LEMS Pharmaceutical Limited

(Registration Number 2014/170940/06)
Annual Financial Statements
for the year ended 28 February 2018

Audited Financial Statements
in compliance with the Companies Act of South Africa

Index

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2014/170940/06
Nature of Business and Principal Activities	The company supplies prescription and other medicines to medical practitioners and health centres with onsite dispensaries in rural and non-rural areas of South Africa..
Directors	P.J Grimes D.L Viljoen G.P Viljoen
Business Address	Cnr Rautenbach & Sixth Street Wynberg Sandton Gauteng 2196
Postal Address	Postnet Suite 136 Private Bag X 19 Menlopark Gauteng 0102
Bankers	First National Bank
SARS Reference Numbers	
Tax number	9194521192
Auditors	Mrwebi Auditors and Accountants Inc Unit 9 Leogem Business Park 44 Richards Drive Halfway House, Midrand Gauteng 1685
Preparer	Solly Morulane of Newend Professional Services Professional Accountant (SA) 2160 Arsenic Street Clayville Extension 26 Gauteng 1666

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

	pieter grimes
Director	Director

mrwebi
auditors & accountants Inc.
AUDIT•TAX•ADVISORY

Independent Auditor's Report

To the Shareholder of LEMS Pharmaceutical Limited

Opinion
We have audited the financial statements of LEMS Pharmaceutical Limited set out on pages 6 to 34, which comprise the statement of financial position as at 28 February 2017 and 28 February 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of LEMS Pharmaceutical Limited as at 28 February 2017 and 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the document titled "LEMS Pharmaceutical Limited Annual Financial Statements for the year ended 28 February 2017 and 28 February 2018", which includes the statement of Directors' Responsibilities and Approval as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the supplementary information set out on pages 35 to 36. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mrwebi Auditors and Accountants Inc

Per: Masixole Mrwebi
Director / Partner
Registered Auditor

6 April 2021

Unit 9 Leogem Business Park
44 Richards Drive
Halfway House, Midrand
Gauteng
1685

Statement of Financial Position

Figures in Great British Pound Sterling (GBP)	Notes	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	7	717,461	27,785
Total non-current assets		**717,461**	**27,785**
Current assets			
Inventories	8	115,108	59,791
Trade and other receivables	9	43,961	26,719
Cash and cash equivalents	10	12,870	128
Total current assets		**171,939**	**86,638**
Total assets		**889,400**	**114,423**
Equity and liabilities			
Equity			
Share capital	11	46,124	6
Share premium	11	771,021	-
Capital contribution		726,464	-
Accumulated loss		(926,088)	(680,849)
Currency translation difference (CTD)		23,360	(26,606)
Total equity		**640,881**	**(707,449)**
Liabilities			
Non-current liabilities			
Other financial liabilities	13	133,494	4,624
Total non-current liabilities		**133,494**	**4,624**
Current liabilities			
Trade and other payables	12	115,025	16,148
Loan from shareholder	14	-	801,100
Total current liabilities		**115,025**	**817,248**
Total liabilities		**248,519**	**821,872**
Total equity and liabilities		**889,400**	**114,423**

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Great British Pound Sterling (GBP)	Notes	2018	2017
Revenue	15	100,349	134,026
Cost of sales	16	(79,497)	(265,364)
Gross profit / (loss)		**20,852**	**(131,338)**
Distribution costs	17	(3,526)	(2,818)
Administrative expenses	18	(14,462)	(6,468)
Other expenses	19	(166,552)	(83,963)
Loss from operating activities	20	**(163,688)**	**(224,587)**
Finance income	21	331	325
Loss for the year		**(163,357)**	**(224,262)**

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Statement of Changes in Equity

Figures in £	Issued capital	Share premium	Capital contribution	Foreign currency translation reserve	Accumulated loss	Total
Balance at 1 March 2016	6	-	-	-	(456,587)	(456,581)
Changes in equity						
Loss for the year	-	-	-	-	(224,262)	(224,262)
Total comprehensive income for the year	-	-	-	-	(224,262)	(224,262)
Balance at 28 February 2017	**6**	**-**	**-**	**-**	**(680,849)**	**(680,843)**
Balance at 1 March 2017	6	-	-	-	(680,849)	(680,843)
Changes in equity						
Loss for the year	-	-	-	-	(163,357)	(163,357)
Total comprehensive income for the year	-	-	-	-	(163,357)	(163,357)
Increase through other contributions by shareholder	-	771,021	726,464	-	-	1,497,485
Issue of shares	46,118	-	-	-	-	46,118
Currency translation difference (CTD)	-	-	-	23,360	(81,882)	(58,522)
Balance at 28 February 2018	**46,124**	**771,021**	**726,464**	**23,360**	**(926,088)**	**640,881**
Notes	**11**	**11**	**11**			

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Statement of Cash Flows

Figures in Great British Pound Sterling (GBP)	Note	2018	2017
Cash flows used in operations			
Loss for the year		**(163,357)**	**(224,262)**
Adjustments to reconcile loss			
Adjustments for finance income		(331)	(325)
Adjustments for increase in inventories		(63,776)	(9,726)
Adjustments for increase in trade accounts receivable		(17,275)	(8,944)
Adjustments for decrease in other operating receivables		33	-
Adjustments for increase / (decrease) in trade accounts payable		98,877	(34,121)
Adjustments for depreciation and amortisation expense		8,015	8,073
Currency translation difference (CTD)		(23,360)	26,606
Total adjustments to reconcile loss		**2,183**	**(18,437)**
Net cash flows used in operations		**(161,174)**	**(242,699)**
Interest received		331	325
Net cash flows used in operating activities		**(160,843)**	**(242,374)**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		31	-
Purchase of property, plant and equipment		(697,819)	(36,425)
Cash flows used in investing activities		**(697,788)**	**(36,425)**
Cash flows from financing activities			
Proceeds from issuing shares		817,139	-
Capital contribution introduced		726,464	-
Proceeds from other financial liabilities		128,870	338,801
Loans received from shareholders		(801,100)	(52,439)
Cash flows from financing activities		**871,373**	**286,362**
Net increase in cash and cash equivalents		**12,742**	**7,563**
Cash and cash equivalents at beginning of the year		128	(7,435)
Cash and cash equivalents at end of the year	**10**	**12,870**	**128**

1. General Information

LEMS Pharmaceutical Limited is a private company incorporated on 17 September 2014 and domiciled in South Africa. The address of the registered office is Cnr Rautenbach & Sixth Street, Wynberg, Sandton, Gauteng, 2196.

The activities of the Company are undertaken through LEMS Pharmaceutical Limited ("the Company"). The Company operates in South Africa. The core activities of the Company are warehousing distribution with its focus on the healthcare sector.

~~2.~~ Significant accounting policies

2.1 Significant judgements and sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Provision for expected credit losses of trade receivables and contract assets

The company is utilising the simplified approach in determining the expected credit loss allowance. Under the simplified approach, there is no need to calculate a 12-month Expected Credit Loss (ECL) and assess whether a significant increase in credit risk has occurred. A loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL's for the asset. A lifetime ECL is the amount of the expected credit losses that result from all possible default events over the expected life of the financial instrument. The company assesses its trade and other receivables and loans and receivables for impairment at initial recognition of the financial instrument and at the end of each reporting period. In determining whether an Expected Credit Loss (ECL) should be recorded in profit or loss, the company assesses the receivables ability to make payment and if there is observable data which indicates payment may not be received and an Expected Credit Loss is recognised.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Assets and liabilities of the Company are either measured at fair value or disclosure is made of their fair values.

Basis of preparation and summary of significant accounting policies continued…

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Useful lives of plant and equipment

Management assess the appropriateness of the useful lives of plant and equipment at the end of each reporting period. The useful lives of office equipment furniture and computer equipment are determined based on Company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount, are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

2.2 Plant and equipment

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

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of plant and equipment, where the Company is obligated to incur such expenditure

Expenditure incurred subsequently for major services, additions to or replacements of parts of plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years

Basis of preparation and summary of significant accounting policies continued...

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

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

Impairment tests are performed on plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of , plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

2.3 Financial instruments

Classification

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.
The Company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Basis of preparation and summary of significant accounting policies continued...

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains,
losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Loans receivable at amortised cost

Classification

Loans to group companies (note 22) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Basis of preparation and summary of significant accounting policies continued...

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Borrowings and loans from related parties

Classification

Loan from group company, loans from shareholders and other financial liabilities are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Basis of preparation and summary of significant accounting policies continued...

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 4 for details of risk exposure and management thereof.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.
They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the
expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Basis of preparation and summary of significant accounting policies continued...

Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 4 for details of risk exposure and management thereof.

Cash and cash equivalents

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

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

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

Basis of preparation and summary of significant accounting policies continued...

2.4 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

Tax expenses

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

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

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

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

Basis of preparation and summary of significant accounting policies continued…

2.5 Leases

Accounting policies applied from 1 January 2019

The Company uses office buildings and warehouse space based on operating lease arrangements.

The lease terms are summarised below:
- Office buildings and warehouse has a non-cancellable lease term of 12 months. The contract contains an option to renew the lease annually. The lease payments are a fixed amount.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

The short-term lease exemption is applied consistently to all underlying assets in the same class. The low value lease exemption is applied on a lease-by-lease basis.

2.6 Leases

Accounting policies applied until 31 December 2018

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

Operating leases – lessee

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

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

2.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the FIFO cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an

Basis of preparation and summary of significant accounting policies continued…

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

2.8 Impairment of assets

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

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

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

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

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

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

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

2.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

This is disclosed as:

- Shares which constitute ordinary shares issued at par value per share; and
- Share premium which represents the difference between the par value and the price at which the share was issued.

Basis of preparation and summary of significant accounting policies continued…

2.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

2.11 Revenue

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers applies to all contracts with customers and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Identify the contract with the customer

A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, the entity will continue to re-assess the contract going forward to determine whether it subsequently meets the above criteria. From that point, the entity will apply IFRS 15 to the contract.

Identify the performance obligations in the contract

The majority of the company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Basis of preparation and summary of significant accounting policies continued…

Determine the transaction price

Most of the company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, an entity will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the entity will need to estimate it.

Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised as control is passed at a point in time.

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

2.12 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the entity operates (functional currency).

This consolidated financial information is presented in Pounds Sterling which is the Company presentation currency. The company functional currency in ZAR (South African Rand)

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pounds, by applying to the foreign currency amount the mid-rate exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate financial statements are recognised in profit or

Basis of preparation and summary of significant accounting policies continued...policies

loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pounds by applying to the foreign currency amount the exchange rate between the Pounds and the foreign currency at the date of the cash flow.

3. New Standards and Interpretations

Standards and interpretations effective and adopted

IFRS 9: Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets.

IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting.

Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other

Basis of preparation and summary of significant accounting policies continued…

- comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The adoption of this standard has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IFRS 16: Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases and introduces a single lessee

Basis of preparation and summary of significant accounting policies continued...

accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 1 January 2019.

Basis of preparation and summary of significant accounting policies continued...

3.1 Standards and interpretations effective and adopted in the current year

To all periods reported, the Company has adopted those standards and interpretations that are effective and that are relevant to its operations.

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2020 or later periods:
Presentation of Financial Statements: Disclosure initiative
The amendment clarifies and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
The effective date of the amendment is for years beginning on or after 1 January 2020.
It is unlikely that the amendment will have a material impact on the company's annual financial statements.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative
The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
The effective date of the amendment is for years beginning on or after 1 January 2020.
It is unlikely that the amendment will have a material impact on the company's annual financial statements.

4. Risk management Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Basis of preparation and summary of significant accounting policies continued…

The gearing ratio at 2018 and 2017 respectively were as follows:

	2018	2017
Total liabilities	133,493	821,872
Less: Cash and cash equivalents	(12,870)	(128)
Net debt	**133,493**	**821,744**
Total equity	**640,876**	**(707,449)**
Total capital	**774,369**	**114,423**
Gearing ratio	17%	(116)%

Liquidity risk

Cash flow forecasting is performed by the Company. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements - for example, currency restrictions.

Cash flow forecasts are prepared, and adequate utilised borrowing facilities are monitored.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity Company's based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Company

At 28 February 2018	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Borrowings		133,494	-	-
Trade and other payables	115,025	-	-	-
At 28 February 2017	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Borrowings	805,724	-	-	
Trade and other payables	16,148	-	-	-

Credit risk

Credit risk is managed on a Company basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

Basis of preparation and summary of significant accounting policies continued...

LEMS only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly

Basis of preparation and summary of significant accounting policies continued...

monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound and RSA Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company does not hedge foreign exchange fluctuations.

Exchange rates used for conversion of foreign items were:	**2018**	**2017**
ZAR	0.06142	0.06189

The Company reviews its foreign currency exposure, including commitments on an on-going basis.

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

As at 28 February 2018	Loans and receivables at amortised cost	Total
Trade and other receivables	43,961	43,961
Cash and cash equivalents	12,870	12,870
	56,831	**56,831**

As at 28 February 2017	Loans and receivables at amortised cost	Total
Trade and other receivables	26,719	26,719
Cash and cash equivalents	128	128
	26,847	**26,847**

Basis of preparation and summary of significant accounting policies continued...

6. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

As at 28 February 2018	Financial liabilities at amortised cost	Total
Other financial liabilities	133,494	133,494
Trade and other payables	115,025	115,025
	248,519	**248,519**

As at 28 February 2017	Financial liabilities at amortised cost	Total
Other financial liabilities	4,624	4,624
Trade and other payables	16,148	16,148
Loans from shareholders	801,100	801,100
	821,872	**821,872**

Notes to the Financial Statements

Figures in Great British Pound Sterling (GBP) **2018** **2017**

7. Property, plant and equipment

Balances at year end and movements for the year

	Fixtures and fittings	Office equipment	Computer equipment	Computer software	Total
Reconciliation for the year ended 28 February 2018					
Balance at 1 March 2017					
At cost	22,326	1,391	8,512	3,929	**36,158**
Accumulated depreciation	(3,722)	(464)	(2,877)	(1,310)	**(8,373)**
Net book value	**18,604**	**927**	**5,635**	**2,619**	**27,785**
Movements for the year ended 28 February 2018					
Additions from acquisitions	697,423	-	396	-	**697,819**
Depreciation	(3,456)	(425)	(2,935)	(1,199)	**(8,015)**
Foreign currency revaluation increase (decrease)	266	(33)	(235)	(95)	**(97)**
Disposals	-	(8)	-	(23)	**(31)**
Property, plant and equipment at the end of the year	**712,837**	**461**	**2,861**	**1,302**	**717,461**
Closing balance at 28 February 2018					
At cost	719,753	1,383	8,908	3,906	**733,950**
Accumulated depreciation	(6,916)	(922)	(6,047)	(2,604)	**(16,489)**
Net book value	**712,837**	**461**	**2,861**	**1,302**	**717,461**
Reconciliation for the year ended 28 February 2017					
Balance at 1 March 2016					
At cost	-	-	-	-	**-**
Accumulated depreciation	-	-	-	-	**-**
Net book value	**-**	**-**	**-**	**-**	**-**
Movements for the year ended 28 February 2017					
Additions	22,416	1,397	8,667	3,945	**36,425**
Depreciation	(3,422)	(464)	(2,877)	(1,310)	**(8,073)**
Foreign currency revaluation increase (decrease)	(390)	(6)	(155)	(16)	**(567)**
Property, plant and equipment at the end of the year	**18,604**	**927**	**5,635**	**2,619**	**27,785**
Closing balance at 28 February 2017					
At cost	22,326	1,391	8,512	3,929	**36,158**
Accumulated depreciation	(3,722)	(464)	(2,877)	(1,310)	**(8,373)**
Net book value	**18,604**	**927**	**5,635**	**2,619**	**27,785**

Notes to the Financial Statements

Figures in Great British Pound Sterling (GBP)	2018	2017

8. Inventories

Inventories comprise:

Finished goods	115,108	59,791
	115,108	**59,791**

9. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	38,453	21,178
Deposits	5,508	5,541
	43,961	26,719
Total trade and other receivables	**43,961**	**26,719**

Categorisation of trade and other receivables

All trade and other receivables are categorised as financial instruments at amortised cost in accordance with IFRS 9: Financial Instruments.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Refer to note 4 Financial instruments and financial risk management for details of credit risk exposure and management.

10. Cash and cash equivalents

Cash and cash equivalents included in current assets:

Cash equivalents		
Bank balances	12,870	128
	12,870	**128**

The above cash balances where held in:

ZAR	**210,269**	**2,080**

Notes to the Financial Statements

Figures in Great British Pound Sterling (GBP)	2018	2017

11. Share capital

Authorised and issued share capital

Authorised		
Ordinary no par value shares	9,000,000	100
	9,000,000	**100**
Issued		
Ordinary no par value shares	46,124	6
	46,124	**6**
Share premium	771,021	-
	817,145	**6**
Share reconciliation		
Shares outstanding - beginning of the period	90,000,000	100
Issued	-	89,999,900
Shares outstanding - closing	**90,000,000**	**90,000,000**

12. Trade and other payables

Trade and other payables comprise:

Trade creditors	115,025	16,148
Total trade and other payables	**115,025**	**16,148**

13. Other financial liabilities

13.1 Other financial liabilities comprise:

Loan: Chinyanta JN	133,494	-
Other financial liabilities	-	4,624
	133,494	**4,624**

The above loan is unsecured, bears no interest and has no fixed terms of repayment.

13.2 Classification of other financial liabilities

Amortised cost	133,494	4,624
	133,494	**4,624**

14. Loan from shareholder

14.1 Loan from shareholder comprises:

Loans from owner	-	801,100
	-	**801,100**

14.2 Additional disclosures

The above loan is unsecured, bears no interest and has no fixed terms of repayment.

Notes to the Financial Statements

Figures in Great British Pound Sterling (GBP)	2018	2017

15. Revenue

Revenue comprises:

Sale of goods	100,349	134,026
Total revenue	**100,349**	**134,026**

16. Cost of sales

Cost of sales comprise:

Sale of goods	79,497	265,364
Total cost of sales	**79,497**	**265,364**

17. Distribution costs

Distribution costs comprise:

Delivery expenses	3,526	2,818
Total distribution costs	**3,526**	**2,818**

18. Administrative expenses

Administrative expenses comprise:

Accounting fees	2,616	334
Bank charges	965	215
Computer expenses	9,766	4,023
Subscriptions	1,000	801
Telecommunication	115	1,095
Total administrative expenses	**14,462**	**6,468**

19. Other expenses

Other expenses comprise:

Cleaning	232	294
Consulting fees	9,939	29,242
Depreciation	8,015	8,073
Donations	2,198	-
Electricity and water	4,440	5,279
Employee benefit expenses	116,097	19,303
Entertainment	80	-
General expenses	1,673	664
Insurance	437	-
Office Expenses	1,357	-
Operating leases	21,229	20,952
Printing and stationery	855	156
Total other expenses	**166,552**	**83,963**

Notes to the Financial Statements

Figures in Great British Pound Sterling (GBP)	2018	2017

20. Loss from operating activities

Loss from operating activities includes the following separately disclosable items

	2018	2017
Other operating expenses		
Property plant and equipment		
- depreciation	8,015	8,073

21. Finance income

Finance income comprises:

	2018	2017
Interest received	331	325
Total finance income	**331**	**325**

22. Related parties

22.1 Group companies

Parent company	Umuthi Healthcare Solutions PLC

22.2 Other related parties

Entity name	Nature of relationship
G.P. Viljoen	Majority shareholder and member of key management
P.J. Grimes	Member of key management
D.L Viljoen	Member of key management

22.3 Related party transactions and balances

	Key management personnel of the entity or its parent	Total
Year ended 28 February 2018		
Related party transactions		
Capital contribution	726,464	**726,464**
Year ended 28 February 2017		
Outstanding loan accounts		
Amounts payable	805,724	**805,724**

Figures in Great British Pound Sterling (GBP)	2018	2017

23. Fair value

Information Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Transfers of assets and liabilities within levels of the fair value hierarchy

There have been no transfers between fair value levels during any of the periods within this Financial Information.

Valuation processes applied by the Company

The Company measures financial instruments such as derivatives, and non-financial assets at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the accounting policies under note 1 as well as in the following notes:

Trade and other payables - Note 12

Other financial liabilities - Note 13

24. Forex gain and losses

Foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. Monetary items include trade payables and trade receivables as well as cash

Non-monetary items include Inventory, plant and equipment, Share capital and share premium.

Movement recognised in OCI		
Exchange differences on translating foreign operations	23,360	(26,606)

Detailed Income Statement

Figures in £	Notes	2018	2017
Revenue	15		
Sale of goods		100,349	134,026
Cost of sales	16		
Sale of goods		(79,497)	(265,364)
Gross profit / (loss)		**20,852**	**(131,338)**
Distribution costs	17		
Delivery expenses		(3,526)	(2,818)
Administrative expenses	18		
Accounting fees		(2,616)	(334)
Bank charges		(965)	(215)
Computer expenses		(9,766)	(4,023)
Subscriptions		(1,000)	(801)
Telecommunication		(115)	(1,095)
		(14,462)	**(6,468)**
Other expenses	19		
Cleaning		(232)	(294)
Consulting fees		(9,939)	(29,242)
Depreciation - property, plant and equipment		(8,015)	(8,073)
Donations		(2,198)	-
Electricity and water		(4,440)	(5,279)
Employee costs - directors		(80,366)	-
Employee costs - salaries		(35,731)	(19,303)
Entertainment		(80)	-
General expenses		(1,673)	(664)
Insurance		(437)	-
Office Expenses		(1,357)	-
Operating leases		(21,229)	(20,952)
Printing and stationery		(855)	(156)
		(166,552)	**(83,963)**
Loss from operating activities	20	**(163,688)**	**(224,587)**
Finance income	21		
Interest received		331	325
Loss for the year		**(163,357)**	**(224,262)**

Income Tax Computation

Figures in Great British Pound Sterling (GBP)	2018	2017
Loss before tax	(163,357)	(224,262)
Computed income for the year	(163,357)	(224,262)
Assessed loss brought forward	(224,262)	-
Taxable income	**(387,619)**	**(224,262)**
Normal tax	**-**	**-**