value.

Where other financial assets relate to shares that are publicly traded, or where fair values can be measured reliably without undue cost or effort, these assets are subsequently measured at fair value with the changes in fair value being recognised in profit or loss. Other investments are subsequently measured at cost less impairment.

Debt instruments are subsequently stated at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Commitments to receive a loan that meet the conditions in paragraph 11.8(c) are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

5.2 Carrying amount of financial assets by category

	Debt instruments at amortised cost	Total
Year ended 31 March 2021		
Trade and other receivables excluding non-financial assets (Note 6)	4,464,581	4,464,581
Cash and cash equivalents (Note 9)	1,259,030	1,259,030
	<u>5,723,611</u>	<u>5,723,611</u>

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Financial assets continued...

	Debt instruments at amortised cost	Total
Year ended 31 March 2020		
Trade and other receivables excluding non-financial assets (Note 6)	1,384,729	1,384,729
Cash and cash equivalents (Note 9)	2,354,305	2,354,305
	<u>3,739,034</u>	<u>3,739,034</u>

6. Trade and other receivables

6.1 Accounting policies

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

6.2 Trade and other receivables comprise:

Trade receivables	4,404,602	1,384,729
Overpaid employees' tax	59,979	-
	<u>4,464,581</u>	<u>1,384,729</u>

6.3 Items included in Trade and other receivables not classified as financial instruments

Overpaid employees' tax	59,979	-
Total trade and other receivables excluding non-financial assets included in trade and other receivables	<u>4,404,602</u>	<u>1,384,729</u>

7. Deferred tax

7.1 Accounting policies

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the entity. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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Deferred tax continued...

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

7.2 Details of set-off of deferred tax assets and liabilities

Net deferred tax liability from all items being set off	(62,252)	(42,093)
Total deferred tax liability per the statement of financial position	(62,252)	(42,093)

7.3 Reconciliation of deferred tax movements

	Doubtful debts	Property, plant and equipment	Employee cost accruals	Total
Opening balance at 1 April 2020	4,928	(90,953)	43,932	(42,093)
(Charged) / credited to profit or loss	1,258	(40,554)	19,137	(20,159)
Closing balance at 31 March 2021	6,186	(131,507)	63,069	(62,252)
Opening balance at 1 April 2019	4,833	(56,011)	-	(51,178)
(Charged) / credited to profit or loss	95	(34,942)	43,932	9,085
Closing balance at 31 March 2020	4,928	(90,953)	43,932	(42,093)

8. Current tax liabilities

8.1 Accounting policies

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

8.2 Current tax liabilities comprise the following balances

Net current tax liability from all items being set off	(110,200)	(211,787)
Total current tax liability per the statement of financial position	(110,200)	(211,787)

9. Cash and cash equivalents

9.1 Accounting policies

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

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Cash and cash equivalents continued...

9.2 Cash and cash equivalents included in current assets:

Cash

Cash on hand	706	4,773
Balances with banks	1,258,324	2,349,532
	<u>1,259,030</u>	<u>2,354,305</u>

10. Issued capital

10.1 Accounting policies

Ordinary shares are classified as equity.

Issued capital is classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

10.2 Authorised and issued share capital

Authorised

4,000 Ordinary shares of N\$ 1.00 each	<u>4,000</u>	<u>4,000</u>
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Issued

100 Ordinary shares of N\$ 1.00 each	<u>100</u>	<u>100</u>
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Share reconciliation

Shares outstanding - beginning of the period	<u>100</u>	<u>100</u>
Shares outstanding - closing	<u>100</u>	<u>100</u>

All shares rank equally with regard to the company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

11. Trade and other payables

11.1 Accounting policies

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

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Trade and other payables continued...

11.2 Trade and other payables comprise:

Trade creditors	220,560	148,539
Deposits received	8,100	-
Employee cost accruals	197,089	137,286
Value-added tax	129,293	344,188
Total trade and other payables	555,042	630,013

12. Financial liabilities

12.1 Accounting policies

Loan from group company

This can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

The loan from group company is classified as a debt instrument, and is initially measured at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

12.2 Carrying amount of financial liabilities by category

	Debt instruments at amortised cost	Total
Year ended 31 March 2021		
Loan from group company (Note 13)	1,725,348	1,725,348
Trade and other payables excluding non-financial liabilities (Note 11)	425,749	425,749
	2,151,097	2,151,097
Year ended 31 March 2020		
Loan from group company (Note 13)	1,725,348	1,725,348
Trade and other payables excluding non-financial liabilities (Note 11)	285,825	285,825
	2,011,173	2,011,173

13. Loan from group company

13.1 Accounting policies

This can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

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Loan from group company continued...

The loan from group company is classified as a debt instrument, and is initially measured at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method.

For further details about the accounting policies and classifications made related to the loan from group company, please refer to the financial liabilities note 12.

13.2 Loan from group company comprises:

Namzinc (Proprietary) Limited	<u>1,725,348</u>	<u>1,725,348</u>
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13.3 Terms and conditions

The unsecured loan has no fixed terms of repayment and accrues interest at rates determined by the parties from time to time. The company does not have an unconditional right to defer settlement of the loan for a period of at least twelve months after the end of the reporting period.

14. Revenue

14.1 Accounting policies

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

The stage of completion of a transaction may be determined in a variety of methods, depending on the nature of the transaction:

- surveys of work performed;

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Revenue continued...

- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the company's right to receive payment has been established and is shown as 'finance income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

14.2 Revenue comprises:

Rendering of services	7,753,986	6,826,128
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15. Cost of sales

Cost of sales comprise:

Rendering of services	2,384,888	1,203,874
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16. Other income

Other income comprises:

Venue hire income	5,000	13,478
Tax recoveries	285,112	144,599
Total other income	290,112	158,077

17. Employee benefits expense

17.1 Accounting policies

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

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Employee benefits expense continued...

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

17.2 Employee benefits expense comprises:

Salaries	737,345	841,019
Wages	145,363	160,273
Housing allowances	62,438	65,725
Retirement funding contributions	60,298	75,329
Medical aid fund contributions	161,853	160,732
Funeral cover contributions	5,829	7,282
Payments for overtime work	48,525	107,834
Annual bonuses	71,998	182,485
Recruitment costs	16,000	-
Other allowances (combined)	73,535	85,160
Employment-related levies	13,447	25,636
Annual leave pay	42,692	63,493
Staff medical expenditure	-	15,868
	1,439,323	1,790,836

18. Finance income

Finance income comprises:

Interest on bank balances	53,313	21,088
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19. Finance costs

19.1 Accounting policies

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

19.2 Finance costs included in profit or loss:

Taxation payables	-	28,652
Bank overdraft	-	1,209
Total finance costs	-	29,861

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Finance costs continued...

Nature of finance costs

Interest in respect of other loans and indebtedness of the company

- 1,209

Other finance costs

- 28,652

Total finance costs

- 29,861

20. Operating expenses

Other expenses comprise:

Accounting and secretarial fees

17,695 7,382

Auditors' remuneration

17,500 44,797

Bank charges

39,372 53,342

Delivery expenses

70,071 61,508

Depreciation

40,444 52,081

Employee benefit expenses

1,439,323 1,790,836

Entertainment and refreshments

1,350 11,689

Housekeeping and consumables

111,879 260,267

Lease rentals

144,000 144,000

Marketing and promotions

5,818 8,310

Municipal charges and gas

385,556 416,631

Printing and stationery

10,590 11,293

Provision for doubtful debts

12,463 395

Repairs and maintenance

33,244 33,873

Staff training

5,991 17,290

Subscriptions and membership fees

87,511 83,111

Telecommunications

57,885 37,305

Tourism levies

48,059 92,383

Trade licences

9,309 11,159

Total other expenses

2,538,060 3,137,652

21. Income tax expense

21.1 Accounting policies

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the entity. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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Income tax expense continued...

21.2 Income tax recognised in profit or loss:

Current tax

Current year	906,744	814,831
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Deferred tax

Doubtful debts	(1,258)	(95)
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Property, plant and equipment	40,554	34,942
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Employee cost accruals	(19,137)	(43,932)
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Total deferred tax	20,159	(9,085)
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Total income tax expense	926,903	805,746
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21.3 The income tax for the year can be reconciled to the accounting profit as follows:

Profit before tax from operations	3,174,463	2,633,906
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Income tax calculated at 32.0%	1,015,828	842,850
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Tax effect of

- Non-taxable tax recoveries	(91,235)	(46,273)
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- Non-deductible interest and penalties on tax accounts	-	9,169
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- Non-deductible doubtful debt provision	2,310	-
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Tax charge	926,903	805,746
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22. Related parties

22.1 Accounting policies

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

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Related parties continued...

- The entity is controlled or jointly controlled by a person identified as a related party;
- A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity;

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

22.2 Group companies

Parent company

Skorpion Zinc (Proprietary) Limited

Fellow subsidiaries

Namzinc (Proprietary) Limited

Skorpion Mining Company (Proprietary) Limited

22.3 Related party transactions and balances

	<u>Fellow subsidiaries</u>	<u>Total</u>
Year ended 31 March 2021		
Related party transactions		
Revenue from rendering of services	(1,761,844)	(1,761,844)
Leases as lessee	144,000	144,000
Outstanding balances for related party transactions		
Amounts receivable	1,773,002	1,773,002
Outstanding loan accounts		
Amounts payable	(1,725,348)	(1,725,348)
Year ended 31 March 2020		
Related party transactions		
Revenue from rendering of services	(1,733,531)	(1,733,531)
Leases as lessee	144,000	144,000
Outstanding balances for related party transactions		
Amounts receivable	1,267,487	1,267,487
Outstanding loan accounts		
Amounts payable	(1,725,348)	(1,725,348)

Loans from fellow subsidiaries are unsecured and have no fixed terms of repayment. Interest accrues at rates determined by the parties from time to time. The company does not have an unconditional right to defer settlement of the loans for a period of at least twelve months after the end of the reporting period.

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Related parties continued...

The above related party transactions have been made on terms equivalent to those that prevail in arm's length transactions.

23. Going concern

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

24. Income tax paid

Income tax paid

Amounts receivable / (payable) at the beginning of the year	(211,787)	10,452
Amounts (receivable) / payable at the end of the year	110,200	211,787
Taxation expense (credit)	(926,903)	(805,746)
Less deferred tax included in taxation expense	20,159	(9,085)
	<u>(1,008,331)</u>	<u>(592,592)</u>

25. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

COVID-19 impact

The board has assessed the impact of the COVID-19 pandemic on the assumptions and significant judgements made in the valuation of items of property plant and equipment. Following the assessment of a number of factors considered in the company's COVID response plan, the board has determined that the anticipated impact of the pandemic will not have a lasting impact on the productivity of the company's property, plant and equipment.

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Detailed Income Statement

Figures in N\$	Notes	2021	2020
Revenue	14		
Accommodation		2,460,798	4,893,975
Catering, meals and drinks		5,293,188	1,932,153
		7,753,986	6,826,128
Cost of sales	15		
Rendering of hospitality services		(2,384,888)	(1,203,874)
		5,369,098	5,622,254
Gross profit			
Other income	16		
Tax recoveries		285,112	144,599
Venue hire income		5,000	13,478
		290,112	158,077
Operating expenses	20		
Accounting and secretarial fees		(17,695)	(7,382)
Auditors' remuneration		(17,500)	(44,797)
Bank charges		(39,372)	(53,342)
Delivery expenses		(70,071)	(61,508)
Depreciation		(40,444)	(52,081)
Employee costs	17	(1,439,323)	(1,790,836)
Entertainment and refreshments		(1,350)	(11,689)
Housekeeping and consumables		(111,879)	(260,267)
Lease rentals		(144,000)	(144,000)
Marketing and promotions		(5,818)	(8,310)
Municipal charges and gas		(385,556)	(416,631)
Printing and stationery		(10,590)	(11,293)
Provision for doubtful debts		(12,463)	(395)
Repairs and maintenance		(33,244)	(33,873)
Staff training		(5,991)	(17,290)
Subscriptions and membership fees		(87,511)	(83,111)
Telecommunications		(57,885)	(37,305)
Tourism levies		(48,059)	(92,383)
Trade licences		(9,309)	(11,159)
		(2,538,060)	(3,137,652)
Profit from operating activities		3,121,150	2,642,679
Finance income	18		
Interest on bank balances		53,313	21,088
Finance costs	19		
Bank overdraft		-	(1,209)
Taxation payables		-	(28,652)
		-	(29,861)

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Detailed Income Statement

Figures in N\$

	Notes	2021	2020
Profit before tax		3,174,463	2,633,906
Income tax	21		
Current tax		(906,744)	(814,831)
Deferred tax		(20,159)	9,085
		(926,903)	(805,746)
Profit for the year		2,247,560	1,828,160

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Income Tax Computation

Figures in N\$

	2021	2020
Profit before tax	3,174,463	2,633,906
Adjusted for permanent differences:		
Non-taxable tax recoveries	(285,112)	(144,599)
Non-deductible interest on the late payment of VAT	-	28,652
Non-deductible movement in provision for doubtful debts	7,224	-
Adjusted for temporary differences:		
Depreciation charge for accounting purposes added back	40,444	52,081
Wear-and-tear allowances for income tax purposes:		
- Additions during 2018, cost N\$ 25,859.04	-	(8,620)
- Additions during 2019, cost N\$ 166,072.90	(55,358)	(55,358)
- Additions during 2020, cost N\$ 291,898.01	(97,299)	(97,299)
- Additions during 2021, cost N\$ 43,560.28	(14,520)	-
Balance of provision for doubtful debts - prior year	(20,534)	(20,139)
Balance of provision for doubtful debts - current year	25,774	20,534
25% allowance on balance of provision for doubtful debts - prior year	5,134	5,035
25% allowance on balance of provision for doubtful debts - prior year	(6,444)	(5,134)
Balance of employee cost accruals - prior year	(137,286)	-
Balance of employee cost accruals - current year	197,088	137,286
	(340,889)	(87,560)
Taxable income	2,833,574	2,546,346
Normal tax	906,744	814,831
Deferred tax	20,159	(9,085)
Total per statement of comprehensive income	926,903	805,746
Less : Assessed tax payments / refunds	20,581	-
Provisional tax		
- 1st payment	(86,272)	(292,592)
- 2nd payment	(710,272)	(532,368)
Deferred tax	(20,159)	9,085
2nd provisional payment (cleared bank account on the 01st of April 2020)	(232,368)	232,368
(Debit) / Credit balance brought forward	211,787	(10,452)
Total per statement of financial position - (Asset) / Liability	110,200	211,787

