

STANSAND (CENTRAL AFRICA) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2017

STANSAND (CENTRAL AFRICA) LIMITED

BUSINESS

The principal activities of Stansand (Central Africa) Limited "the Company" which is incorporated in Malawi, is the buying and exporting of tea.

DIRECTORS

G G Kaliwo	- Non-executive Director	Chairman
A A Likungwe	- Executive Director	
P Matala	- Executive Director	
K Tubb	- Non-executive Director	
J Maffin	- Non-executive Director	

SECRETARY

A A Likungwe

REGISTERED OFFICE

Stansand (Central Africa) Limited
P O Box 546
Blantyre

BANKER

National Bank of Malawi

AUDITOR

PricewaterhouseCoopers
Chartered Accountants (Malawi)
Top Floor, Hannover House
Corner Independence Drive and Hannover Street
P O Box 1147
Blantyre

LEGAL ADVISOR

Wilson & Morgan
P O Box 9, Whitehall
Blantyre

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The financial statements are expressed in Malawi Kwacha ("K")



INDEPENDENT AUDITOR'S REPORT

to the shareholders of

STANSAND (CENTRAL AFRICA) LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stansand (Central Africa) Limited (the "Company") as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Malawi Companies Act (Chapter 46:03).

What we have audited

Stansand (Central Africa) Limited financial statements set out on pages 2 to 21 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Malawi Companies Act (Chapter 46:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

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R Mbene - Senior Partner

The Partnership's principal place of business is at Hannover House, Cnr Independence Drive and Hannover Street, Blantyre, Malawi where a list of the Partners' names is available for inspection.

VAT reg. no. 30843660



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.


PricewaterhouseCoopers
Chartered Accountants (Malawi)
Blantyre

Ranwell Mbene


Date: 2 June 2017

STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 K'000	2016 K'000
ASSETS			
Non-current assets			
Vehicles and equipment	5	19 938	1 083
Deferred income tax asset	16	294	2 873
		<u>20 232</u>	<u>3 956</u>
Current assets			
Inventories	6	139 730	63 108
Other receivables	7	30 393	19 930
Amounts due from related parties	8	-	20 800
Cash and cash equivalents	9	<u>235 612</u>	<u>120 053</u>
		<u>405 735</u>	<u>223 891</u>
		<u>425 967</u>	<u>227 847</u>
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	10	20	20
Retained earnings		<u>101 047</u>	<u>90 321</u>
		<u>101 067</u>	<u>90 341</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	33 185	27 700
Dividend payable		72 240	-
Amounts due to related parties	8	185 418	71 934
Provisions	12	25 100	25 002
Current income tax liability		<u>8 957</u>	<u>12 870</u>
		<u>324 900</u>	<u>137 506</u>
Total liabilities			
		<u>425 967</u>	<u>227 847</u>
Total equity and liabilities			

These financial statements were authorised for issue by the Board of Directors on 2 June 2017 and are signed on its behalf by:


)
)
) DIRECTOR
)
)
)

STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 K'000	2016 K'000
Revenue		3 684 342	3 945 976
Cost of sales	13	(3 546 128)	(3 796 123)
Gross profit		138 214	149 853
Other income	14	62 376	38 375
Administrative expenses	13	(90 651)	(92 406)
Operating profit		109 939	95 822
Finance income	15	19 061	58 952
Finance cost	15	(10 312)	(7 881)
Profit before income tax		118 688	146 894
Income tax expense	16	(35 722)	(46 059)
Profit for the year		82 966	100 835
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Total comprehensive loss for the year		<u>82 966</u>	<u>100 835</u>

STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital K'000	Retained earnings K'000	Total K'000
Year ended 31 March 2016			
At 1 April 2015	20	(10 514)	(10 494)
Total comprehensive income	-	100 835	100 835
Comprehensive income	-	100 835	100 835
Profit for the year	-	-	-
Other comprehensive income	-	-	-
At 31 March 2016	<u>20</u>	<u>90 321</u>	<u>90 341</u>
Year ended 31 March 2017			
At 1 April 2016	20	90 321	90 341
Total comprehensive income	-	82 966	82 966
Comprehensive income	-	82 966	82 966
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Transactions with owners			
Dividend declared	-	(72 240)	(72 240)
At 31 March 2017	<u>20</u>	<u>101 047</u>	<u>101 067</u>

STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 K'000	2016 K'000
CASH FLOWS FROM OPERATING ACTIVITIES		118 688	146 894
Profit before income tax			
Adjustments for:		3 083	716
Depreciation	5	-	227
Interest expense	15	(928)	(840)
Interest income	15		
Changes in working capital		(76 622)	7 297
(Increase)/decrease in inventories		(10 463)	15 584
(Increase)/decrease in receivables		20 800	(20 800)
Decrease/(increase) in amounts due from related parties		5 485	(91 108)
Increase/(decrease) in trade and other payables		98	10 259
Increase in provisions for other liabilities and charges		113 484	56 991
Increase in amounts due to related parties			
Cash generated from operations		173 625	125 220
Income tax paid		(37 056)	(22 019)
Interest paid	15	-	(227)
Net cash generated from operating activities		136 569	102 974
CASH FLOWS FROM INVESTING ACTIVITIES		928	840
Interest received	15	(21 938)	(724)
Payments for furniture and equipment			
Net cash(used in)/generated from investing activities		(21 010)	116
Net increase in cash and cash equivalents		115 559	103 090
Cash and cash equivalents at the beginning of the year		120 053	16 963
Cash and cash equivalents at the end of the year	9	235 612	120 053
Movement in working capital as defined by legislation		(5 550)	111 331
Excess of current assets over current liabilities at the end of the year		80 835	86 385
Excess of current liabilities over current assets at the beginning of the year		86 385	(24 946)

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**1 GENERAL INFORMATION**

Stansand (Central Africa) Limited (the "Company"), is engaged in the buying and exporting of tea. The Company is a limited liability company incorporated in Malawi and domiciled in Malawi. The address of its registered office is along Masauko Chipembere Highway Maselema Area - Limbe, P O Box 546, Blantyre, Malawi.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation**2.1.1 Compliance with IFRS**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the requirements of the Malawi Companies Act, (Chapter 46:03).

2.1.2 Historical cost convention

These financial statements have been prepared on a historical cost basis.

2.1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS 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 4.

2.1.4 Changes in accounting policy and disclosures

a) New and amended standards and interpretations, effective for the first time for 31 March 2017 year ends and relevant to the Company

Standard/interpretation	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation.	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

b) New and amended standards and interpretations, effective for the first time for 31 March 2017 year ends that are not currently relevant to the Company (although they may affect future accounting for future transactions)

Standard/interpretation	Effective date	Executive summary
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants	1 January 2016	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

c) New and amended standards and interpretation issued but not effective for 31 March 2017 year ends that are relevant to the Company but have not been early adopted

Standard/interpretation	Effective date	Executive summary
Amendment to IAS 12 - 'Income taxes' Recognition of deferred tax assets for unrealised losses.	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.
Amendment to IAS 7 - 'Cash flow statements' Statement of cash flows on disclosure initiative	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.
IFRS 15 - "Revenue from contracts with customers"	Annual periods beginning on or after 1 January 2018 (published May 2014)	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
Amendment to IFRS 15 - "Revenue from contracts with customers".	Annual periods beginning on or after 1 January 2018 (published April 2016)	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
IFRS 9 - 'Financial Instruments (2009&2010)' · Financial liabilities · Derecognition of financial instruments · Financial assets General hedge accounting	Annual periods beginning on or after 1 January 2018 (published July 2014)	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

c) New and amended standards and interpretations issued but not effective for 31 March 2017 year ends that are relevant to the Company but have not been early adopted (continued)

Standard/interpretation	Effective date	Executive summary
Amendment to IFRS 9 - "Financial instruments", - on general hedge accounting	Annual periods beginning on or after 1 January 2018	<p>The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.</p> <p>Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:</p> <ul style="list-style-type: none"> · The own credit risk requirements for financial liabilities. · Classification and measurement (C&M) requirements for financial assets. · C&M requirements for financial assets and financial liabilities. · The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). <p>The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.</p>
IFRS 16 - 'Leases'	Annual periods beginning on or after 1 January 2019 - earlier application permitted if IFRS 15 is also published. (published January 2016)	<p>This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.</p> <p>Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.</p> <p>For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.</p> <p>At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.</p>
IFRIC 22, 'Foreign currency transactions and advance consideration'	Annual periods beginning on or after 1 January 2018 (published December 2016)	<p>This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.</p>

d) New and amended standards and interpretations issued but not effective for 31 March 2017 year ended that are not relevant to the Company

Standard/interpretation	Effective date	Executive summary
Amendments to IFRS 2 - 'Share-based payments' Clarifying how to account for certain types of share-based payments transactions.	Annual periods beginning on or after 1 January 2018 (published June 2016)	<p>This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.</p>

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

d) New and amended standards and interpretations issued but not effective for 31 March 2017 year ends that are not relevant to the Company (continued)

Standard/interpretation	Effective date	Executive summary
IFRS 4, 'Insurance contracts' Regarding the implementation of IFRS 9, 'Financial instruments'	Annual periods beginning on or after 1 January 2018 (published September 2016)	These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: · Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39
IAS 40, 'Investment property' Transfer of investment property	Annual periods beginning on or after 1 January 2018 (published December 2016)	These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	Effective date postponed (initially 1 January 2016)	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

(e) Improvements to IFRS

Annual improvements 2014 - 2016, issued December 2014

In September 2014, the IASB issued Annual improvements to IFRSs 2012 – 2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for the first time for 31 December 2016 year-ends:

Annual improvements	Effective date	IFRS
Annual improvements 2014	1 January 2016	<ul style="list-style-type: none"> • IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations' • IFRS 7, - 'Financial Instruments: Disclosures' • IAS 19, - 'Employee Benefits' • IAS 34, - 'Interim Financial Reporting'

Annual improvements 2014 - 2016, issued December 2016

The IASB issued annual improvements to IFRSs 2014 - 2016 cycle, which contain three amendments to three standards. The amendments are effective for annual periods beginning on or after 1 January 2017 and 2018.

Annual improvements	Effective date	IFRS
Annual improvements 2014 - 2016	1 January 2017 and 2018	<ul style="list-style-type: none"> • IFRS 1, - 'First time adoption' • IFRS 12, - 'Disclosures of interests in other entities' • IAS 28, - 'Investments in associates and joint ventures'

Annual improvements contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. Improvements to IFRS comprise amendments that result in accounting changes for presentation, recognition or measurements purposes, as well as terminology amendments related to a variety of individual IFRS standards

There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the Company.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Foreign currency translation****(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Malawi Kwacha ("K") which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated to Malawi Kwacha using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies generally at year end exchange rates are generally recognised in the statement of comprehensive income within finance income and costs.

2.3 Vehicle and equipment

Vehicle and equipment comprise vehicles, office equipment and furniture, and is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only 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. The carrying amounts of any component accounted for a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to write down their cost to their residual values over their estimated useful lives as follows:

Motor vehicle	25%
Furniture and equipment	25%
Computers	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each 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 disposal are determined by comparing the proceeds with the carrying amount and are recognised within other income, in the statement of comprehensive income.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets**2.5.1 Classification**

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the statement of financial position.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5.2 Recognition and measurement**

Loans and receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method less allowance for impairment.

2.5.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Impairment of financial assets**Assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial observable data indicate that there is a measurable decrease in estimated future cashflows such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out (FIFO) method. The cost includes purchase costs, transport and handling charges and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses.

2.8 Trade and other receivables

Trade and other receivables are amounts due from customers for tea sold and services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax assessments and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Current and deferred income tax (continued)**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

Trade and other payables recognised initially at fair value are subsequently carried at amortised cost using the effective interest rate method.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Employee benefits**(a) Short term employee benefits**

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Pension obligations

The Company contributes to a defined contribution scheme which is managed by an independent third party for eligible employees. A defined contribution scheme is a pension plan under which the company pays fixed contributions into a separate fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees their benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Revenue recognition****Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of tea in the ordinary course of the Company's activities. Revenue is shown net of value-added-tax, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. Sales are recognised on delivery and when contractual terms have been fulfilled.

Other income

Other income comprises sampling fees, commissions and sundry income and is accounted for on the accruals basis.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

2.16 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared. Dividends declared after the reporting date are disclosed in the notes to the financial statements.

3 FINANCIAL RISK MANAGEMENT**3.1 Financial risks factors**

The Company operates in an environment which is subject to variations of a variety of financial risks: market risk (including currency risks, price risk, fair value interest rate risk and cashflow interest rate risk), credit risk and liquidity risk. Company policy is to adopt a non speculative approach to managing risk and exposures are not hedged.

The risk management policies employed by the Board to manage these risks are disclosed below.

3.1.1 Market risk**i) Foreign exchange risk**

In the normal course of business, the Company receives working capital financing in foreign currencies from the holding company which exposes it to fluctuations in foreign currency exchange rates. The Company monitors currency fluctuations as well as the ratio of current foreign liabilities relative to the tea inventory on a continuous basis to minimise this risk. Export sales are a natural hedge to foreign currency denominated payable exposures. Based on management assessment the entity's foreign exchange risk is low.

The table below summarises the Company's exposure to foreign exchange risk as at 31 March.

	US\$'000	Equivalent K'000
At 31 March 2017		
Financial assets		
Cash and cash equivalents	324	231 863
	<u>324</u>	<u>231 863</u>
Financial liabilities		
Amounts due to related parties	260	185 418
	<u>260</u>	<u>185 418</u>
At 31 March 2016		
Financial assets		
Cash and cash equivalents	170	115 088
Amounts due from related parties	31	20 800
	<u>201</u>	<u>135 888</u>
Financial liabilities		
Amounts due to related parties	107	71 934
	<u>107</u>	<u>71 934</u>

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.1 Market risk (continued)

i) Foreign exchange risk

Foreign currency sensitivity analysis

The Company is mainly exposed to the United States dollar ("US\$").

At 31 March 2017, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post tax profit for the year would have been K 42 179 805 (2016: K 6 393 253) lower or higher mainly as a result of foreign exchange gains/losses on translation of US dollar denominated cash and cash equivalents and amounts due from and due to related parties.

(ii) Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities giving rise to interest rate risk. Cash is invested in such a manner as to achieve maximum returns whilst minimising exposures to liquidity shortages. Interest rate risk is not hedged. Based on management assessment the market interest rate risk for the entity is low as the Company has no borrowings.

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables, amounts due from related parties and deposits with financial institutions. For banks and financial institutions, only those with good financial reputation as assessed by management and approved by the board of directors are used. In the absence of independent ratings of these institutions, management and the board take into account the financial position, past experience and other factors as a basis for the recommendations and approvals.

The Company has no significant concentrations of credit risk to third parties outside the Tata group. The majority of the Company's sales are made to related companies.

The maximum exposure to credit risks is summarised as follows:

	2017 K'000	2016 K'000
Financial asset		
Other receivables (excluding prepayments and Value Added Tax (VAT) receivable)	2 926	161
Amounts due from related parties	-	20 800
Cash and cash equivalents	235 337	119 976
	<u>238 263</u>	<u>140 937</u>

With respect to outstanding receivables that are not impaired and are past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations. No collateral was taken in respect of the receivables.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be failure to meet the obligations to creditors.

Prudent liquidity risk management implies maintaining sufficient short-term cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities whenever it is appropriate. The Company relies on funding from the holding company in London whenever cash flow forecasts indicate a short fall and has assurances of continued financial support.

Exposure to liquidity risk arises from the Company's normal trading operations. In most instances, the operating liabilities are subject to a 30 day payment period for which cash is made available from the Company's normal trading operations which are substantially cash based. The Company's holding company (Head office) in London provides bridging finance in the event of a short-term cash shortage.

The table below analyses the maturity profile of the Company's assets and liabilities based on the remaining period at 31 March to the contractual maturity date.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.3 Liquidity risk (continued)

	Carrying amount K'000	On demand and less than 3 months K'000
At 31 March 2017		
Assets		
Other receivables (excluding prepayments and VAT)	2 926	2 926
Cash and cash equivalents	235 612	235 612
	<u>238 538</u>	<u>238 538</u>
Liabilities		
Trade and other payables (excluding statutory liabilities)	1 113	1 113
Amounts due to related parties	185 418	185 418
	<u>186 531</u>	<u>186 531</u>
	<u>52 007</u>	<u>52 007</u>
Liquidity gap		
At 31 March 2016		
Assets		
Other receivables (excluding prepayments and VAT)	161	161
Amounts due from related parties	20 800	20 800
Cash and cash equivalents	120 053	120 053
	<u>141 014</u>	<u>141 014</u>
Liabilities		
Trade and other payables (excluding statutory liabilities)	27 700	27 700
Amounts due to related parties	71 934	71 934
	<u>99 634</u>	<u>99 634</u>
	<u>41 380</u>	<u>41 380</u>
Liquidity gap		

3.2 Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

At 31 March 2017 the Company had no financial instruments stated at fair value (2016:Nil)

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3 FINANCIAL RISK MANAGEMENT

3.3 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain the capital structure, the company may adjust the dividends paid to shareholders or issue new shares. The Company relies on funding provided by its holding company, TATA Global Beverages Overseas Holdings Limited.

The Company maintains a zero gearing ratio.

3.4 Financial instruments by category

Assets per statement of financial position

Loans and receivables

Other receivables (excluding prepayments and VAT))

Amounts due from related parties

Cash and cash equivalents

2017
K'000

2016
K'000

2 926

161

-

20 800

235 612

120 053

238 538

141 014

Liabilities per statement of financial position

Other financial liabilities at amortised cost

Trade and other payables (excluding statutory liabilities)

Amounts due to related parties

1 113

27 700

185 418

71 934

186 531

99 634

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely 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 outlined below:

4.1 Income taxes

The Company accounts for income tax based on an estimate at period end of the expected income tax charge. Subsequent to the period end, the company submits a tax return which is assessed by the tax authorities.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period when the final tax determination is made.

4.2 Vehicles and equipment

The residual values and useful lives of vehicles and equipment are reviewed and adjusted if appropriate at each balance sheet date to reflect current thinking on their remaining lives in light of technology change, prospective economic utilisation and physical condition of the assets concerned.

4.3 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current financing. After making inquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

5 FURNITURE AND EQUIPMENT

	Motor Vehicles K'000	Office furniture and equipment K'000	Computers K'000	Total K'000
Year ended 31 March 2016				
Opening net book amount	-	629	446	1 075
Additions	-	45	679	724
Depreciation charge for the year	-	(377)	(339)	(716)
Closing net book amount	-	297	786	1 083
At 31 March 2016				
Cost	-	2 625	5 673	8 298
Accumulated depreciation	-	(2 328)	(4 887)	(7 215)
Net book amount	-	297	786	1 083
Year ended 31 March 2017				
Opening net book amount	-	297	786	1 083
Additions	20 500	1 438	-	21 938
Depreciation charge for the year	(2 168)	(576)	(339)	(3 083)
Closing net book amount	18 332	1 159	447	19 938
At 31 March 2017				
Cost	20 500	4 063	5 673	30 236
Accumulated depreciation	(2 168)	(2 904)	(5 226)	(10 298)
Net book amount	18 332	1 159	447	19 938

	2017 K'000	2016 K'000
6 INVENTORIES		
Tea held for resale	138 797	61 587
Packaging materials and consumables	1 184	1 521
Provision for obsolete stock	(251)	-
	<u>139 730</u>	<u>63 108</u>

The cost of inventories recognised as expense and included in cost of sales amounted to K 3 546 127 942 (2016:K 3 796 123 236)

7 OTHER RECEIVABLES

Prepayments	1 978	1 185
Value added tax receivable	25 489	18 584
Other receivables	2 926	161
	<u>30 393</u>	<u>19 930</u>
Less: allowance for impairment of other receivables	-	-
	<u>30 393</u>	<u>19 930</u>

The carrying amounts of the Company's receivables are denominated in Malawi Kwacha.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The Company does not hold any collateral.

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8	RELATED PARTY BALANCES AND TRANSACTIONS	2017 K'000	2016 K'000
	The Company is a subsidiary of TATA Global Beverages Overseas Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is TATA Global Beverages Limited, incorporated in India.		
	The following transactions were carried out with related parties:		
8.1	Sales of goods and services	2 711 937	3 030 576
	Tetley GB Limited	357 547	554 001
	TATA Tea Limited (Cochin)	614 859	361 399
	Southern Tea Limited (Tetley USA)		
		<u>3 684 342</u>	<u>3 945 976</u>
8.2	Commissions earned	62 376	32 154
	Tetley GB Limited		
8.3	Year end balances arising from sale/purchases of goods/services		
	Amounts due from related companies		
	Tetley GB Limited	-	5 730
	Southern Tea Limited (Tetley USA)	-	15 070
		<u>-</u>	<u>20 800</u>
	Amounts due to related companies		
	Southern Tea Limited (Tetley USA)	10 106	-
	TATA Tea Limited (Cochin)	175 312	71 934
		<u>185 418</u>	<u>71 934</u>
	The related party balances are denominated in US dollar and are interest free, have no fixed repayment terms and are not secured.		
8.4	Key management compensation	99	86
	Directors remuneration - fees	34 883	55 977
	- salaries and other short-term benefits		
		<u>34 982</u>	<u>56 063</u>
9	CASH AND CASH EQUIVALENTS		
	Cash on hand	275	77
	Current accounts-local currency	1 852	3 340
	Fixed deposits	1 622	1 548
	Foreign currency account-(US\$)	231 863	115 088
		<u>235 612</u>	<u>120 053</u>
	The average interest rate on local current accounts was 0.10%, fixed deposits 12% and foreign currency account 0.5%. The foreign currency account had a closing balance of US\$ 324 433 (2016:US\$ 170 445)		
10	SHARE CAPITAL		
	Authorised, issued and fully paid:		
	10 000 ordinary shares of K2 each	<u>20</u>	<u>20</u>
11	TRADE AND OTHER PAYABLES		
	Trade payables	1 113	758
	Statutory payables	1 484	996
	Accrued expenses	9 479	25 946
	Other payables	21 109	-
		<u>33 185</u>	<u>27 700</u>
	Trade and other payables are denominated in Malawi Kwacha and are due within twelve months of the reporting date.		

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12	PROVISIONS	2017 K'000	2016 K'000
	Rain Forest Alliance Tea Premium		
	At 1 April	25 002	14 743
	Charge to the income statement:		
	- Additional provision	98	10 259
	At 31 March	<u>25 100</u>	<u>25 002</u>
	This relates to Rain Forest Alliance Tea Premium and it represents a levy of 3 cents paid for by buyers for teas that comply with Rain Forest Alliance guidelines. The amount is payable to the suppliers of tea that comply with Rain Forest Alliance guidelines.		
13	EXPENSES BY NATURE		
	Auditors' remuneration	7 954	6 641
	Bank charges	4 223	4 069
	Communications	6 313	5 147
	Computer maintenance and software	798	1 022
	Cost of tea sold	3 449 342	3 648 672
	Depreciation	3 083	716
	Directors' remuneration - fees	99	86
	Entertainment	373	208
	Freight and shipping	96 786	147 451
	Medical	1 697	1 396
	Other expenses	6 284	2 818
	Other staff costs	384	121
	Pension	409	1 894
	Rent and rates	2 177	1 812
	Repairs and renewals	651	707
	Salaries and benefits (note 13.1)	45 671	60 283
	Security	587	509
	Subscriptions and donations	933	550
	Tea sampling expenses	4 209	2 362
	Training	1 608	1 691
	Travel and subsistence-Overseas	3 197	375
	Total cost of sales and administration costs	<u>3 636 779</u>	<u>3 888 529</u>
	Disclosed as:		
	Cost of sales	3 546 128	3 796 123
	Administrative expenses	90 651	92 406
		<u>3 636 779</u>	<u>3 888 529</u>
13.1	Salaries and benefits		
	Salaries and wages	29 851	48 934
	Motor vehicle allowance	15 820	11 349
		<u>45 671</u>	<u>60 283</u>
14	OTHER INCOME		
	Commission	62 376	32 154
	Sundry income	-	6 221
		<u>62 376</u>	<u>38 375</u>
15	FINANCE INCOME/(COSTS)		
	Finance income		
	Interest received on bank balances	928	840
	Realised exchange gain	18 133	58 113
		<u>19 061</u>	<u>58 953</u>
	Finance costs		
	Interest paid	-	227
	Unrealised exchange loss	-	7 654
	Realised exchange loss	10 312	-
		<u>10 312</u>	<u>7 881</u>

STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 K'000	2016 K'000
16 INCOME TAXES		
16.1 Income tax expense		
Current income tax	33 143	35 556
Deferred income tax charge (note 16.2)	2 579	10 504
	<u>35 722</u>	<u>46 060</u>
Income tax expense reconciliation		
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the current tax rate applicable to profits of 30% (2016:30%).		
Profit before income tax	118 688	146 894
Tax calculated at a rate of 30% (2016:30%)	35 606	44 068
Disallowable expenses	116	1 991
Tax charge	<u>35 722</u>	<u>46 059</u>
16.2 Deferred income taxes		
The analysis of deferred income tax assets is as follows:		
Deferred income tax assets		
- Deferred income tax assets to be recovered after more than 12 months	-	-
- Deferred income tax assets to be recovered within 12 months	(294)	(2 873)
Total deferred income tax assets	<u>(294)</u>	<u>(2 873)</u>
The gross movement on the deferred income tax account is as follows:		
At 1 April	(2 873)	(13 377)
Income statement charge / (credit)	2 579	10 504
At 31 March	<u>(294)</u>	<u>(2 873)</u>

The movement in deferred income tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same jurisdiction is as follows:

Deferred income tax asset

	Tax losses carried forward K'000	Provision for doubtful debts K'000	Accelerated capital allowances K'000	Unrealised exchange losses K'000	Total K'000
At 1 April 2015	10 096	1 923	71	1 287	13 377
Credit/(charge) to income statement	(10 096)	(1 923)	90	1 425	(10 504)
At 31 March 2016	<u>-</u>	<u>-</u>	<u>161</u>	<u>2 712</u>	<u>2 873</u>
At 1 April 2016	-	-	161	2 712	2 873
(Charge)/credit to income statement	-	-	-	(2 579)	(2 579)
At 31 March 2017	<u>-</u>	<u>-</u>	<u>161</u>	<u>133</u>	<u>294</u>

STANSAND (CENTRAL AFRICA) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17 DIVIDEND PAYABLE

A dividend of K3612.02 per share amounting to K72 240 300 was declared during the year (2016: K Nil).

18 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at 31 March 2017 (2016: K Nil).

19 EVENTS AFTER THE REPORTING PERIOD

There has been no significant events subsequent to the reporting date that require disclosure or adjustment in these financial statements.