

UJAMS WASTEWATER TREATMENT COMPANY (PTY) LTD
(REGISTRATION NUMBER 2012/0022)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

UJAMS WASTEWATER TREATMENT COMPANY (PTY) LTD
(REGISTRATION NUMBER 2012/0022)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Building and operation of an industrial wastewater plant in terms of a service concession agreement
Directors	G Leopold J Lahnsteiner D Le Maoût
Registered office	3 Kerby Street Windhoek Namibia
Postal address	P O Box 9779 Windhoek Namibia
Holding company	Va Tech Wabag Gmbh incorporated in Austria
Bankers	Nedbank Namibia
Auditors	Grant Thornton Neuhaus Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Financial Consulting Services (Pty) Ltd
Company registration number	2012/0022

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 10 to 77, which have been prepared on the going concern basis, were approved by the board of directors on 23 May 2019 and were signed on their behalf by:

G Leopold

J Lahnsteiner

D Le Maoût

INDEPENDENT AUDITOR'S REPORT

To the management of Ujams Wastewater Treatment Company (Pty) Ltd

Opinion

We have audited the annual financial statements of Ujams Wastewater Treatment Company (Pty) Ltd set out on pages 10 to 75, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Ujams Wastewater Treatment Company (Pty) Ltd as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. 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 Directors' report and the Detailed Income Statement as required by the Companies Act of Namibia of Namibia, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the directors for the Annual Financial Statements

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

In preparing the annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

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.

Grant Thornton Neuhaus
Registered Accountants and Auditors
Chartered Accountants (Namibia)
H Koch
Partner

Windhoek

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Ujams Wastewater Treatment Company (Pty) Ltd for the year ended 31 March 2019.

1. Incorporation

The company was incorporated on 9 January 2012 and obtained its certificate to commence business on the same day.

The company is domiciled in Namibia where it is incorporated as a private company limited by shares under the Companies Act of Namibia. The address of the registered office is set out on page 1.

2. Nature of business

Ujams Wastewater Treatment Company (Pty) Ltd was incorporated in Namibia with interests in the industrial wastewater purification sector. The company operates in Namibia.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

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

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

Authorised			2019	2018
			Number of shares	
Ordinary shares			4,000	4,000
Issued	2019	2018	2019	2018
	N\$	N\$	Number of shares	
Ordinary shares	1,000	1,000	1,000	1,000

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

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

The board of directors recommend the approval of a final dividend of N\$4,000,000 (2018: N\$4,000,000) for the financial year ended 31 March 2019.

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DIRECTORS' REPORT

6. Directorate

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

Directors	Nationality	Changes
G Leopold	Austrian	
J Lahnsteiner	Austrian	
MD Nicolas-Vullierme	French	Resigned 8 February 2019
D Le Maoût	French	Appointed 8 February 2019

There have been no other changes to the directorate for the year under review.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

8. Holding company

The company's holding company is Va Tech Wabag Gmbh which holds 66% (2018: 66%) of the company's equity. Va Tech Wabag Gmbh is incorporated in Austria.

9. Events after the reporting period

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

10. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

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DIRECTORS' REPORT

12. Secretary

The company secretary is Financial Consulting Services (Pty) Ltd.

Postal address: P O Box 9779
Windhoek
Namibia

Business address: 3 Kerby Street
Windhoek
Namibia

13. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

14. Terms of appointment of the auditors

Grant Thornton Neuhaus are appointed as the company's auditors and continued this appointment for 2019.

15. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of the Companies Act of Namibia. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 100% of the company's authorised share capital, under the control of the directors until the next AGM.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019 N\$	2018 N\$
Assets			
Non-current assets			
Property, plant and equipment	3	625,953	916,063
Intangible assets	4	118,568,802	125,678,435
Loans to shareholders	5	-	1,497,278
		119,194,755	128,091,776
Current assets			
Inventories	7	1,996,179	1,732,001
Trade and other receivables	8	13,008,666	12,721,783
Current taxation receivable	15	19,909,193	19,769,117
Cash and cash equivalents	9	11,484,095	5,411,982
		46,398,133	39,634,883
Total assets		165,592,888	167,726,659
Equity and liabilities			
Equity			
Share capital	10	11,245,000	11,245,000
Accumulated profits		45,438,557	33,591,807
		56,683,557	44,836,807
Liabilities			
Non-current liabilities			
Loans from shareholders	12	12,430,864	21,206,053
Borrowings	13	60,000,000	68,000,000
Deferred taxation	6	23,153,758	19,742,791
		95,584,622	108,948,844
Current liabilities			
Trade and other payables	14	5,324,709	5,920,337
Loans from group companies	11	-	20,671
Borrowings	13	8,000,000	8,000,000
		13,324,709	13,941,008
Total liabilities		108,909,331	122,889,852
Total equity and liabilities		165,592,888	167,726,659

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2019 N\$	2018 N\$
Revenue	16	61,478,365	60,368,879
Cost of sales	17	(2,628,449)	(4,443,130)
Gross profit		58,849,916	55,925,749
Other operating income	18	-	1,451,223
Other operating gains (losses)	19	(349,323)	182,626
Other operating expenses		(33,362,732)	(33,359,512)
Operating profit	20	25,137,861	24,200,086
Investment income	23	450,542	363,620
Finance costs	24	(1,470,763)	(2,823,505)
Profit before taxation		24,117,640	21,740,201
Taxation	25	(8,270,891)	(7,462,459)
Profit for the year		15,846,749	14,277,742
Other comprehensive income		-	-
Total comprehensive income for the year		15,846,749	14,277,742

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STATEMENT OF CHANGES IN EQUITY

	Share capital N\$	Share premium N\$	Total share capital N\$	Accumulated profits N\$	Total equity N\$
Balance at 1 April 2015 (As restated)	1,000	11,244,000	11,245,000	23,314,065	34,559,065
Profit for the year	-	-	-	14,277,742	14,277,742
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,277,742	14,277,742
Dividends	-	-	-	(4,000,000)	(4,000,000)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(4,000,000)	(4,000,000)
Balance at 1 April 2016 (As restated)	1,000	11,244,000	11,245,000	33,591,808	44,836,808
Profit for the year	-	-	-	15,846,749	15,846,749
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	15,846,749	15,846,749
Dividends	-	-	-	(4,000,000)	(4,000,000)
Dividend declared	-	-	-	(4,000,000)	(4,000,000)
Balance at 31 March 2019	1,000	11,244,000	11,245,000	45,438,557	56,683,557
Note(s)	10	10	10		

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STATEMENT OF CASH FLOWS

	Note(s)	2019 N\$	2018 N\$
Cash flows from operating activities			
Cash receipts from customers		61,191,482	59,473,052
Cash paid to suppliers and employees		(29,707,090)	(32,003,659)
Cash generated from operations	26	31,484,392	27,469,393
Interest income		450,542	363,620
Finance costs		(1,470,763)	(2,823,505)
Tax paid	27	(5,000,000)	(3,500,000)
Net cash from operating activities		25,464,171	21,509,508
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(93,476)	(197,682)
Loans to shareholders repaid		1,497,278	(1,497,278)
Net cash from investing activities		1,403,802	(1,694,960)
Cash flows from financing activities			
Repayment of loans from group companies		(20,671)	9,938
Repayment of borrowings		(8,000,000)	(8,000,000)
(Repayment of) / Proceeds from of shareholders loan		(8,775,189)	(6,112,333)
Dividends paid	28	(4,000,000)	(7,499,600)
Net cash from financing activities		(20,795,860)	(21,601,995)
Total cash movement for the year		6,072,113	(1,787,447)
Cash and cash equivalents at the beginning of the year		5,411,982	7,199,429
Total cash and cash equivalents at end of the year	9	11,484,095	5,411,982

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ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements 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 ongoing 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

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Provisions

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the company had transferred control of the goods to the customer. Following the detailed quantification of the company liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Provisions were raised and management determined an estimate based on the information available.

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ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for longterm debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

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

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

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ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated taxation audit issues based on estimates of whether additional taxes will be due. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income taxation and deferred taxation provisions in the period in which such determination is made.

The company recognises the net future taxation benefit related to deferred income taxation assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income taxation assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred taxation assets recorded at the end of the reporting period could be impacted.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

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 an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

A valuation committee was established in order to determine the appropriate valuation techniques and inputs for each valuation. The committee reports to the CFO. Significant valuation issues are reported to the audit committee.

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.

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ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Management reviewed the recoverable amount of major equipment during the current period because increasing competitive forces indicated that there may have been a decline in the value in use of the equipment.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, 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. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

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

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

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

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

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ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, 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.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less 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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5
Motor vehicles	Straight line	5
Office equipment	Straight line	3
Computer equipment	Straight line	3
Workshop equipment and guard house	Straight line	5

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

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, 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.

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1.3 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, 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.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Wastewater plant in terms of service concession agreement	21.6 years
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1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 31 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

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1.5 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to group companies (note) and loans to shareholders (note 5) 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.

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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 23).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 19).

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1.5 Financial instruments (continued)

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 31).

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.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

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1.5 Financial instruments (continued)

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

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1.5 Financial instruments (continued)

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 20).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 31).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

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1.5 Financial instruments (continued)

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 (note 8).

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.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 23).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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.

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1.5 Financial instruments (continued)

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. Details of the provision matrix is presented in note 8.

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 (note 20).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 31).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

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1.5 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note) and loans from shareholders (note 5) 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.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 24.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 31).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

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1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 14), 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 (note 24).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 19).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 31).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

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

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1.5 Financial instruments (continued)

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.

1.6 Financial instruments: IAS 39 comparatives

Classification

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.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

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1.5 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

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 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.

Fair value determination

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

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1.5 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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1.5 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

1.7 Tax

Current tax assets and liabilities

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

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

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1.7 Tax (continued)

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

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

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

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

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

1.8 Leases

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

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1.8 Leases (continued)

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

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

1.9 Inventories

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

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

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

1.10 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.

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1.10 Impairment of assets (continued)

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

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

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

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

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

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

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

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

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

1.11 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.

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

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1.12 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 compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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.

Defined contribution plans

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

1.13 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

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1.13 Provisions and contingencies (continued)

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.14 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Sales of industrial waste plant services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Sales of industrial waste plant services

For sales of industrial waste water plant services, revenue is recognised when industrial waste water plant service has been performed, accounted for on a monthly basis in terms of a service agreement entered into with a local authority. A receivable is recognised by the company when the service is delivered to the local authority as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice.

1.15 Cost of sales

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

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

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1.16 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

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1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot 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 annual financial statements are recognised in profit or 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 Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

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	2019	2018
	N\$	N\$

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	1 January 2018	The impact of the standard is not material.
• IFRS 15 Revenue from Contracts with Customers	1 January 2018	The impact of the standard is not material.
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	The impact of the standard is not material.

2.2 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 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019	Not expected to impact results but may result in additional disclosure
• Prepayment Features with Negative Compensation - Amendment to IFRS 9	1 January 2019	Not expected to impact results but may result in additional disclosure
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	1 January 2019	Not expected to impact results but may result in additional disclosure
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	1 January 2019	Not expected to impact results but may result in additional disclosure
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	1 January 2019	Not expected to impact results but may result in additional disclosure

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2. New standards and interpretations (continued)

• Uncertainty over Income Tax Treatments	1 January 2019	Not expected to impact results but may result in additional disclosure
• IFRS 16 Leases	1 January 2019	Not expected to impact results but may result in additional disclosure

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	2019			2018		
	N\$			N\$		
3. Property, plant and equipment						
	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	767,586	(420,133)	347,453	733,657	(266,616)	467,041
Furniture and fixtures	309,849	(208,492)	101,357	309,849	(146,522)	163,327
Motor vehicles	331,278	(315,261)	16,017	331,278	(268,528)	62,750
Office equipment	129,801	(120,302)	9,499	129,801	(88,079)	41,722
Computer equipment	458,131	(365,344)	92,787	398,585	(328,532)	70,053
Workshop Equip & Guard House	261,651	(202,811)	58,840	261,651	(150,481)	111,170
Total	2,258,296	(1,632,343)	625,953	2,164,821	(1,248,758)	916,063

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Plant and machinery	467,041	33,929	(153,517)	347,453
Furniture and fixtures	163,327	-	(61,970)	101,357
Motor vehicles	62,750	-	(46,733)	16,017
Office equipment	41,722	-	(32,223)	9,499
Computer equipment	70,053	59,547	(36,813)	92,787
Workshop Equip & Guard House	111,170	-	(52,330)	58,840
	916,063	93,476	(383,586)	625,953

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Plant and machinery	422,511	163,939	(119,409)	467,041
Furniture and fixtures	225,297	-	(61,970)	163,327
Motor vehicles	129,006	-	(66,256)	62,750
Office equipment	62,786	15,300	(36,364)	41,722
Computer equipment	135,696	18,443	(84,086)	70,053
Workshop Equip & Guard House	163,501	-	(52,331)	111,170
	1,138,797	197,682	(420,416)	916,063

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	2019	2018
	N\$	N\$

4. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intangible asset	149,302,294	(30,733,492)	118,568,802	149,302,294	(23,623,859)	125,678,435

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Intangible asset	125,678,435	(7,109,633)	118,568,802

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Intangible asset	132,788,068	(7,109,633)	125,678,435

Individually material intangible assets

Ujams Waste Water Plant	118,568,802	125,678,435
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Waste water plant was constructed in terms of a service concession arrangement in terms of which the company acts as a service provider. The service provider constructs / upgrades / maintains the plant. Ownership of plant will not pass to service provider at the end of the contract term. Construction of plant was completed in during September 2014 and commissioned during October 2014. The plant commenced commercial operations during December 2014. Amortisation of the plant commenced during December 2014.

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	2019	2018
	N\$	N\$

4. Intangible assets (continued)

Other information

The company is granted the right to generate revenue based on final product produced from industrial waste water suitable for discharge to the environment decreasing impact of industrial waste water pollution.

Fair value measurement will be difficult for the company and for this reason the fair value of the construction plant cost have been used to account for the intangible asset. From commencement to conclusion of the plant construction all costs related have been accounted / accumulated for as part of the intangible asset. Amortisation of the intangible asset has commenced on day of plant became operational over the useful life of the plant.

A mark up on construction costs incurred of 5% was accounted for and considered as appropriate in order to disclose intangible asset at fair value at year end. This represented a conservative approach by the operators of the plant who are also involved in the construction of the plant. A return of costs incurred. Fair value allocation was accounted for as revenue in the financial statements while costs incurred were accounted for as construction cost of sales with regards to construction of plant.

The carrying value of the revalued assets under the cost model would have been:

Service concession agreement - Industrial Wastewater Plant	118,568,802	125,678,435
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Intangible asset value - 2019

Item	Opening balance	Amortisation	Carrying value
Plant and equipment	70,738,372	(4,001,672)	66,736,700
Buildings	29,871,744	(1,689,846)	28,181,898
Materials	373,055	(21,103)	351,952
Borrowing costs - DEG	10,426,932	(589,852)	9,837,080
Development costs - Pilot Plant	2,326,514	(131,611)	2,194,903
Development costs - Other	6,034,113	(341,350)	5,692,763
Prepayment	431,973	(24,437)	407,536
5% Upliftment	5,475,732	(309,762)	5,165,970
	125,678,435	(7,109,633)	118,568,802

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		2019	2018
		N\$	N\$
4. Intangible assets (continued)			
Intangible asset value - 2019			
Item	Cost	Accumulated amortisation	Carrying value
Plant and equipment	84,035,111	(17,298,411)	66,736,700
Buildings	35,486,757	(7,304,859)	28,181,898
Materials	443,177	(91,225)	351,952
Borrowing costs - DEG	12,386,888	(2,549,808)	9,837,080
Development costs - Pilot Plant	2,763,831	(568,928)	2,194,903
Development costs - Other	7,168,348	(1,475,585)	5,692,763
Prepayment	513,173	(105,637)	407,536
5% Upliftment	6,505,009	(1,339,039)	5,165,970
	149,302,294	(30,733,492)	118,568,802

5. Loans to shareholders

Va Tech Wabag Namibia	-	1,497,278
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The loan is interest free, unsecured with no fixed terms of repayment. These terms are reviewed from time to time.

Split between non-current and current portions

Non-current assets	-	1,497,278
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Exposure to credit risk

Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans to shareholders is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

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	2019	2018
	N\$	N\$

5. Loans to shareholders (continued)

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the shareholders as well as the future prospects in the industries in which the shareholders operate.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the company has applied IFRS 9. Loans to shareholders were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of loans to shareholders are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar amount

Namibia Dollar	-	1,497,278
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Fair value of loans to shareholders

The fair value of loans to shareholders approximates their carrying amounts.

6. Deferred taxation

Deferred tax liability

Originating and reversing timing differences - property, plant and equipment and intangible asset	(23,153,758)	(24,718,223)
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Deferred tax asset

Tax losses available for set off against future taxable income	-	4,975,432
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

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	2019 N\$	2018 N\$
6. Deferred taxation (continued)		
Deferred tax liability	(23,153,758)	(24,718,223)
Deferred tax asset	-	4,975,432
Total net deferred tax liability	(23,153,758)	(19,742,791)
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(19,742,791)	(12,280,332)
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(4,975,432)	(8,789,800)
Taxable / (deductible) temporary difference movement on tangible fixed assets	27,186	15,542
Taxable / (deductible) temporary difference movement on intangible assets	1,367,055	1,367,055
Unrealised foreign exchange (gain) / loss	170,224	(55,256)
	(23,153,758)	(19,742,791)
Recognition of deferred tax asset		
An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:		
<ul style="list-style-type: none"> the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates. 		
7. Inventories		
Production supplies	1,996,179	1,732,001
8. Trade and other receivables		
Financial instruments:		
Trade receivables	11,930,904	11,762,312
Withholding tax receivable	396,510	368,780
Non-financial instruments:		
Prepayments	681,252	590,691
Total trade and other receivables	13,008,666	12,721,783

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	2019 N\$	2018 N\$
8. Trade and other receivables (continued)		
Split between non-current and current portions		
Current assets	13,008,666	12,721,783
Categorisation of trade and other receivables		
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	12,327,414	12,131,092
Non-financial instruments	681,252	590,691
	13,008,666	12,721,783

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.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 90 days (2018: 90 days). No interest is charged on outstanding trade receivables.

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.

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	2019	2018
	N\$	N\$

8. Trade and other receivables (continued)

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.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected credit loss rate:

Not past due: 0% (2018: 0%)

2019	2019	2018	2018
Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
11,930,903	-	11,762,311	-

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	2019 N\$	2018 N\$
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8. Trade and other receivables (continued)

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counterparties without external credit rating

Group 2	11,762,311
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Group 2 – existing customer (more than 6 months) with no defaults in the past.

None of the financial assets that are fully performing have been renegotiated in the last year.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2018, N\$ - were past due but not impaired.

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

1 month past due	6,209,687
2 months past due	5,552,624

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of N\$ - were impaired and provided for.

The amount of the provision was N\$ - as of 31 March 2018 .

The ageing of the trade and other receivables is as follows:

0 to 6 months	11,762,311
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The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The company does not hold any collateral as security.

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8. Trade and other receivables (continued)		
Exposure to currency risk		
The company is not exposed to currency risk related to trade receivables.		
Namibia Dollar Amount		
Namibia Dollar	12,327,414	12,131,091
Fair value of trade and other receivables		
The fair value of trade and other receivables approximates their carrying amounts.		
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,866	5,179
Bank balances	11,482,229	5,406,803
	11,484,095	5,411,982
Credit quality of cash at bank and short term deposits, excluding cash on hand		
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:		
Credit rating (Standard and Poor's)		
BBB-	11,482,229	5,406,803
10. Share capital		
Authorised		
4,000 Ordinary shares of N\$ 1 each	4,000	4,000
Reconciliation of number of shares issued:		
Reported as at 1 April 2018	1,000	1,000
3,000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		

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10. Share capital (continued)		
Issued		
1,000 Ordinary of N\$ 1 each	1,000	1,000
Share premium	11,244,000	11,244,000
	11,245,000	11,245,000
11. Loans from group companies		
Fellow subsidiaries	Basis of accounting	
Windhoek Goreangab Operating Company (Pty) Ltd	Amortised cost	- 20,671
The loan is interest free, unsecured with no fixed terms of repayment.		
Split between non-current and current portions		
Current liabilities		- 20,671

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11. Loans from group companies (continued)		
Exposure to currency risk		
The company is not exposed to currency risk related to certain group loans payable.		
There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.		
Loans from subsidiaries		
The net carrying amounts, in Namibia Dollar, of loans from subsidiaries, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.		
Namibia Dollar amount		
Namibia Dollar	-	20,671
Loans from fellow subsidiaries		
The net carrying amounts, in Namibia Dollar, of loans from fellow subsidiaries, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.		
Namibia Dollar amount		
Namibia Dollar	-	20,671
12. Loans from shareholders		
Va Tech Wabag Gmbh (Lender 1)	6,540,780	12,861,372
Veolia Eau	4,921,107	5,715,682
CIM GmbH (Lender 2)	968,977	2,628,999
	12,430,864	21,206,053

CIM GmbH (Lender 2) joined Va Tech Wabag Gmbh (Lender 1) during the year end 31 March 2015 acquiring 4.1% shareholding interest via Tranche 1 share transactions and an effective interest of interest of 4.94% of the total shareholders loan of Va Tech Wabag Gmbh (Lender 1) at the transaction date. A further 15.9% shareholding interest was acquired in the current financial year end via Tranche 2, Tranche 3 and Tranche 4. An effective interest of 15.06% of the total shareholders loan of Va Tech Gmbh (Lender 1) was acquired.

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	2019	2018
	N\$	N\$
<hr/>		
12. Loans from shareholders (continued)		
Split between non-current and current portions		
Non-current liabilities	12,430,864	21,206,053

Exposure to liquidity risk

Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.

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	2019	2018
	N\$	N\$

12. Loans from shareholders (continued)

Exposure to currency risk

The company is exposed to currency risk related to certain loans from shareholders which are denominated in a foreign currency. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Namibia Dollar, of loans from shareholders are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar amount

Euro	12,430,864	21,206,053
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The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount

Euro -Va Tech Wabag Gmbh (Lender 1)	402,677	882,528
Euro -Veolia Eau	302,963	392,201
Euro -CIM GmbH (Lender 2)	59,654	180,398

Exchange rates

The following closing exchange rates were applied at reporting date:

Namibia Dollar per unit of foreign currency:

Euro -Va Tech Wabag Gmbh (Lender 1)	16.243	14.573
Euro -Veolia Eau	16.243	14.573
Euro -CIM GmbH (Lender 2)	16.243	14.573

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to with regards to loans from shareholders. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated loans payable and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

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	2019 N\$	2018 N\$		
12. Loans from shareholders (continued)				
	2019	2019	2018	2018
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Euro 1% (2018: 1 %) in Namibian Dollar	124,309	(124,309)	212,060	(212,060)
Impact on equity:				
Euro 1% (2018: 1 %) in Namibian Dollar	124,309	(124,309)	212,060	(212,060)
Total impact on profit or loss and equity	248,618	(248,618)	424,120	(424,120)

Exposure to interest rate risk

The company is exposed to interest rate risk on loans from shareholders. Interest rates on all shareholder loans compare favourably with those rates available in the market. When necessary, interest rate swaps are entered into. Risk exposure as a result of interest rates is moderate and is mitigated by a surplus of cash in the company.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2019	2019	2018	2018
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
SA Bank Overdraft rate 1% (2018: SA Bank Overdraft rate 1 %)	124,309	(124,309)	212,060	(212,060)
Impact on equity:				
SA Bank Overdraft rate 1% (2018: SA Bank Overdraft rate 1 %)	124,309	(124,309)	212,060	(212,060)
Total impact on profit or loss and equity	248,618	(248,618)	424,120	(424,120)

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	2019 N\$	2018 N\$
12. Loans from shareholders (continued)		
Fair value of shareholder loans payable		
The fair value of loans from shareholders approximates their carrying amounts.		
13. Borrowings		
Held at amortised cost		
Secured		
Deutsche Investitions - und Entwicklungsgesellschaft mbH	68,000,000	76,000,000
Split between non-current and current portions		
Non-current liabilities	60,000,000	68,000,000
Current liabilities	8,000,000	8,000,000
	68,000,000	76,000,000

The loan is unsecured, subject to 50 quarterly equal repayment instalments. Interest rate applicable to each loan will be determined by DEG separately for each loan and will be fixed for the full term of that loan to the formula recorded in clause 5.1 of the facility agreement signed.

The loan from Deutsche Investitions - und Entwicklungsgesellschaft mbH is secured by:

- pledge to DEG by way of first-ranking security all the shares of shareholders
- Guarantor 1 and Guarantor 2 are jointly and severally liable for an amount equal to 83% of each of the Guaranteed Claims and any Excess Guaranteed Amount; and
- Guarantor 3 is severally liable for an amount equal to 17% of each of the Guaranteed Claims, provided that the total amount payable as the liability of Guarantor 3 shall not exceed ZAR 120,000,000.

Full details of security are recorded in paragraph 16 of the Execution copy of the Loan Agreement entered into between the Deutsche Investitions - und Entwicklungsgesellschaft mbH and Ujams Wastewater Treatment Company (Pty) Ltd.

Refer to note 31 Financial instruments and financial risk management for the fair value of borrowings.

Exposure to liquidity risk

Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.

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	2019	2018
	N\$	N\$

13. Borrowings (continued)

Exposure to currency risk

The company is exposed to currency risk related to certain investments in debt instruments which are denominated in a foreign currency. Management has decided not to make use of foreign exchange contracts to hedge the risk.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Namibia Dollar, of borrowings, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar amount

South African Rand (ZAR)	68,000,000	76,000,000
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The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount

South African Rand (ZAR)	68,000,000	76,000,000
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The following closing exchange rates were applied at reporting date:

Namibia Dollar per unit of foreign currency:

South African Rand (ZAR)	1.000	1.000
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Foreign currency sensitivity analysis

Due to the Namibian Dollar being linked to the South African Rand no foreign currency sensitivity analysis is provided. The exchange rate of the Namibia Dollar to the South African Rand is 1:1. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

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	2019	2018
	N\$	N\$

13. Borrowings (continued)

Exposure to interest rate risk

The company is exposed to interest rate risk on borrowings. Rising interest rates would result in the values of borrowings declining. Management monitors interest rate curves and disposes of borrowings when forecasts predict a potential significant decline in value of borrowings.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2019	2019	2018	2018
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
South African Reserve Bank 1% (2018: South African Reserve Bank 1 %)	680,000	(680,000)	760,000	(760,000)
Impact on equity:				
South African Reserve Bank 1% (2018: South African Reserve Bank 1 %)	680,000	(680,000)	760,000	(760,000)
Total impact on profit or loss and equity	1,360,000	(1,360,000)	1,520,000	(1,520,000)

14. Trade and other payables

Financial instruments:

Trade payables	3,339,852	3,690,784
Accrual - DEG KFW	1,084,959	1,222,529
Salary control account	31,923	30,036

Non-financial instruments:

VAT	867,975	976,988
	5,324,709	5,920,337

Exposure to currency risk

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	2019	2018
	N\$	N\$

14. Trade and other payables (continued)

The company is exposed to currency risk related to trade payables because certain wholesale transactions are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The currencies in which the company deals primarily is Euros.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Namibia Dollar, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar Amount

Namibia Dollar	3,371,775	3,720,819
Euro	1,084,959	1,222,529
	4,456,734	4,943,348

The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount

Euro	66,795	83,890
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The following closing exchange rates were applied to translate trade receivables at reporting date:

Namibia Dollar per unit of foreign currency:

Euro	16.243	14.573
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Exposure to interest rate risk

The company is exposed to interest rate risk on trade and other payables. Interest rates on all trade and other payables compare favourably with those rates available in the market. When necessary, interest rate swaps are entered into. Risk exposure as a result of interest rates is moderate and is mitigated by a surplus of cash in the company.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

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	2019 N\$	2018 N\$
15. Current taxation payable (receivable)		
Taxation receivable at year end relates to the 2018 year of assesment and amounts to N\$ 19,909,193 (2018: N\$ 19,769,117).		
Year of assessment		
2014	(340,212)	(340,212)
2015	(8,818,061)	(8,818,061)
2017	(7,110,844)	(7,110,844)
2018	(3,500,000)	(3,500,000)
2019	(140,076)	-
	(19,909,193)	(19,769,117)
16. Revenue		
Revenue from contracts with customers		
Rendering of services - industrial wastewater purification	61,478,365	60,368,879
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Rendering of services		
Rendering of services - wastewater purification	61,478,365	60,368,879
Timing of revenue recognition		
At a point in time		
Rendering of services - wastewater purification	(61,478,365)	(60,368,879)
17. Cost of sales		
Rendering of services	2,628,439	4,443,382
Discount received	10	(252)
Rendering of services		
Services revenue	2,628,439	4,443,382
18. Other operating income		
Sundry income	-	1,451,223

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	2019 N\$	2018 N\$
19. Other operating gains (losses)		
Foreign exchange gains (losses)		
Net foreign exchange (losses) gains	(349,323)	182,626
20. Operating profit		
Operating profit for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees (2018: PKF-FCS Auditors)	252,530	69,000
Quarterly pack and annual financial statement drafting services: PKF-FCS Auditors	92,500	173,500
	345,030	242,500
Remuneration, other than to employees		
Administrative and managerial services	619,985	671,710
Consulting and professional services	4,796,232	4,852,868
Secretarial services	1,700	1,760
	5,417,917	5,526,338
Employee costs		
Salaries, wages, bonuses and other benefits	2,531,855	2,173,091
Depreciation and amortisation		
Depreciation of property, plant and equipment	383,586	420,416
Amortisation of intangible assets	7,109,633	7,109,633
Total depreciation and amortisation	7,493,219	7,530,049
Expenses by nature		
The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:		
Changes in inventories of finished goods and work in progress	2,628,449	4,443,130
Employee costs	2,531,855	2,173,091
Depreciation, amortisation and impairment	7,493,219	7,530,049
Other expenses	23,337,658	23,656,372
	35,991,181	37,802,642

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	2019 N\$	2018 N\$
21. Employee costs		
Employee costs		
Basic	2,217,136	1,961,701
Bonus	262,068	164,556
UIF	24,445	18,289
Other payroll levies	28,206	28,545
	2,531,855	2,173,091
22. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	383,586	420,416
Amortisation		
Intangible assets	7,109,633	7,109,633
Total depreciation, amortisation and impairment		
Depreciation	383,586	420,416
Amortisation	7,109,633	7,109,633
	7,493,219	7,530,049
23. Investment income		
Interest income		
Investments in financial assets:		
Bank	450,542	363,620
Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.		
24. Finance costs		
Shareholders	1,075,312	2,203,761
Non-current borrowings	395,425	565,574
Interest paid	-	7
Trade and other payables	26	54,163
Total finance costs	1,470,763	2,823,505

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	2019 N\$	2018 N\$
25. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	4,859,924	-
Deferred		
Originating and reversing temporary differences (note 6)	3,410,967	7,462,459
	8,270,891	7,462,459
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	24,117,640	21,740,201
Tax at the applicable tax rate of 32% (2018: 32%)	7,717,645	6,956,864
Tax effect of adjustments on taxable income		
Amortisation expense - Non-taxable portion	453,797	453,797
Corporate guarantee fee	45,258	50,359
Legal expenses	54,191	1,439
	8,270,891	7,462,459
No provision has been made for 2019 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N\$ - (2018: N\$ 15,548,223).		
26. Cash generated from operations		
Profit before taxation	24,117,640	21,740,201
Adjustments for:		
Depreciation and amortisation	7,493,219	7,530,049
Interest income	(450,542)	(363,620)
Finance costs	1,470,763	2,823,505
Changes in working capital:		
Inventories	(264,178)	(1,732,001)
Trade and other receivables	(286,883)	(1,191,196)
Trade and other payables	(595,627)	(1,337,545)
	31,484,392	27,469,393

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	2019 N\$	2018 N\$
27. Taxation paid		
Balance at beginning of the year	19,769,117	16,269,117
Current tax for the year recognised in profit or loss	(4,859,924)	-
Balance at end of the year	(19,909,193)	(19,769,117)
	(5,000,000)	(3,500,000)
28. Dividends paid		
Balance at beginning of the year	-	(3,499,600)
Dividends	(4,000,000)	(4,000,000)
	(4,000,000)	(7,499,600)
29. Related parties		
Relationships		
Holding company	Va Tech Wabag Gmbh	
Shareholder with significant influence	Va Tech Wabag Gmbh	
Related parties	Windhoek Goreangab Operating Company (Pty) Ltd	
	Veolia Eau	
	CIM GmbH	
Members of key management	J Lanhnteiner	
	D Le Maoût	
	G Leopold	
Related party balances		
Loan accounts - Owing (to) by related parties		
Windhoek Goreangab Operating Company (Pty) Ltd	-	(20,671)
Va Tech Wabag Gmbh (Lender 1)	(6,540,780)	(12,861,372)
Veolia Eau	(4,921,107)	(5,715,682)
Va Tech Wabag Namibia	-	1,497,278
CIM GmbH (Lender 2)	(968,977)	(2,628,999)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Va Tech Wabag Gmbh (Austria)	(428,388)	(1,979,434)
Va Tech Wabag Gmbh (Austria)	-	504,434
Va Tech Wabag Gmbh (India)	(843,685)	(634,195)

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	2019 N\$	2018 N\$
29. Related parties (continued)		
Related party transactions		
Interest paid to (received from) related parties		
Va Tech Wabag Gmbh (Austria)	857,101	1,768,038
Veolia Eau	395,425	565,574
CIM GmbH	218,211	435,723
Corproate guarantee fees paid to (received from) related parties		
Va Tech Wabag Ltd (India)	141,432	157,368
Technical and commercial support and monitoring services paid to (received from) related parties		
Va Tech Wabag Gmbh (Austria)	1,218,832	1,108,032
Veolia Eau	683,770	1,545,023
CIM GmbH	2,228,801	1,238,223
Consulting fees paid to (received from) related parties		
Va Tech Wabag Gmbh (Austria)	135,233	448,682

30. Directors' emoluments

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

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	8	12,327,414	12,327,414	12,327,414
Cash and cash equivalents	9	11,484,095	11,484,095	11,484,095
		23,811,509	23,811,509	23,811,509

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	2019	2018
	N\$	N\$

31. Financial instruments and risk management (continued)

2018

	Note(s)	Amortised cost	Total	Fair value
Loans to shareholders	5	1,497,278	1,497,278	1,497,278
Trade and other receivables	8	12,131,092	12,131,092	12,131,092
Cash and cash equivalents	9	5,411,982	5,411,982	5,411,982
		19,040,352	19,040,352	19,040,352

Categories of financial liabilities

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	4,456,734	4,456,734	4,456,734
Loans from shareholders	5	12,430,864	12,430,864	12,430,864
Borrowings	13	68,000,000	68,000,000	68,000,000
		84,887,598	84,887,598	84,887,598

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	4,943,349	4,943,349	4,943,349
Loans from group companies	11	20,671	20,671	20,671
Loans from shareholders	5	21,206,053	21,206,053	21,206,053
Borrowings	13	76,000,000	76,000,000	76,000,000
		102,170,073	102,170,073	102,170,073

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		2019 N\$	2018 N\$
<hr/>			
31. Financial instruments and risk management (continued)			
Pre tax gains and losses on financial instruments			
Gains and losses on financial assets			
2019			
	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	23	450,542	450,542
2018			
	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	23	363,620	363,620
Gains and losses on financial liabilities			
2019			
	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	24	(1,470,763)	(1,470,763)
2018			
	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	24	(2,823,505)	(2,823,505)

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		2019 N\$	2018 N\$
31. Financial instruments and risk management (continued)			
Capital risk management			
<p>The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.</p> <p>The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.</p> <p>The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.</p> <p>The capital structure and gearing ratio of the company at the reporting date was as follows:</p>			
Loans from group companies	11	-	20,671
Loans from shareholders	12	12,430,864	21,206,053
Borrowings	13	68,000,000	76,000,000
Trade and other payables	14	5,324,709	5,920,337
Total borrowings		85,755,573	103,147,061
Cash and cash equivalents	9	(11,484,095)	(5,411,982)
Net borrowings		74,271,478	97,735,079
Equity		56,683,557	44,836,808
Gearing ratio		131 %	218 %

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	2019	2018
	N\$	N\$

31. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents and loan commitments.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

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	2019	2018
	N\$	N\$

31. Financial instruments and risk management (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

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					2019	2018
					N\$	N\$
31. Financial instruments and risk management (continued)						
		2019			2018	
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Amortised cost / fair value
Loans to shareholders	5	-	-	-	1,497,278	-
Trade and other receivables	8	12,327,414	-	12,327,414	12,131,092	-
Cash and cash equivalents	9	11,484,095	-	11,484,095	5,411,982	-
		23,811,509	-	23,811,509	19,040,352	-

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

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				2019 N\$	2018 N\$
31. Financial instruments and risk management (continued)					
2019					
		Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Loans from shareholders	12	-	12,430,864	12,430,864	12,430,864
Borrowings	13	-	60,000,000	60,000,000	60,000,000
Current liabilities					
Trade and other payables		14	4,456,734	4,456,734	4,456,734
Borrowings		13	8,000,000	8,000,000	8,000,000
			12,456,734	84,887,598	84,887,598
2018					
		Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Loans from shareholders	12	-	21,206,053	21,206,053	21,206,053
Borrowings	13	-	68,000,000	68,000,000	68,000,000
Current liabilities					
Trade and other payables	14	4,943,349	-	4,943,349	4,943,349
Loans from group companies	11	20,671	-	20,671	20,671
Borrowings	13	8,000,000	-	8,000,000	8,000,000
		12,964,020	89,206,053	102,170,073	102,170,073

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily is Euros.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

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	2019	2018
	N\$	N\$

31. Financial instruments and risk management (continued)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
		2019	2018	2019	2018
Variable rate instruments:					
Assets					
Trade and other receivables	8	- %	- %	13,008,665	12,721,782
Cash and cash equivalents (Call account only)	9	6.50 %	6.50 %	10,875,254	3,092,009
				23,883,919	15,813,791
Liabilities					
Loans from group companies	11	- %	- %	-	20,671
Borrowings	13	12.35 %	12.35 %	68,000,000	76,000,000
				68,000,000	76,020,671
Net variable rate financial instruments				91,883,919	91,834,462

Price risk

The company is not exposed to commodity price risk.

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	N\$	N\$

31. Financial instruments and risk management (continued)

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

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DETAILED INCOME STATEMENT

	Note(s)	2019 N\$	2018 N\$
Revenue			
Rendering of services - industrial wastewater purification		61,478,365	60,368,879
Cost of sales			
Purchases - production supplies and related costs for industrial wastewater purification services		(2,628,439)	(4,443,382)
Discount received		(10)	252
	17	(2,628,449)	(4,443,130)
Gross profit		58,849,916	55,925,749
Other operating income			
Sundry Income		-	1,451,223
Other operating gains (losses)			
Foreign exchange (losses) gains		(349,323)	182,626
Expenses (Refer to page 77)		(33,362,732)	(33,359,512)
Operating profit	20	25,137,861	24,200,086
Investment income	23	450,542	363,620
Finance costs	24	(1,470,763)	(2,823,505)
Profit before taxation		24,117,640	21,740,201
Taxation	25	(8,270,891)	(7,462,459)
Profit for the year		15,846,749	14,277,742

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DETAILED INCOME STATEMENT

	Note(s)	2019 N\$	2018 N\$
Other operating expenses			
Administration and management fees		(619,985)	(671,710)
Advertising		(50,000)	(24,832)
Amortisation		(7,109,633)	(7,109,633)
Auditors remuneration - external auditors	20	(345,030)	(242,500)
Bank charges		(43,792)	(65,456)
Cleaning		(78,462)	(45,280)
Computer expenses		(37,100)	(2,155)
Consulting and professional fees - accounting		(295,564)	(272,647)
Consulting and professional fees - legal fees		(169,350)	(4,500)
Consulting fees		(199,915)	(684,443)
Corporate guarantee fee		(141,432)	(157,368)
DEG Facility interest		(9,306,534)	(10,338,770)
Depreciation		(383,586)	(420,416)
Employee costs		(2,531,855)	(2,173,091)
Entertainment		(3,700)	(10,968)
Garden expenses		(2,550)	(1,500)
Insurance		(473,378)	(378,978)
Machine hire		(21,300)	-
Motor vehicle expenses		(107,990)	(23,091)
Municipal expenses		(6,548,627)	(6,129,415)
Postage		(3,725)	(73,021)
Printing and stationery		(12,780)	(12,939)
Repairs and maintenance		(109,807)	(128,608)
Repairs and maintenance - plant		(121,901)	(141,230)
Secretarial fees		(1,700)	(1,760)
Security		(198,710)	(193,383)
Staff welfare		(16,222)	(7,969)
Technical and commercial support and monitoring services		(4,131,403)	(3,891,278)
Telephone and fax		(54,961)	(65,179)
Travel - local		(68,136)	(10,777)
Water and Sewerage		(173,604)	(76,615)
		(33,362,732)	(33,359,512)