# CARO INVESTMENT HOLDINGS LIMITED

(Registration number 1782776)
Group Annual Financial Statements
for the year ended 31 December 2019

These group annual financial statements were prepared by:
U Jensen
Group Financial Accountant

HLB CMA South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

These group annual financial statements have been audited in compliance with the applicable requirements of the BVI Business Companies Act, 2004.

Issued 20 April 2020

# General Information

| | |
|---|---|
| **Country of incorporation and domicile** | Virgin Islands (British) |
| **Nature of business and principal activities** | Investment holding |
| **Directors** | A Vassilopoulos<br>GR Poole<br>G Roussos<br>CM Vining<br>CN Vassilopoulos<br>M Maraschin |
| **Registered office** | 19 Waterfront Drive<br>Road Town<br>Tortola<br>British Virgin Islands<br>VG1110 |
| **Business address** | 19 Waterfront Drive<br>Road Town<br>Tortola<br>British Virgin Islands<br>VG1110 |
| **Postal address** | PO Box 3540<br>Road Town<br>Tortola<br>British Virgin Islands<br>VG1110 |
| **Holding company** | Zeno Capital Limited<br>incorporated in British Virgin Islands |
| **Ultimate holding company** | Supaluck Investments Proprietary Limited<br>incorporated in South Africa |
| **Bankers** | Investec Bank |
| **Auditors** | HLB CMA South Africa Incorporated<br>Chartered Accountants (SA)<br>Registered Auditors |
| **Secretary** | Totalserve Trust Company Limited |
| **Company registration number** | 1782776 |
| **Level of assurance** | These group annual financial statements have been audited in compliance with the applicable requirements of the BVI Business Companies Act, 2004. |
| **Preparer** | The group annual financial statements were internally compiled by:<br>U Jensen<br>Group Financial Accountant |
| **Issued** | 20 April 2020 |

# Contents



**Preparer**

U Jensen
Group Financial Accountant

**Published**

20 April 2020

# Audit Committee Report

### 1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the company and include:

| Name | Qualification |
| --- | --- |
| A Vassilopoulos | |
| G Roussos | CA(SA) |

The committee is satisfied that the members thereof have the required knowledge and experience as set out in the BVI Business Companies Act, 2004.

### 2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by the BVI Business Companies Act, 2004 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

### 3. External auditor

The audit committee has nominated HLB CMA South Africa Incorporated as the independent auditor and George Davias as the designated partner, who is a registered independent auditor, for appointment of the 2019 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the BVI Business Companies Act, 2004 and as per the standards stipulated by the auditing profession.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

### 4. Group Annual Financial Statements

Following the review of the group annual financial statements the audit committee recommend board approval thereof.

### 5. Accounting practices and internal control

The audit committee has monitored the system of internal financial control established by the company and ensured that the directors have placed considerable importance on maintaining a strong control environment.

### 6. Financial reporting framework

The audit committee approves that the reporting framework used to prepare the financial statements, being International Financial Reporting Standards, is appropriate.

On behalf of the audit committee

**G Roussos**
**Chairman Audit Committee**

**Johannesburg**
**10 April 2020**

# Directors' Responsibilities and Approval

The directors are required in terms of the BVI Business Companies Act, 2004 to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group 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 group annual financial statements.

The group 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 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 group 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 December 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 group annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 8.

The group annual financial statements set out on pages 9 to 26, which have been prepared on the going concern basis, were approved by the directors on 20 April 2020 and were signed on their behalf by:

**Approval of financial statements**

**Director** | **Director**

**Johannesburg**

**20 April 2020**

# Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of Caro Investment Holdings Limited for the year ended 31 December 2019.

### 1. Review of financial results and activities

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the BVI Business Companies Act, 2004. 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 group annual financial statements.

### 2. Share capital

| | 2019 | 2018 |
|---|---|---|
| **Authorised** | Number of shares | |
| Ordinary shares | 100 000 | 100 000 |

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Issued** | $ '000 | $ '000 | Number of shares | |
| Ordinary shares | 40 500 | 40 500 | 40 000 | 40 000 |

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

### 3. Dividends

No dividends have been declared for the financial year ended 31 December 2019. (2018: Nil)

### 4. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

### 5. Directorate

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

| **Directors** | **Nationality** |
|---|---|
| A Vassilopoulos | South African |
| GR Poole | South African |
| G Roussos | South African |
| CM Vining | South African |
| CN Vassilopoulos | South African |
| M Maraschin | South African |

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

### 6. Holding company

The company's holding company is Zeno Capital Limited which holds 68.60% (2018: 68.60%) of the company's equity. Zeno Capital Limited is incorporated in British Virgin Islands.

### 7. Ultimate holding company

The company's ultimate holding company is Supaluck Investments Proprietary Limited which is incorporated in South Africa.

## Directors' Report

### 8. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report which could have a material effect on these annual financial statements.

### 9. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the group 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.

### 10. 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.

### 11. Secretary

The company secretary is Mr Totalserve Trust Company Limited.

| | |
|---|---|
| Postal address: | PO Box 3540<br>Road Town<br>Tortola<br>British Virgin Islands<br>VG1110 |
| Business address: | 19 Waterfront Drive<br>Road Town<br>Tortola<br>British Virgin Islands<br>VG1110 |

### 12. 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.

### 13. Terms of appointment of the auditors

HLB CMA South Africa Incorporated were appointed as the company's auditors at the general meeting.

At the AGM, the shareholders will be requested to reappoint HLB CMA South Africa Incorporated as the independent external auditors of the company and to confirm Mr G Davias as the designated lead audit partner for the 2020 financial year.

### 14. Date of authorisation for issue of financial statements

The group annual financial statements have been authorised for issue by the directors on 20 April 2020.

# Independent Auditor's Report

**To the shareholders of Caro Investment Holdings Limited**

**Opinion**

We have audited the group financial statements of Caro Investment Holdings Limited (the company) set out on pages 9 to 26, which comprise the statement of financial position as at 31 December 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 group financial statements, including a summary of significant accounting policies.

In our opinion, the group financial statements present fairly, in all material respects, the financial position of Caro Investment Holdings Limited as at 31 December 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 BVI Business Companies Act, 2004.

**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 group financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of group financial statements in Virgin Islands (British). 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 Virgin Islands (British). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

We are required in terms of ISA701 to report on key audit matters being those matters that, in our professional judgment, were of most significance in our audit of the group financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other investment assets comprise various investment cars that make up a significant balance in the statement of financial position. The investment cars are disclosed at fair value through profit and loss. The fair value of the investment cars requires significant management judgment and estimation.

In determining the fair value of the investment cars, management has taken into account various factors. These include but are not restricted to the vintage, condition, rarity, special features, auction activities and recent sales prices achieved for similar vehicles.

Our audit procedures included enquiries and discussions with management to ensure that the above methodology was appropriate in the circumstances and was fairly applied. Our examination included determining amounts realised upon disposal of similar vehicles by the group and outside parties before and after the end of the reporting period.

There were no matters regarding the valuations that came to our attention that would affect our opinion above.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Caro Investment Holdings Limited group annual financial statements for the year ended 31 December 2019", which includes the Directors' Report and the Audit Committee's Report as required by the BVI Business Companies Act, 2004, which we obtained prior to the date of this report. The other information does not include the group financial statements and our auditor's report thereon.

Our opinion on the group 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 group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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 Group Annual Financial Statements**

The directors are responsible for the preparation and fair presentation of the group annual financial statements in accordance with International Financial Reporting Standards and the requirements of the BVI Business Companies Act, 2004, and for such internal control as the directors determine is necessary to enable the preparation of group annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group 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 Group Financial Statements**

Our objectives are to obtain reasonable assurance about whether the group 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 group 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 group 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 group 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 group financial statements, including the disclosures, and whether the group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the group financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

| | |
|---|---|
| **HLB CMA South Africa Incorporated** | **20 April 2020** |
| **G Davias** | **Johannesburg** |
| **Director** | **No 1 Second Road** |
| **Chartered Accountant (SA)** | **Halfway House** |
| **Registered Auditor** | **Midrand** |
| | **South Africa** |
| | **1685** |

## Statement of Financial Position as at 31 December 2019

| Figures in US Dollar thousand | Note(s) | 2019 | 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Investment property | 3 | 5 054 | 2 563 |
| Financial and investment assets | 5 | 106 184 | 105 971 |
| | | **111 238** | **108 534** |
| **Current Assets** | | | |
| Trade and other receivables | 6 | 488 | 171 |
| Cash and cash equivalents | 7 | 4 | 90 |
| | | **492** | **261** |
| **Total Assets** | | **111 730** | **108 795** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| **Equity Attributable to Equity Holders of Parent** | | | |
| Share capital | 8 | 40 500 | 40 500 |
| Reserves | | (133) | 73 |
| Retained income | | 18 199 | 18 227 |
| | | 58 566 | 58 800 |
| Non-controlling interest | | 2 949 | 2 804 |
| | | **61 515** | **61 604** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Loans from group companies | 10 | 48 707 | 45 585 |
| Deposits received | 11 | 846 | 813 |
| | | **49 553** | **46 398** |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 662 | 793 |
| **Total Liabilities** | | **50 215** | **47 191** |
| **Total Equity and Liabilities** | | **111 730** | **108 795** |

# Statement of Profit or Loss and Other Comprehensive Income

| Figures in US Dollar thousand | Note(s) | 2019 | 2018 |
|---|---|---|---|
| Operating losses | 13 | (27) | (31) |
| Operating expenses | | (316) | (358) |
| **Operating loss** | 14 | **(343)** | **(389)** |
| Non-operating gains | 15 | 460 | 216 |
| **Profit (loss) for the year** | | **117** | **(173)** |
| **Other comprehensive loss** | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Exchange differences on translating foreign operations | | (206) | (14) |
| **Other comprehensive loss for the year net of taxation** | 17 | **(206)** | **(14)** |
| **Total comprehensive loss for the year** | | **(89)** | **(187)** |

| | | | |
|---|---|---|---|
| **Profit (loss) attributable to:** | | | |
| Owners of the parent | | (28) | (46) |
| Non-controlling interest | | 145 | (127) |
| | | **117** | **(173)** |
| **Total comprehensive (loss) income attributable to:** | | | |
| Owners of the parent | | (234) | (60) |
| Non-controlling interest | | 145 | (127) |
| | | **(89)** | **(187)** |

# Caro Investment Holdings Limited

(Registration number 1782776)
Group Annual Financial Statements for the year ended 31 December 2019

## Statement of Changes in Equity

| Figures in US Dollar thousand | Total Share capital | Foreign currency translation reserve | Retained income | Total attributable to equity holders of the group / company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|
| **Balance at 01 January 2018** | **40 500** | **87** | **18 273** | **58 860** | **(1)** | **58 859** |
| Loss for the year | - | - | (46) | (46) | (127) | (173) |
| Other comprehensive loss | - | (14) | - | (14) | - | (14) |
| **Total comprehensive Loss for the year** | **-** | **(14)** | **(46)** | **(60)** | **(127)** | **(187)** |
| Outside shareholder's investment | - | - | - | - | 2 932 | 2 932 |
| **Balance at 01 January 2019** | **40 500** | **73** | **18 227** | **58 800** | **2 804** | **61 604** |
| (Loss) profit for the year | - | - | (28) | (28) | 145 | 117 |
| Other comprehensive loss | - | (206) | - | (206) | - | (206) |
| **Total comprehensive (loss) profit for the year** | **-** | **(206)** | **(28)** | **(234)** | **145** | **(89)** |
| **Balance at 31 December 2019** | **40 500** | **(133)** | **18 199** | **58 566** | **2 949** | **61 515** |
| Note(s) | 8 | 9&17 | | | | |

# Statement of Cash Flows

| Figures in US Dollar thousand | Note(s) | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash (used in) generated from operations | 18 | (1 048) | 2 514 |
| **Cash flows from investing activities** | | | |
| Development costs incurred | 3 | (2 407) | (478) |
| Net movement in financial and investment assets | | (242) | (10 957) |
| **Net cash from investing activities** | | **(2 649)** | **(11 435)** |
| **Cash flows from financing activities** | | | |
| Net movement in group loans | | 3 611 | 8 195 |
| Net movement in deposits received | | - | 813 |
| **Net cash from financing activities** | | **3 611** | **9 008** |
| **Total cash movement for the year** | | **(86)** | **87** |
| Cash at the beginning of the year | | 90 | 3 |
| **Total cash at end of the year** | 7 | **4** | **90** |

# Accounting Policies

## 1. Significant accounting policies

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

### 1.1 Basis of preparation

The group 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 group annual financial statements and the BVI Business Companies Act, 2004.

The group 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 US Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

### 1.2 Consolidation

**Basis of consolidation**

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 1.3 Significant judgements and sources of estimation uncertainty

The preparation of group 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.

# Accounting Policies

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

**Critical judgements in applying accounting policies**

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

**Key sources of estimation uncertainty**

The group annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

### 1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

**Fair value**

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

There are no property interests held under operating leases which are recognised as investment property.

### 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).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or

# Accounting Policies

**1.5 Financial instruments (continued)**

- 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).

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:

**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 6).

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.

**Borrowings and loans from related parties**

**Classification**

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

# Accounting Policies

### 1.5 Financial instruments (continued)

**Trade and other payables**

**Classification**

Trade and other payables (note 12), 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 ).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

**Cash and cash equivalents**

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

### 1.6 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.

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

### 1.7 Impairment of assets

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

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

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

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

# Accounting Policies

### 1.7 Impairment of assets (continued)

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.

### 1.8 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 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.

### 1.9 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
- 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:

# Accounting Policies

### 1.9 Provisions and contingencies (continued)

- 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 20.

### 1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.11 Translation of foreign currencies

**Investments in subsidiaries, joint ventures and associates**

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of .

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Figures in US Dollar thousand 2019 2018

# Notes to the Group Annual Financial Statements



## 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: |
|---|---|---|
| • Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 | 01 January 2019 | The impact of the standard is not material |
| • Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28 | 01 January 2019 | The impact of the standard is not material |
| • Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle | 01 January 2019 | The impact of the standard is not material |
| • Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle | 01 January 2019 | The impact of the standard is not material |
| • IFRS 16 Leases | 01 January 2019 | The impact of the standard is not material |

### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods but are not relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 01 January 2099 | Unlikely there will be a material impact |
| • Definition of a business - Amendments to IFRS 3 | 01 January 2020 | Not expected to impact results but may result in additional disclosure |
| • Presentation of Financial Statements: Disclosure initiative | 01 January 2020 | Not expected to impact results but may result in additional disclosure |
| • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative | 01 January 2020 | Unlikely there will be a material impact |

# Notes to the Group Annual Financial Statements

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

### 3. Investment property

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 5 054 | - | 5 054 | 2 563 | - | 2 563 |

**Reconciliation of investment property - 2019**

| | Opening balance | Additions | Foreign exchange movements | Total |
|---|---|---|---|---|
| Investment property | 2 563 | 2 407 | 84 | 5 054 |

**Reconciliation of investment property - 2018**

| | Opening balance | Additions | Foreign exchange movements | Total |
|---|---|---|---|---|
| Investment property | 2 205 | 478 | (120) | 2 563 |

**Details of property**

| | 2019 | 2018 |
|---|---|---|
| **Land at Buckmore Farm, Winchester Road, Petersfield GU32 3BU** | | |
| Land held under title deed number SH46251 | | |
| - Purchase price: June 2016 | 1 622 | 1 622 |
| - Capitalised expenditure | 3 312 | 906 |
| - Foreign exchange movement | 120 | 35 |
| | **5 054** | **2 563** |

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

**Details of valuation**

The effective date of the valuation was 31 December 2019. The investment property is disclosed at the directors valuation as at the reporting date. The investment property is independently valued periodically.

The directors are not aware of any material change in the property valuation since the balance sheet date.

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

### 4. Interests in subsidiaries

| Subsidiary | Nature of business | % Ownership interest held 2019 | % Ownership interest held 2018 |
|---|---|---|---|
| Axel Finance Company Limited | Asset lending | 100 % | 100 % |
| Fireblade Automotive Limited | Investment holding | 100 % | 100 % |
| Kiklo Cars Limited | Investment holding | 100 % | 100 % |
| Kiklo Cars USA LLC | Investment holding | 100 % | 100 % |
| Pikes Peak Properties Limited | Property holding | 100 % | 100 % |
| Project 2 Holdings Limited | Investment holding | 50 % | 50 % |

### 5. Financial and investment assets

| | 2019 | 2018 |
|---|---|---|
| **At fair value through profit or loss - designated** | | |
| Investment assets | 100 552 | 98 060 |
| Investment in investment cars. Investment cars are held for long term capital appreciation. | | |
| **Loans and deposits at amortised cost** | | |
| Loan to Lanzante Limited | 3 024 | 4 312 |
| The loan facility for the Porsche Tag Project. | | |
| Deposits paid | 2 608 | 3 599 |
| Deposits paid relating to the acquisition of investment cars. | | |
| | **5 632** | **7 911** |
| **Total financial and investment assets** | **106 184** | **105 971** |
| **Non-current assets** | | |
| Designated as at FV through profit (loss) (FV through income) | 100 552 | 98 060 |
| Loans and deposits | 5 632 | 7 911 |
| | **106 184** | **105 971** |

### 6. Trade and other receivables

| | 2019 | 2018 |
|---|---|---|
| Deposits paid | - | 32 |
| McLaren F1 GTR book project | 6 | - |
| **Non-financial instruments:** | | |
| VAT | 435 | 28 |
| Prepayments | 47 | 111 |
| **Total trade and other receivables** | **488** | **171** |

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2019 | 2018 |
|---|---|---|
| Bank balances | 4 | 90 |

# Notes to the Group Annual Financial Statements

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

## 8. Share capital

| | | |
|---|---|---|
| **Authorised** | | |
| 100 000 Ordinary shares of US$ 1 each | 100 | 100 |
| **Issued** | | |
| 40 000 Ordinary shares | 40 500 | 40 500 |

## 9. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

| | | |
|---|---|---|
| Opening balance | 73 | 87 |
| Current year movement | (206) | (14) |
| | **(133)** | **73** |

## 10. Loans from group companies

Holding company

| | | |
|---|---|---|
| Zeno Capital Limited | 48 707 | 41 227 |
| HBW Group Proprietary Limited | - | 4 358 |

The loans are unsecured, interest free and have no fixed terms of repayment. The loans are not expected to be repaid in the next twelve months.

| | | |
|---|---|---|
| | **48 707** | **45 585** |

## 11. Deposits received

| | | |
|---|---|---|
| **Held at amortised cost** | | |
| Deposits received | 846 | 813 |

## 12. Trade and other payables

| | | |
|---|---|---|
| **Financial instruments:** | | |
| Trade payables | 656 | 730 |
| Other payables | 6 | 63 |
| | **662** | **793** |

## 13. Operating losses

| | | |
|---|---|---|
| **Foreign exchange losses** | | |
| Net foreign exchange loss | (27) | (31) |

# Notes to the Group Annual Financial Statements

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

## 14. Operating loss

Operating loss for the year is stated after charging (crediting) the following, amongst others:

| | | |
|---|---|---|
| **Auditor's remuneration - external** | | |
| Audit fees | 5 | 5 |

## 15. Non-operating gains

| | | |
|---|---|---|
| **Losses on disposals, scrappings or settlements** | | |
| Financial and investment assets | (29) | (11) |
| **Fair value gains** | | |
| Loans from group companies | 489 | 227 |
| **Total other non-operating gains** | **460** | **216** |

## 16. Taxation

No provision has been made for 2019 tax as the company has no taxable income.

## 17. Other comprehensive income

**Components of other comprehensive income - 2019**

| | Gross | Tax | Net |
|---|---|---|---|
| **Items that may be reclassified to profit (loss)** | | | |
| **Exchange differences on translating foreign operations** | | | |
| Exchange differences arising during the year | (206) | - | (206) |

**Components of other comprehensive income - 2018**

| | Gross | Tax | Net |
|---|---|---|---|
| **Items that may be reclassified to profit (loss)** | | | |
| **Exchange differences on translating foreign operations** | | | |
| Exchange differences arising during the year | (14) | - | (14) |

## 18. Cash (used in)/generated from operations

| | | |
|---|---|---|
| Profit (loss) before taxation | 117 | (173) |
| **Adjustments for:** | | |
| Losses on disposals, scrappings and settlements of assets and liabilities | 29 | 11 |
| Losses on foreign exchange | 27 | 31 |
| Fair value gains | (489) | (227) |
| Non-cash movement in outside shareholder | - | 2 932 |
| Other non-cash items | (284) | 72 |
| **Changes in working capital:** | | |
| Trade and other receivables | (317) | 68 |
| Trade and other payables | (131) | (200) |
| | **(1 048)** | **2 514** |

# Notes to the Group Annual Financial Statements

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

## 19. Commitments

**Authorised capital expenditure**

| | | |
|---|---|---|
| **Already contracted for but not provided for** | | |
| • Investment property | 6 799 | 7 533 |
| • Investment cars | 5 295 | 8 691 |

This committed expenditure relates to investment property and investment cars and will be financed by existing cash resources and debt.

## 20. Contingencies

There were no contingencies at year end.

## 21. Related parties

| | |
|---|---|
| Relationships | |
| Ultimate holding company | Supaluck Investments Proprietary Limited |
| Holding company | Zeno Capital Limited |
| Subsidiaries | Refer to note 4 |
| Other interests of the directors | HBW Group Proprietary Limited |

**Related party balances**

| | | |
|---|---|---|
| **Loan accounts - Owing (to) by related parties** | | |
| Zeno Capital Limited | (48 707) | (41 227) |
| HBW Group Proprietary Limited | - | (4 358) |

## 22. Directors' emoluments

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

## 23. 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 | 6 | 6 | 6 | 6 |
| Cash and cash equivalents | 7 | 4 | 4 | 4 |
| | | **10** | **10** | **10** |

**2018**

| | Note(s) | **Amortised cost** | **Total** | **Fair value** |
|---|---|---|---|---|
| Trade and other receivables | 6 | 32 | 32 | 32 |
| Cash and cash equivalents | 7 | 90 | 90 | 90 |
| | | **122** | **122** | **122** |

Figures in US Dollar thousand 2019 2018

**23. Financial instruments and risk management (continued)**

**Categories of financial liabilities**

**2019**

| | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 12 | 662 | 662 | 662 |
| Loans from group companies | 10 | 48 707 | 48 707 | 48 707 |
| Deposits received | 11 | 846 | 846 | 846 |
| | | **50 215** | **50 215** | **50 215** |

**2018**

| | Note(s) | Amortised cost | Total | Fair value |
|---|---|---|---|---|
| Trade and other payables | 12 | 793 | 793 | 793 |
| Loans from group companies | 10 | 45 585 | 45 585 | 45 585 |
| Deposits received | 11 | 813 | 813 | 813 |
| | | **47 191** | **47 191** | **47 191** |

**Capital risk management**

The company's objective when managing capital 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.

The capital structure of the company consists of debt, which includes deposits received, loans from group companies disclosed in notes 10 and 11, cash and cash equivalents disclosed in note 7 and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the company monitors capital on the basis of the debt:equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. The total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

| Figures in US Dollar thousand | 2019 | 2018 |
|---|---|---|

### 23. Financial instruments and risk management (continued)

**Financial risk management**

**Overview**

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by the fund managers under policies approved by the directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**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.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

**Foreign currency risk**

The group 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 group deals primarily are US Dollars, UK Pounds and Euros.

**Exchange rates**

The following closing exchange rates were applied at reporting date:

| | 2019 | 2018 |
|---|---|---|
| **US Dollar per unit of foreign currency:** | | |
| UK Pound | 1.326 | 1.275 |
| Euro | 1.123 | 1.144 |