

STANSAND (CENTRAL AFRICA) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2015

## **STANSAND (CENTRAL AFRICA) LIMITED**

### **CORPORATE INFORMATION**

#### **BUSINESS**

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

#### **DIRECTORS**

A A Likungwe	- Executive Director	
L E Malopa	- Executive Director	(Resigned 1 April 2015)
G G Kaliwo	- Non-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  
Corner Glyn Jones and Chilembwe Avenue  
P O Box 1147  
Blantyre

#### **LEGAL ADVISOR**

Wilson & Morgan  
P O Box 9, Whitehall  
Blantyre

### **INDEX**

#### **Page**

STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF CHANGES IN EQUITY	2
STATEMENT OF CASH FLOWS	3
NOTES TO THE FINANCIAL STATEMENTS	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 – 23

**INDEPENDENT AUDITOR'S REPORT****to the shareholders of****STANSAND (CENTRAL AFRICA) LIMITED**

We have audited the financial statements of Stansand (Central Africa) Limited which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes set out on pages 2 to 23.

**Directors' responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 46:03), and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Stansand (Central Africa) Limited as at 31 March 2015, 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 Companies Act, (Chapter 46:03).



**PricewaterhouseCoopers**  
**Certified Public Accountants**  
**Blantyre**

Date: 17 July 2015

PricewaterhouseCoopers, Top Floor, Hannover House, Cnr. Independence Drive and Hannover Street  
PO Box 1147, Blantyre, Malawi. T: +265 (0)1 820 322, F: +265 (0)1 821 215, [www.pwc.com/mw](http://www.pwc.com/mw)

A list of directors and partners names is available for inspection at the partnership principal business address above

## STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015

	Note	2015 K'000	2014 K'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	5	1 075	2 063
Deferred income tax asset	16	13 377	5 861
		<u>14 452</u>	<u>7 924</u>
<b>Current assets</b>			
Inventories	6	70 405	41 416
Trade and Other receivables	7	35 514	7 325
Current income tax asset		666	656
Amounts due from related parties	8	-	561
Cash and cash equivalents	9	16 963	34 905
		<u>123 548</u>	<u>84 863</u>
<b>Total assets</b>		<u><u>138 000</u></u>	<u><u>92 787</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	20	20
(Accumulated losses)/Retained earnings		( 10 514)	10 054
		<u>( 10 494)</u>	<u>10 074</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	118 808	17 268
Amounts due to related parties	8	14 943	58 357
Provisions	12	14 743	7 088
		<u>148 494</u>	<u>82 713</u>
<b>Total liabilities</b>		<u>148 494</u>	<u>82 713</u>
<b>Total equity and liabilities</b>		<u><u>138 000</u></u>	<u><u>92 786</u></u>

These financial statements were authorised for issue by the Board of Directors on 17<sup>th</sup> July 2015 and are signed on its behalf by:

..... )  
 ..... )  
 ..... ) DIRECTOR  
 ..... )  
 ..... )

## STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 K'000	2014 K'000
Revenue		1 370 347	1 366 000
Cost of sales	13	<u>( 1 335 844)</u>	<u>( 1 330 541)</u>
<b>Gross profit</b>		34 503	35 459
Other income	14	27 498	37 109
Administrative expenses	13	<u>( 92 054)</u>	<u>( 84 524)</u>
<b>Operating loss</b>		( 30 053)	( 11 956)
Finance income	15	2 366	12 003
Finance cost	15	<u>( 397)</u>	<u>( 5 496)</u>
<b>Loss before income tax</b>		( 28 084)	( 5 449)
Income tax credit	16	<u>7 516</u>	<u>1 526</u>
<b>Loss for the year</b>		( 20 568)	( 3 923)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><u>( 20 568)</u></u>	<u><u>( 3 923)</u></u>



## STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Share capital K'000	Retained earnings K'000	Total K'000
<b>Year ended 31 March 2014</b>				
At 1 April 2013		20	73 227	73 247
<b>Comprehensive income for the year</b>				
Loss for the year		-	( 3 923)	( 3 923)
<b>Transactions with owners</b>				
Dividend declared	17	-	( 59 250)	( 59 250)
<b>At 31 March 2014</b>		<u>20</u>	<u>10 054</u>	<u>10 074</u>
<b>Year ended 31 March 2015</b>				
At 1 April 2014		20	10 054	10 074
<b>Comprehensive income for the year</b>				
Loss for the year		-	( 20 568)	( 20 568)
<b>Transactions with owners</b>				
<b>At 31 March 2015</b>		<u>20</u>	<u>( 10 514)</u>	<u>( 10 494)</u>

## STANSAND (CENTRAL AFRICA) LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 K'000	2014 K'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before income taxation		( 28 084)	( 5 449)
Adjustments for:			
Depreciation	5	988	1 529
Interest expense	15	58	227
Interest income	15	( 236)	( 485)
<b>Changes in working capital</b>			
(Increase)/decrease in inventories		( 28 989)	3 920
(Increase)/decrease in receivables		( 28 189)	5 970
Decrease/(increase) in amounts due from related parties		561	( 561)
Increase/(decrease) in trade and other payables		101 540	( 595)
Increase/(decrease) in provisions for other liabilities and charges		7 655	( 3 754)
Decrease in amounts due to related parties		( 43 414)	( 25 437)
<b>Net cash (used in)/generated from operating activities</b>		( 18 110)	( 24 635)
Income tax paid		( 11)	( 28 925)
Interest paid	15	( 58)	( 227)
<b>Net cash generated from/(used in) operating activities</b>		( 18 178)	( 53 787)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	15	236	485
<b>Net cash generated from/(used in) investing activities</b>		236	485
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		-	( 79 375)
<b>Net cash generated from/(used in) financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>		( 17 943)	( 132 677)
<b>Cash and cash equivalents at the beginning of the year</b>		34 905	167 582
<b>Cash and cash equivalents at the end of the year</b>	9	16 963	34 905
<b>Movement in working capital as defined by legislation</b>		( 27 096)	( 74 303)
Excess of current assets over current liabilities assets		( 24 946)	2 150
Excess of current liabilities over current assets		2 150	76 453

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**1 GENERAL INFORMATION**

Stansand (Central Africa) Limited, is a company incorporated in Malawi that buys and exports tea.

**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**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Standards Interpretations Committee (IFRS IC) and the requirements of the Malawi Companies Act, (Chapter 46:03). The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 discussed in note 3.

**2.1.1 Changes in accounting policy and disclosures****a) New and amended standards and interpretations, effective for the first time for 31 March 2015 year ends that are relevant to the Company**

The following new standards, amendments and interpretations became effective for the first time from 31 March 2015 year ends and do not have a material impact on the Company's financial statements.

Standard/interpretation	Effective date	Executive summary
Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
Amendments to IFRS 10, "consolidated financial statements" IFRS 12 and IAS 27 for investment entities	1 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.  Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.  A subsequent amendment was issued on the application of the consolidation exception for investment entities and their subsidiaries. (Effective 1 January 2016 referred to below)
IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures	1 January 2014	The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting	1 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

## b) New and amended standards and interpretations, issued but not effective for 31 March 2015 year ends

Number	Effective date	Executive summary
Amendment to IAS 19, 'Employee benefits', on defined benefit plans	1 July 2014	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	1 January 2016	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
IFRS 14 – Regulatory deferral accounts	1 January 2016	The IASB has issued IFRS 14, 'Regulatory deferral accounts' specific to first time adopters ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts').  Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.
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.
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.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015b) New and amended standards and interpretations, issued but not effective for 31 March 2015 year ends  
(continued)

Number	Effective date	Executive summary
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.
IFRS 15 – Revenue from contracts with customers.	1 January 2017	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.
IFRS 9 – Financial Instruments (2009 & 2010) · Financial liabilities · Derecognition of financial instruments · Financial assets · General hedge accounting	1 January 2018	<p>This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.</p> <p>The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.</p>
Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting	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"><li>· The own credit risk requirements for financial liabilities.</li><li>· Classification and measurement (C&amp;M) requirements for financial assets.</li><li>· C&amp;M requirements for financial assets and financial liabilities.</li><li>· The full current version of IFRS 9 (that is, C&amp;M requirements for financial assets and financial liabilities and hedge accounting).</li></ul> <p>The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.</p>

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**2.2 Foreign currency translation****2.2.1 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.

**2.2.2 Transactions and balances**

Foreign currency transactions are translated to Malawi Kwacha using the exchange rates prevailing at the dates of the transactions or valuations 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 are recognised in the income statement.

**2.3 Furniture and equipment**

Furniture and equipment comprise office equipment and furniture, and these items are 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. All other repairs and maintenance costs are charged to the income statement 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:

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 income statement.

**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.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**2.5.2 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.

**2.5.3 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.

**2.6 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.

**2.7 Trade receivables**

Trade receivables are amounts due from customers for tea sold 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

**2.8 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 income statement.

**2.9 Cash and cash equivalents**

In the statement of cashflows, 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.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

---

**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.

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 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.

**2.13 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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.

**2.14 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.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

---

**2.15 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.

**2.16 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.

**2.17 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.

**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 Company to manage these risks are disclosed below.

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

## 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
<b>At 31 March 2014</b>		
<b>Financial assets</b>		
Cash and cash equivalents	78	30 867
Amounts due from related parties	2	561
	<u>80</u>	<u>31 428</u>
<b>Financial liabilities</b>		
Amount due to related parties	137	58 357
	<u>137</u>	<u>58 357</u>
<b>At 31 March 2015</b>		
<b>Financial assets</b>		
Cash and cash equivalents	27	11 786
<b>Financial liabilities</b>		
Trade and other payables to suppliers	212	92 132
Amount due to related parties	34	14 943
	<u>246</u>	<u>107 075</u>

**Foreign currency sensitivity analysis**

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

At 31 March 2015, 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 K7 550 817 (2014: K8 466 738) 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 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.



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

## 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:

	2015 K'000	2014 K'000
<b>Financial asset</b>		
Other receivables (excluding prepayments and Value Added Tax (VAT) receivable )	16 352 989	16 310
Amounts due from related parties	-	561
Cash and bank balances	34 797 287	34 905
	<u>51 150 276</u>	<u>51 777</u>
<b>2015</b>		<b>K</b>
Other receivables (excluding prepayments and Value Added Tax (VAT) receivable)	38 143 579	31 733
Amounts due from related parties	-	-
Cash and bank balances	16 865 060	16 963
	<u>55 008 639</u>	<u>48 695</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 2015

	Carrying amount K'000	On demand and less than 3 months K'000	3 months to 6 months K'000
<b>As at 31 December 2015</b>			
<b>Assets</b>			
Other receivables (excluding prepayments VAT)	31 733	19 822	11 911
Cash and bank	16 963	16 963	-
	<u>48 695</u>	<u>36 785</u>	<u>11 911</u>
<b>Liabilities</b>			
Trade and other payables (excluding statutory liabilities)	92 132	92 132	-
Amounts due to related parties	14 941	14 941	-
Provisions for other liabilities and charges	44 136	44 136	-
	<u>151 210</u>	<u>151 210</u>	<u>-</u>
<b>Liquidity gap</b>	<u>( 102 514)</u>	<u>( 114 425)</u>	<u>11 911</u>
<b>As at 31 December 2014</b>			
<b>Assets</b>			
Amounts due from related parties	561	561	
Other receivables (excluding prepayments and VAT)	16 310	16 310	
Cash and bank	34 905	34 905	-
	<u>51 777</u>	<u>51 777</u>	<u>-</u>
<b>Liabilities</b>			
Trade and other payables (excluding statutory liabilities)	14 032	14 032	-
Amounts due to related parties	58 357	58 357	-
Provisions for other liabilities and charges	9 148	9 148	-
	<u>81 537</u>	<u>81 537</u>	<u>-</u>
<b>Liquidity gap</b>	<u>( 29 760)</u>	<u>( 29 760)</u>	<u>-</u>

**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 2015 the Company had no financial instruments stated at fair value (2014:Nil)

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**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**

**2015**                      **2014**  
**K'000**                      **K'000**

**Assets per statement of financial position****Loans and receivables**

Other receivables (excluding prepayments and VAT))	31 733	16 310
Amounts due from related parties	-	561
Cash and cash equivalents	<u>16 963</u>	<u>34 905</u>
	<u>48 695</u>	<u>51 777</u>

**Liabilities per statement of financial position****Other financial liabilities at amortised**

Trade and other payables (excluding statutory liabilities)	92 132	14 032
Amounts due to related parties	<u>14 491</u>	<u>58 357</u>
	<u>106 623</u>	<u>72 389</u>

**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 Furniture and equipment**

The residual values and useful lives of furniture 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 2015

## 5 FURNITURE AND EQUIPMENT

	Office furniture and equipment K'000	Computers K'000	Total K'000
<b>Year ended 31 March 2014</b>			
Opening net book amount	1 565	2 028	3 592
Depreciation charge	( 470)	( 1 060)	( 1 529)
<b>Closing net book amount</b>	<b>1 095</b>	<b>968</b>	<b>2 063</b>
<b>At 31 March 2014</b>			
Cost	2 828	7 249	10 077
Accumulated depreciation	( 1 733)	( 6 281)	( 8 014)
<b>Net book amount</b>	<b>1 095</b>	<b>968</b>	<b>2 063</b>
<b>Year ended 31 March 2015</b>			
Opening net book amount	1 095	968	2 063
Disposals:			
- cost	( 248)	( 2 255)	( 2 503)
- accumulated depreciation	248	2 255	2 503
Depreciation charge for the year	( 466)	( 522)	( 988)
<b>Closing net book amount</b>	<b>629</b>	<b>446</b>	<b>1 075</b>
<b>At 31 March 2015</b>			
Cost	2 580	4 994	7 574
Accumulated depreciation	( 1 951)	( 4 548)	( 6 499)
<b>Net book amount</b>	<b>629</b>	<b>446</b>	<b>1 075</b>

	2015 K'000	2014 K'000
<b>6 INVENTORIES</b>		
Tea held for resale	68 510	40 987
Packaging materials and consumables	1 895	429
	<b>70 405</b>	<b>41 416</b>

The cost of inventories recognised as expense and included in cost of sales amounted to K1 335 843 961 (2014:K1 330 540 950)



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

	2015 K'000	2014 K'000
<b>7 OTHER RECEIVABLES</b>		
Prepayments	1 050	1 155
Value added tax receivable	8 956	6 127
Other receivables	31 919	16 353
	41 925	23 635
Less: allowance for impairment of other receivables	( 6 411)	( 16 310)
	35 514	7 325

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.

Included in other receivables is K11 910 771 which is the balance of a claim amounting to K18 597 535 which the company has claimed from its warehousing service provider, TransMaritime Limited in respect of inventory losses incurred. The company believes the warehousing service provider should bear the cost of the losses, however, although Stansand (Central Africa) Limited has recovered some of the losses through deductions from amounts payable, Trans Maritime has accepted the liability. The company has made a provision of K6,41,104 against this balance as it is expected that the company will not recover this amount in the financial year ending 31 March 2016.

**8 RELATED PARTY BALANCES AND TRANSACTIONS**

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**

Tetley GB Limited	1 083 626	1 113 286
TATA Tea Limited (Cochin)	166 636	102 915
Southern Tea Limited (Tetley USA)	103 580	126 360
Tetley Clover Limited	16 506	23 439
	1 370 347	1 366 000

**8.2 Commissions earned**

Tetley GB Limited	17 597	34 625
-------------------	--------	--------

**8.3 Year end balances arising from sale/purchases of goods/services****Amounts due from related companies**

Tetley GB Limited	-	561
-------------------	---	-----

**Amounts due to related companies**

Tetley GB Limited	14 943	3 137
TATA Tea Limited (Cochin)	-	55 220
	14 943	58 357



## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

The related party balances are interest free, have no fixed repayment terms and are not secured. Loans to key management are travel advances that are interest free, have no fixed repayment terms and are not secured.

**8.4 Key management compensation**

Directors remuneration - fees  
- salaries and other short-term benefits

	2015 K'000	2014 K'000
	77	70
	45 709	19 437
	45 786	19 507

**9 CASH AND CASH EQUIVALENTS**

Fixed deposits  
Foreign currency account-(US\$)  
Current accounts-local currency  
Cash on hand

	1 467	1 392
	11 786	30 867
	3 612	2 538
	97	108
	16 963	34 905

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\$ 38,994.35 (2014:US\$ 78,609)

**10 SHARE CAPITAL**

Authorised, issued and fully paid:  
10 000 ordinary shares of K2 each

	20	20
--	----	----

**11 TRADE AND OTHER PAYABLES**

Trade payables  
Accrued expenses  
Other payables

	92 133	8 411
	23 168	7 305
	3 507	1 552
	118 808	17 268

Trade and other payables are due within twelve months of the reporting date.

**12 PROVISIONS FOR OTHER LIABILITIES AND****Current liabilities**

At 1 April 2014  
Charge to the income statement:  
- Additional provision

**RA Tea  
premium  
K'000**

At 31 March 2015

7 088

7 655

14 743

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

	2015 K'000	2014 K'000
<b>13 EXPENSES BY NATURE</b>		
Auditors' remuneration	4 837	4 198
Bad debt	-	16 310
Bank charges	1 608	1 163
Communications	4 529	4 409
Computer maintenance and software	1 079	1 908
Cost of tea sold	1 285 919	1 296 841
Depreciation	988	1 529
Directors' remuneration - fees	78	70
Entertainment	176	164
Freight and shipping	49 925	33 700
Medical	1 673	-
Other expenses	2 422	2 180
Other staff costs	-	3 574
Pension	2 252	( 114)
Rent and rates	1 516	1 179
Repairs and renewals	-	187
Salaries and benefits	45 709	25 538
Security	446	499
Subscriptions and donations	665	1 278
Tea sampling expenses	2 616	2 326
Training	778	592
Travel and subsistence-General	-	60
Travel and subsistence-Overseas	5 739	2 427
Vehicle repairs	14 945	15 048
<b>Total cost of sales and administration costs</b>	<b>1 427 898</b>	<b>1 415 064</b>
Disclosed as:		
Cost of sales	1 335 844	1 330 541
Administrative expenses	92 054	84 524
	<b>1 427 898</b>	<b>1 415 064</b>
<b>14 OTHER INCOME</b>		
Commission	17 597	34 625
Sundry income	9 901	2 484
	<b>27 498</b>	<b>37 109</b>
<b>15 FINANCE INCOME/(COSTS)</b>		
<b>Finance income</b>		
Interest received on bank balances	236	485
Realised exchange gain	2 131	10 083
Unrealised exchange gain	-	1 435
	<b>2 366</b>	<b>12 003</b>
<b>Finance costs</b>		
Interest paid	58	227
Unrealised exchange loss	340	5 269
	<b>397</b>	<b>5 496</b>

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

	2015 K'000	2014 K'000
<b>16 INCOME TAXES</b>		
<b>16.1 Income tax expense</b>		
Current income tax	-	11 176
Prior year over provision	-	( 44)
Deferred income tax charge (note 15.2)	( 7 516)	( 12 658)
	<u>( 7 516)</u>	<u>( 1 526)</u>
<b>Income tax expense reconciliation</b>		
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% (2014:30%).		
Loss before income tax	( 28 084)	( 5 449)
Tax calculated at a rate of 30%	( 8 425)	( 1 635)
Disallowable expenses	1 098	61
Prior years' overprovision	-	( 44)
Other	( 189)	92
Tax charge	<u>( 7 516)</u>	<u>( 1 526)</u>
<b>16.2 Deferred income taxes</b>		
The analysis of deferred income tax assets and liabilities is as follows:		
<b>Deferred income tax assets</b>		
- Deferred income tax assets to be recovered after more than 12 months	-	-
- Deferred income tax assets to be recovered within 12 months	( 13 377)	( 6 474)
<b>Total deferred income tax assets</b>	<u>( 13 377)</u>	<u>( 6 474)</u>
<b>Deferred income tax liabilities</b>		
- Deferred income tax liabilities to be recovered after more than 12 months	-	182
- Deferred income tax liabilities to be recovered within 12 months	-	430
<b>Total deferred income tax liabilities</b>	<u>-</u>	<u>613</u>
<b>Deferred income tax (asset)/liability (net)</b>	<u>( 13 377)</u>	<u>( 5 861)</u>
The gross movement on the deferred income tax account is as follows:		
At 1 April	( 5 861)	6 798
Income statement credited	( 7 516)	( 12 658)
At 31 March	<u>( 13 377)</u>	<u>( 5 861)</u>

## STANSAND (CENTRAL AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

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 2013	-	-	-	421	421
Credited to income statement	-	4 893	-	1 160	6 053
At 31 March 2014	-	4 893	-	1 581	6 474
At 1 April 2014	-	4 893	( 182)	1 581	6 292
Credit/(charge) to income statement	10 096	( 2 970)	253	( 293)	7 086
At 31 March 2015	10 096	1 923	71	1 288	13 378

**Deferred income tax liabilities**

	Tax losses carried forward	Provision for doubtful debts	Accelerated capital allowances	Unrealised exchange losses K	Total K
At 1 April 2013	-	-	( 311)	( 6 908)	( 7 219)
Charge to income statement	-	-	128	6 478	6 606
At 31 March 2014	-	-	( 183)	( 430)	( 613)
At 1 April 2014	-	-	-	( 430)	( 430)
Credited to income statement	-	-	-	430	430
At 31 March 2015	-	-	-	-	-
Deferred income tax (liability)/asset net	10 096	1 923	71	1 288	13 378



**STANSAND (CENTRAL AFRICA) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

---

**17 DIVIDEND PAYABLE**

No dividend was declared during the year (2014: K59 250 000).

**18 CAPITAL COMMITMENTS**

There were no commitments for capital expenditure at 31 March 2015 (2014: KNil).

**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.