G4S (Botswana) Limited

2018 Annual Report | Securing Your World

G4S (Botswana) Limited

Welcome

to G4S Botswana's 2018 Annual Report

G4S Botswana is the country's leading, integrated security company specialising in the provision of security and related services to a diverse range of customers. Our employees deliver services that create a safe and better environment in which thousands of people live and work. In this report we feature the important work carried out by our colleagues that makes us proud to be securing your world.

Our Value Statement

We act with...

INTEGRITY AND RESPECT

Our business activities and relationships are built on trust, honesty and openness. We do what we promise and always strive to do the right thing. We listen. We treat our colleagues, customers and those in our care with the utmost respect.

We are passionate about...

SAFETY, SECURITY AND SERVICE EXCELLENCE

We are passionate about working safely and take great care to protect our colleagues from harm. We are experts in security and use that

We achieve this through...

INNOVATION AND TEAMWORK

We invest in technology and best practice to continuously improve the products and service we offer. We challenge ourselves to find new ways of helping customers achieve their goals. We work together as a team, valuing everyone's contribution, to ensure that we achieve the best results for our customers and our business.

Our Mission

To create sustainable value for our customers and shareholders by being the supply partner of choice


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Performance Review

Key Highlights & Financial Performace

1 %
Gross Margin Increase

8 %
Cost of Sales Decrease

23 %
Cash and cash equivalents Increase

16 %
Facilities Management Services PBT Increase

60 %
Security Systems PBT Increase

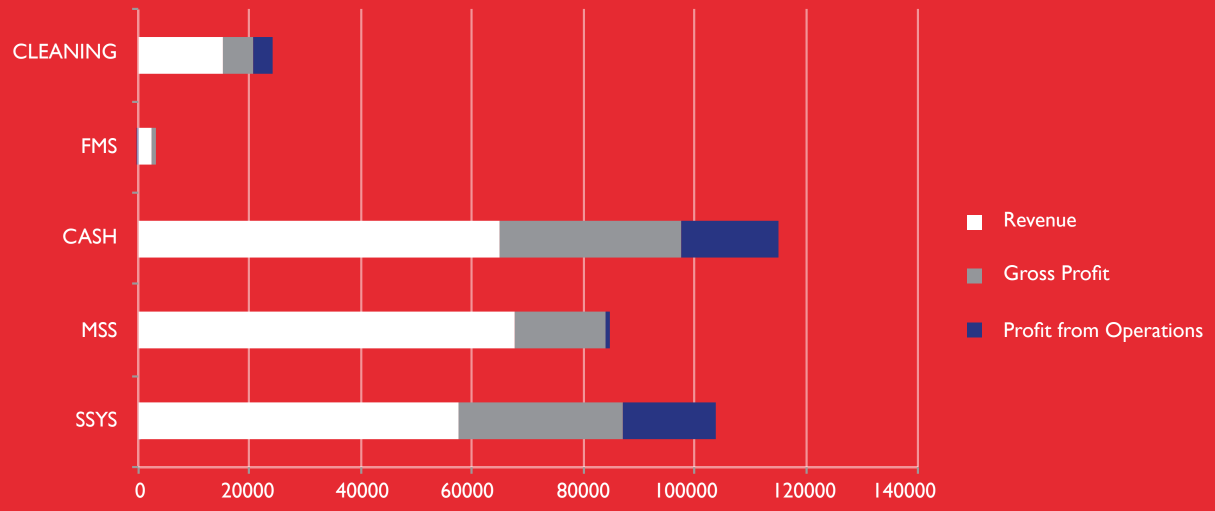
Allocation of Resources

For the period ended 31 December 2018	SSYS	MSS	Cash	FMS	Cleaning
Revenue	57,336	67,587	64,756	2,409	15,039
Percentage	28%	33%	31%	1%	7%

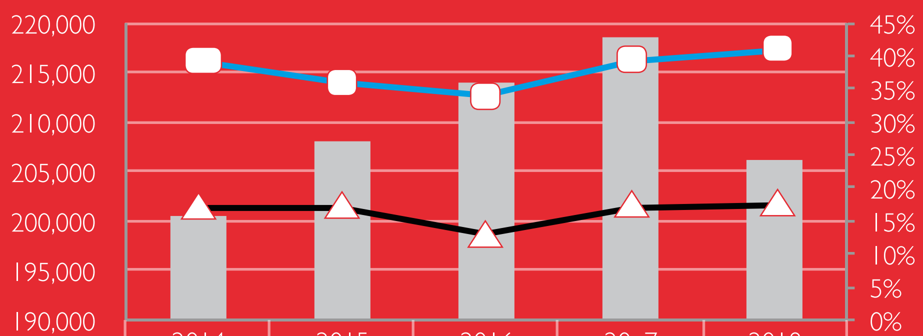
For the period ended 31 December 2017	SSYS	MSS	Cash	FMS	Cleaning
Revenue	57,336	67,587	64,756	2,409	15,039
Percentage	28%	33%	31%	1%	7%

Business Split

For the period ended 31 December 2018	SSYS	MSS	Cash	FMS	Cleaning
Revenue	57,336	67,587	64,756	2,409	15,039
Gross Profit	29,503	16,274	32,721	924	5,678
Profit from operations	16,817	697	17,559	(1,674)	3,318
Profit Margin	29%	1%	27%	-70%	22%



Margin Analysis



	2014	2015	2016	20 7	2018
Revenue	200,440	207,985	213,837	218,465	206,175
Gross Margin	39%	36%	34%	39%	41%
PBITA Margin	17%	17%	13%	17%	17%

Corporate Profile

G4S is the world's leading security solutions group, specialising in outsourcing of business processes in sectors where security and safety risks are considered a strategic threat. G4S is a trusted partner of governments, corporations, private companies, embassies, parastatals and non-governmental organisations.

The Company's integrated approach to offering comprehensive security solutions is based on a broad range of complimentary specialist services.This inclusive security solutions capability, under one organisational structure and in tandem with a wide geographical reach, allows G4S to provide a unique approach to comprehensive security solutions.

G4S Botswana is listed on the Botswana Stock Exchange and has a shareholding partnership in which G4S International 105 UK holds 70% of the shares while the remaining 30% are in the hands of citizens and local institutions.

As a subsidiary of G4S plc, listed on the London Stock Exchange, the Company can draw on the international expertise and resources of a leading global security group. G4S Botswana has about 3 032 employees delivering services to clients across the country from its offices in Gaborone, Francistown, Selebi-Phikwe, Jwaneng, Lobatse, Palapye, Maun, Orapa and Kasane.

MANNED SECURITY

G4S Manned Security Solutions are customised to each client's individual needs, using the most appropriate combination of manned guarding and security technologies. Site-specific and tailor- made procedures are agreed with the client at the onset of each contract. Regular consultation between G4S security managers and the client, especially with regard to risk assessment and customer care, ensures continual adaptation and improvement of performance management and consequent customer satisfaction. This concept of integrated security solutions is based on two simple objectives: to offer the client the most cost effective option available in the market and to set clear quantifiable goals in terms of benefits generated for the Company.

As a member of a worldwide market leader active in over 100 countries, G4S Botswana has access to highly specialised security expertise specific to airports, energy, mining, construction, custodial services, cash solutions, hospitality and financial institutions.

In summary, Manned Security Services is as follows:

- Customised security solutions
- Technology intergration
- Continual risk assessment
- Sector specialist security (mining, energy, construction, aviation, hospitality, telecoms, retail, financial and diplomatic)
- Event security
- Secure mobility and close protection

ELECTRONIC SECURITY

Secure Monitoring and Response

Through its state-of-the-art national control centre in Gaborone, G4S is able to monitor a wide range of individually identifiable signals, including, but not limited to:

- Security alarms
- Electric fences
- Fire alarms
- Medical emergency alarms
- Illegal access signals
- Vehicle tracking
- Low battery power alerts
- Portable panic buttons
- CCTV remote images
- Access Control

By deploying the optimum number of response crews G4S Botswana is able to achieve the quickest average response time in the industry. All crews are highly trained and experienced, and are under constant direct supervision of the control rooms. Vehicles are fitted with vehicle tracking devices, and all events and communications are logged for most effective control and performance standards management.

Through its extensive international connections, G4S Botswana has access to the most specialised expertise in the world and is able to design the most cost effective options for technical security solutions.

Dedicated Emergency Number

At G4S we believe that the safety and wellbeing of our customers is paramount. Our clients are able to contact us when faced with an emergency. The number - 16447 – can be dialled from any network and connects directly to our National Control Centre, giving our customers peace of mind, with the knowledge that assistance is always at hand.

Electronic Systems and Technology

In addition to the full range of alarms systems for residential and business applications, G4S designs and supplies the following:

- Access control systems
- Visual alarm verification systems
- Vehicle tracking and fleet management systems
- High security alarms
- Fire alarm systems
- Safes
- CCTV systems and surveillance
- Time locks and time delay systems for safes and strong rooms
- Intercom systems
- Guard patrol monitoring systems
- Tower monitoring

G4S offers comprehensive scheduled as well as unscheduled technical support for the above product range.

Fleet Management

The G4S Fleet Management Solution is a fleet telemetry management system with vehicle tracking, data management and security components designed to deliver

tangible business benefits which make financial sense, by ensuring assets are secure and their usage is optimised. The system provides real-time data and instant visibility through mapping and vehicle control modules that are user-friendly and provide a perfect environment for clients to be in 'complete control' of their mobile assets.

The benefits of fleet telemetry management include:

- Real-time vehicle tracking
- Efficiency and cost control
- Fuel usage reporting and management
- Time management
- Integration
- Driver behaviour monitoring
- Management reporting

CASH SOLUTIONS

G4S Cash Solutions is the leading provider of integrated cash management solutions in Botswana. The division specialises in the secure transportation and storage of cash and valuables, cash counting, cash processing as well as ATM replenishment and maintenance for a number of the top financial institutions in the country. All movement of cash is carried out in armoured and smoke box equipped vehicles.

Key aspects of these services include:

- Cash transport using end-to-end technological protection
- Cash management – processing of deposits and sorting bank notes
- ATM Services – replenishment, first line maintenance and custodial services
- Vaulting – secure storage of cash overnight, on weekends and public holidays
- Key security – collection and delivery of strong room keys to eliminate clients' overnight risk
- Security products – tamper evident bags, seals, coin boxes
- Teller planting services – provision of tellers for cash processing services
- Deposita – supply and management of Automated Banking Machines or smart

FACILITIES MANAGEMENT

Cleaning Services

At G4S FM we ensure that it not only looks good, but that it is also a healthier and safer environment for your staff and visitors. G4S Cleaning provides top class services ensuring that all your basic and specialised cleaning needs are provided for in a professional and efficient manner. Our cleaners are motivated not only by the high level professional training they receive, but also by the knowledge that each of them is a key member of the G4S FM team, and of the Company as a whole. All cleaners are given a full induction of the customers' corporate culture ensuring that clients' expectations are met or exceeded.

The Cleaning Services division services the full range of properties, from corporate head offices to universities, hospitals and schools, keeping costs low and standards high, in line with the G4S ethos of "revenue at the right margin."

Services offered by the cleaning division include:

- Contract Cleaning Services:
  - For Offices, Shopping Malls, Banks, Schools, Universities
  - Comprehensive house cleaning
- Specialist Cleaning Techniques:
  - Steam cleaning of carpets
  - Vinyl tile stripping and sealing
  - Wood floor stripping and sealing
  - High rise building and window cleaning
  - Washroom hygiene services

Facilities Management Services

G4S offers a comprehensive range of facilities management services which are designed to make customers' facilities operations as smooth as possible, striving to offer a flexible and cost effective, and above all, more productive environment; both for the people that work there and their visitors. The division's multi-skilled staff ensure a high 'first fix' rate, employing both proactive and reactive methods to ensure minimal downtime and disruption.

Services offered include:

- Utilities and Services:
  - Read utility meters
  - Validate routine recurring charges - Allocate and invoice
  - Collect monies due
  - Authorise or make payments within agreed parameters
- Maintenance:
  - Inspect and maintain properties
- Maintenance services:
  - Electrical
  - Plumbing
  - Carpentry
  - All building services works

The division is customer focused and dedicated to meeting, and wherever

possible, exceeding customer expectations. The division is committed to raising standards and enhancing the profile of the cleaning services industry in Botswana.

To this end, it continually improves its processes so as to deliver high quality solutions on time, while keeping the customer informed appropriately.

BUSINESS ETHICS

At G4S Botswana we are committed to high ethical standards in our business dealings to ensure the integrity of our employees and our organisation. The Company's Business Ethics Policy is aimed at ensuring that managers and employees have a detailed understanding of the Group's minimum standards of operation and the expectations of our customers and stakeholders.

These standards reflect the values which define us as an organisation and we will continuously review these standards to ensure they remain appropriate.

Demonstrating and living up to these values by adhering to the standards set out in the policy and code is the responsibility of every employee across the organisation.

Bribery and Corruption

G4S is resolutely opposed to bribery and corruption in whatever form it may take. Any payments, gifts or inducements made by or on behalf of G4S which induce or are intended to induce someone to act improperly, payments, gifts or inducements to public officials to persuade them to do their duty (other than payments, fees, etc., which they are entitled to demand by written law) are matters which are likely to result in disciplinary action, including summary dismissal, against employees concerned.

Human Rights

G4S is committed to fulfilling its responsibilities on human rights by applying the United Nations Guiding Principles on Business and Human Rights (2011).

Our commitment to respect human rights embodies our particular understanding of their significance for a global security company of our scale and diversity. It also sets our expectations for the conduct of our employees and those with whom we do business. We take a strategic approach to respecting human rights. This recognises the potentially positive and negative impacts of our operations, the particular nature of our business as a security company, the UN framework and the different geographies in which we operate.

OUR VALUES

Our values are the standards we set for ourselves and they are reflected in the culture of our organisation through our behaviours and actions. They help us to attract and retain employees, to win and retain important customers and to acquire appropriate long-term investment in the Group – all of which contribute to our goal of achieving sustainable, profitable growth. As a service business, we recognise that people are at the heart of everything we do, and we rely on them to provide excellent customer service and to behave in line with the Company's values and standards. They in turn rely on the Company to provide a safe place to work, and an opportunity for personal development, support and guidance throughout their careers.

A comprehensive review of our corporate values was undertaken during 2015, with the objective of embedding our values into our processes and practices and building them into our incentive programmes. We will continue to focus on entrenching these values in our operations and management incentive programmes across the Group. Where incidents are reported or the conduct of our staff is found to have fallen short of our values and standards, these are always treated with the utmost gravity.

Any such failures are immediately reported to the relevant authorities and an internal investigation is conducted, or, where indicated, an independent third party is appointed to carry out such investigations on the Company's behalf. Lessons learned from any breaches of policy or standards are applied to ensuring that the relevant practices are adapted to prevent future recurrences.

LEBANG M MPOTOKWANE
Chairman

Chairman's Report

Having done our assignment well in the year 2017, where we experienced growth in Profit Before Tax (PBT) of 22.4%, we are excited about the evidence showing that as G4S Botswana Ltd we are heading in the right direction. Having operated in a tough environment and a lot of once – off adjustments, our PBT regressed by 5% to P38.8million.

Overview

We continue to do business under a very tough economy which has resulted in low consumer household spending. The knock-on effect has seen some customers failing to honor their contractual agreements in terms of payments for services provided. Consequently we have had to shed off non-paying customers. We have seen the closure of mines such as BCL and the Tati Copper Nickel mine, which has had a negative effect on the overall performance of the business. As a result, we have had to be prudent with regard to the customer base that we have. We have established a Customer Services Division and have started to automate some of our processes as a way of promoting customer interactions. We also had to take some stringent measures to ensure profitability such as to review loss making contracts, and terminate some of them, particularly in the facilities management space which obviously impacted the topline, leading to a 6% decline in revenue.

Consolidating the business

As we continue with the transformation of our business, we have started reaping the benefits nonetheless. We have achieved the reorganization and stabilization stages of our road map, and in 2018 our focus was on consolidating the business. We still produced the best outcome amidst all the tough trading conditions, regulations and a somewhat leaping economy. This is the second best performance after the 2017 performance in the history of the G4S Botswana (Limited). This is due to tightening on payment terms, building a very strong cost-containment structure and ensuring that our value chain solidifies our profitability. Our systems business; the Alarm Monitoring Response, CCTV and Access Control also did very well growing its PBT by 40% to P18.9M.

We continued to build up on our efficiencies and we managed to increase our gross margin from 39% in 2017 to 41% in 2018 . We reduced our cost of sale by 8% (P11m). Though our administration costs increased by P1.69m , it was mainly driven by a once –off cost of for restructuring running of P2 million. Much of our focus has been in overseeing this transformation and ensuring stability and sustainability, which we have achieved. We are happy to report that G4S Botswana (Limited) has started operating on its three year strategic plan which aims at consolidating the position of G4S Botswana (Limited) as the service provider of choice.

Engaged Employees

We are committed to zero harm and this speaks to our deliberate and purposeful commitment to the safety and health of our employees and the general public. We have put in place a Vehicle Tracking System for our staff so as to be able to know what is happening to them while on duty for timely response and assistance. Ninety vehicles have been replaced with new ones in an endeavor to ensure the safety of our staff as well as to provide efficiency in responding to our customers and protecting lives. Our commitment to professionalism and ethical behavior places a responsibility on all our staff members to be above reproach when it comes to matters such as good conduct in public spaces like roads and clients' facilities, to corruption in the workspace. Any reporting concerning unethical behaviors is always welcome and we encourage it. We are proud to state that our employees exhibit the highest level of professionalism as a result of the skills development, capacity building and training offered to them within the establishment.

We have consolidated our focus on our customers as our Customer Service Division has been established and fully serviced centralizing customer service with an aim of retaining our customers through timely response to their challenges

Governance

As the Board of Directors we have set up an independent Board which would deal with any other issue that would require a Board independent from the Management Board. In pursuance of excellent service, we have also established the office of the Risk Compliance Manager to ensure that issues of risk, audit and compliance are dealt with directly by the Board from a Manager's perspective, and this has enhanced the governance structure of the Board.

Shareholder Returns

We have paid our shareholders dividend of P.23 per share, with the half year being P8,625,300.00 and the 2nd half being P10,640,000. The total for the year was P19,265,300. This represents a 5 % growth from the previous year in returns to our shareholders. G4S (Botswana) Limited is in a great position and we are confident about a future.

Final Word

My gratitude goes to the Board, Management and staff for their commitment to the course of the G4S Botswana (Limited) and ensuring that we remain leaders of our industry through providing excellent service to our customers and consolidating the trust of our investors. To our valued customers and investors, I wish to heartily thank you for believing in us. Lastly, we recommit ourselves to continuing to serve you with passion.

LEBANG MPOTOKWANE
Chairman

Board of Directors

LEBANG M MPOTOKWANE
Chairman

Lebang Mpotokwane joined INCO Holdings – now G4S Botswana Limited – as a shareholder and executive director in 1989. He has served as non-executive chairman of the company since 1992. Mr Mpotokwane also served as non-executive Chairman of AON Botswana and Associated Fund Administrators Botswana (AFA) from 1991-2009 and 1992-2009, respectively. He is currently a non-executive director of AFA, and has been a director of Komatsu Botswana since 1993.

He served as Chairman of the University of Botswana Council from 1985-1999. His other non- executive directorships included those of the Botswana Development Corporation, Debswana Diamond Company, Standard Chartered Bank of Botswana, PG Industries (Botswana); and Rural Industries Promotions Company Botswana.

MOKGETHI FREDERICK MAGAPA
Managing Director

Mokgethi has over 20 years working experience with strong executive leadership, business transformation and high performance having successfully led multinational companies in their quest for turn-around. He has worked in different industries such as telecommunications, manufacturing, retail, logistics and international trade and security and risk management. He brings proven experience and knowledge in strategy formulation and execution, business leadership, corporate governance and building effective and high performing teams.

His past immediate role was with DHL Express International as its Country Managing Director – Botswana where he had been for 3 years and 9 months. He was able to drive its profitability through re-positioning it as a customer centric organization, which cared greatly for its employees as evidenced by the Top Employer award that they received 3 years in a row. DHL Express International is part of the DeustchePostDHL Group listed in Germany. Mokgethi has also worked for Samsung Electronics as its Country General Manager (Botswana) in which the key success was achieving the no 1 sport in the consumer electronics and smartphones over a period of 2 years.

He is an experienced telecommunications expert,project implementation leader and strategist who has carried out many projects in this space including the setting up (and leading) of beMOBILE (mobile arm of Botswana Telecommunications Corporation) and various roles in his 8 years in that sector.

He currently is Chairman of the Local Enterprise Authority (LEA) in Botswana, which is tasked with SMME development. Under his leadership (from Feb 2018), LEA has successfully transformed its business model to be more responsive and SMME focused. From June 2019, a new LEA, which would be measuring its impact via success of SMME's, would be in the offing.
Mokgethi holds the following qualifications and many other professional and short course trainings in the field of telecommunications, standardizations etc.:

- Bachelor of Science (University of Botswana)
- Post-Graduate Certificate Telco Policy& Regulatory Management – University of the Witwatersrand,
- Management Development Programme – University of Stellenbosch

KITSO LEBURU
Acting Finance Director

Mr Kitso Leburu joined G4S in September 2018 as a Finance Manager. He is self-driven experienced with preparation, analysing and verifying critical financial reports together with forecasting and budgeting responsibilities. His extensive Accounting experience has been developed over the past 12 years in a career which has spanned between PricewaterHouse Coppers, Botswana Meat Commission (Botswana and United Kingdom, London) and G4S (Botswana) Limited. He has developed aptitude analytical mind-set in preparation of costing and profitability of businesses at the strategic level coupled with strong background for ensuring compliance with company financial policies, business finance systems and work in accordance with international presentation of financial statements and professional ethics.

Kitso holds BA Accounting (UB), a Fellow Chartered Certified Accountants (ACCA-UK) and a Fellow Certified Professional Accountant with Botswana Institute of Chartered Accounts (BICA).

LORATO MOSETLHANYANE
Non-executive Board Member

Lorato Mosetlhanyane is a Fellow of the Association of Certified Chartered Accountants (FCCA) and holds a Master's degree in Business Administration (MBA) from Oxford Brookes University in the UK.

Lorato is the founder of PinnaLead (Pty) Ltd, a company she started in March 2013 after working as an accountant at different levels for over seventeen years. She is also an integral coach, having completed the Associate Coaching Course (ACC) through the Centre for Coaching which partners with the Graduate School of Business at the University of Cape Town and New Ventures West, based in San Francisco. Lorato currently serves on the Botswana African Youth Olympic Committee (BAYCOG) and she brings a wealth of experience to the G4S Botswana Board, which she joined in November 2013.

TUMIE MBAAKANYI
Non-executive Board Member

Tumi is a Management Consultant in private practice with 20+ years experience in; project management, audits, business planning, due diligences, corporate renewals, mergers & acquisitions, business valuations etc. She is currently contracted as Project Manager of United Nations Development Programme (UNDP)'s Business Supplier Development Programme (SDP)

Tumi is a BA (Economics & Accounting) graduate, chartered accountant and certified auditor. She is a Fellow member of both the Association of Certified Chartered Accountants (FCCA), and Botswana Institute of Chartered Accountants (BICA). She is a member of the Association of Certified Fraud Examiners (ACFE)

Tumi serves on the Board of Directors, and Audit Committee, of G4S (Botswana) Limited. She is Chairman of the Board of Directors at Old Mutual Life Insurance Botswana and is a member of the Old Mutual Financial Services Botswana Board. Tumi is a member of PPADB's Independent Complaints and Review Committee. She is a Business Botswana Council member

GAONE MACHOLO
Non-executive Board Member

Gaone Macholo has been in Human Resources for 22 years and is currently employed as Director - Human Resources at First National Bank Botswana. She has served on the Board of G4S as Non-Executive Director since August 2012.

Before joining FNBB, she held the executive position at BCL of Divisional Manager - Organisation Capability. Prior to that Gaone was with Debswana Diamond Company where she started as a Human Resources Superintendent, rising through the ranks to become a Senior Human Resources Manager at Jwaneng mine.

Her responsibilities at Debswana covered employee relations, the development and implementation of the Human Resource Management Strategy, driving the performance management system and various other duties. Gaone has also worked for BTC and the Ministry of Health. Gaone Holds a Bachelor of Sciences from the University of Botswana and a Master of Public Health, Health Policy and Management from the University of Massachusetts. She also completed an Executive Leadership Development Programme with the University of Cape Town, and holds a Certificate in Industrial Relations from the University of the Witwatersrand.

ALBERT EDWARD UECKERMANN
Non-executive Board Member

Eddie is the Commercial and Strategy Director for G4S Africa. Eddie is a member of the Africa Region Executive tasked with effectively and sustainably running the Africa business unit. Eddie's role in the organisation is to understand the customers' business issues and risks and ensure that G4S has the capability to deliver new and existing, market related, commercially viable solutions. Eddie's role integrates the identification of customer and market trends so as to maintain G4S's position as a thought leader in the African security services industry. Eddie has more than 20 years' experience in doing business in Africa, and has a deep understanding of the African commercial and regulatory environment. Before joining G4S, Eddie held a similar role in a multi-national logistics company. Eddie holds a Master's Degree in Economics from the University of Johannesburg.

Compliance Statement

The board oversees the company's governance framework, reviews and approves the strategy, monitors management's performance against agreed targets and ensures appropriate controls are in place and operating effectively. The board ensures leadership through effective oversight and review. Executive decisions, and development and implementation of strategy are delegated to management. The board fulfils a number of its responsibilities directly and others through its committees.

Board composition

The board comprises 6 members: the non-executive chairman (Mr Lebang Mpotokwane), 3 other non-executive directors Ms Lorato Mosetlhanyane, Ms Gaone Macholo and Ms Tumi Mbaakanyi and two executive directors Mr Mokgethi Magapa-Managing Director of G4S (Botswana) Limited and Mr Édward Eddie Ueckermann-Africa Region Commercial Director. All these directors served throughout the year.

#	Name	Designation	Status	Appointment Date
1	Lebang Mpotokwane	Chairman	Non-Executive	02.05.1989
2	Lorato Mosetlhanyane	Member	Non-Executive Independent	14.11.2013
3	Tumi Mbaakanyi	Member	Non-Executive Independent	12.11.2014
4	Gaone Macholo	Member	Non-Executive Independent	25.08.2012
5	Mokgethi Magapa	Member	Executive-Managing Director	27.03.2017
6	Edward Eddie Ueckerman	Member	Executive-Regional Commercial Director	16.03.2016

Resignations during the year ended 31 Decembers 2018

#	Name	Designation	Status	Appointment Date
1	Peter Kgomotso	Member	Executive – Finance Director	01.11.2018

Independence

The board considers all the non-executive directors to be independent and to bring objective oversight and challenge. The board acknowledges the recommended term within the Code and is mindful of the need for planned and orderly succession whenever possible. Therefore clear records of the tenure and skill-set for each non-executive director are maintained.

Board Balance And Diversity

The board's policy promotes diversity in terms of gender, ethnicity, nationality, skills, personal attributes and experience. Most board members have international experience, which is very important in a company like G4S, with operations in over 90 countries.
Experience of a variety of industries, a mix of both long-serving and new members, gender diversity represented on the board, all contribute to greatly enrich debate in the boardroom, and bring fresh perspectives and understanding.
The board also considers diversity as part of its annual review of talent management and succession plans for the board and senior management team.

Board meetings

Scheduled board meetings and three additional meetings took place during the year ended 31 December 2018. Each year, one of these meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the company strategy.

Prior to each board meeting, comprehensive papers are circulated to the directors addressing not only the regular agenda items on which the executives will report, but also details of any matters requiring approval or decisions, such as significant transactions or other matters reserved to the board. At each meeting, the board receives regular reports and in-depth presentations from line and functional executives and the board makes visits to business sites from time to time. After meetings of the board committees, the respective chairs report to the board on the matters considered by each committee. After each board meeting the chairman holds a meeting attended solely by the non-executive directors. There are seven board meetings scheduled for 2019 including a two-day board and strategy meeting.

	09-Feb-18		30-Apr-18		07-May-18		28-Jun-18	25-Sep-18		12-Dec-18	
	Board Meeting	Audit & Risk	Board Meeting	Audit & Risk	Board Meeting	Audit & Risk	Board Meeting	Board Meeting	Audit & Risk	Board Meeting	Audit & Risk
Lebang Mpotokwane	Present		Present		Present		Present	Apology		Present	
Lorato Mosetlhanyane	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Tumi Mbaakanyi	Present	Present	Present	Present	Present	Present	Present	Apology	Present	Present	Present
Gaone Macholo	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mokgethi Magapa	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Albert Ueckermann	Present		Present		Present		Apology	Present		Present	

Risk and Audit Committee

L-R: Tumi Mbaakanyi | Gaone Macholo | Lionel Seikano (Risk and Compliance Manager) | Lorato Mosetlhanyane

Tumie Mbaakanyi
Also a non-executive Board Member
Please see page 17

Gaone Macholo
Also a non-executive Board Member
Please see page 17

Lionel Seikano
Risk & Compliance Manager
Lionel Seikano joined G4S (Botswana) in December 2018. Prior to joining G4S he has over 5 years Risk & Compliance experience having worked in the FMCG industry. Lionel worked for Masscash for over 5 years as Regional Risk Manager. Prior to this role he worked for Ernst & Young as an External Auditor

Lionel completed his Bachelor of Business & Commerce Degree from Monash University. He is ACCA partly qualified and studying towards completion of his ACCA.

Lorato Mosetlhanyane
Also non-executive Board Member
Please see page 17

The Audit Committee is responsible for oversight of the quality and integrity of the Company's accounting and reporting practices, controls and financial statements.

Executive Committee

L-R: *Hennie Swanepoel | Kitso Leburu | Mokgethi Frederick Magapa | Johanah Motswagole-Konings*

HENNIE SWANEPOEL
Operations Director

Hennie is a customer service excellence expect, with experience of over 34 years of running operations of businesses smoothly. He is a team leader, a mentor and a Health and Safety culture driven individual. Having spent the last 33 years in customer driven businesses, with 23 years in the Security Industry with G4S in senior positions and currently heading the G4S Botswana as Operations Director. Hennie brings a wealth of expertise and knowledge to the field and has managed to improve G4S service provision to customers. His passion for service excellence and strategic thinking brings process to a common sense level that can be understood and executed by any business.

Hennie assisted in developing one of South Africa's largest mining industry services providers, proving innovative services and solutions, doubling the size of the business with in 20 month. During this period Hennie achieved several accolades, including;

- Outstanding Achievement(Growth of a Product)
- Expertise Award within a sector
- Highest Organic Growth within a Sector

KITSO LEBURU
Acting Finance Director
Please see page 16

MOKGETHI FREDERICK MAGAPA
Managing Director
Please see page 16

JOHANAH MOTSWAGOLE-KONINGS
Human Resources Director

Ms Johanah Motswagole-Konings is the Human Resource Director for G4S Botswana since February 2017. With over 19 years of Human Resource experience from different environments and industries, she brings a wealth of experience and passion for people to the company.

Johanah started her career with Debswana Diamond Company in 2000 as an HR trainee where she learnt the ropes in HR and left in 2005 as an IT Analyst, she then joined Tati Nickel Mining Company a Sector Manager- Employee Services a position she held until she joined FSG Limited in 2011 as Head of Human Resources.

Johanah obtained a Bachelor of Arts in Social Science majoring in Economics and Public Administration from the University of Botswana. She also holds a Management Development Programme certificate from Stellenbosch University Business School.

Sales Leads

L-R: Harold Pelotshweu Kgopana (Manned Security Solutions and Facilities Management) | Kutlo Brown (Cash Solutions) Abdurazak Khan (Electronic Secure Solutions)

Harold Pelotshweu Kgopana is a Master of Science in Strategic Management graduate with over 14 years of broad business management experience at senior management levels. He is a strategic Customer Experience enthusiast with a strong operational and commercial management background with a valuable social & business leadership network spanning across various African countries.

Harold's past work experience includes Operations Manager - Botswana, & Country Manager - Zambia roles for Avis Rent-A-Car Southern Africa. He successfully headed up G4S Botswana's Secure Monitoring & Response and Manned Security divisions for a cumulative 8 years before leaving the business in February 2018. Harold was nominated for the prestigious G4S Regional Leadership Program which he successfully completed in August 2017. Harold rejoined the business as a Sales Lead- Manned Security Solution and Facilities Management in April 2019.

Ms. Kutlo Brown joined G4S in February 2016 as Sales Director. Prior to joining G4S she has over eight years Sales experience having worked in the Banking and Logistics industries. Kutlo has worked for BancABC in Treasury Sales, DHL International Botswana as Country Sales Manager and Standard Chartered Bank as Head of Sales - SME Banking.

Kutlo completed her Bachelor of Commerce (BCom) degree from The University of Witwatersrand in Johannesburg, South Africa also completed a Certificate of proficiency – LongTerm insurance from the Botswana Accountancy College.Accountants (ACCA - UK) and is also an Accounting Technician with theAssociation of Accounting Technicians (AAT - UK)

Abdurazak Khan joined G4S Botswana in May 2018 as a Sales Manager Systems. He has 27 years of experience in customer service environment for Sales and technical implementation. Abdurrazak has been involved in technical solution designs and sales management for 17 years in systems technology. Before G4S he worked for Botswana Telecommunication Corporation as an Account Support Manager(being responsible of designing and managing technical solutions. Selling of integrated solutions. Pre Sales Engineer and Senior Assistant Engineer, Auditing and optimizing customer infrastructure. Managing Customer Installation and Maintenance Works.. Also worked for Botswana Savings Bank as an Account Officer for a year.

Abdurrazak holds a High National Diploma in Electricals and Electronics Engineering, a Diploma in Business Management and a Diploma in Telecommunication.

Managing Director’s Report

MOKGETHI FREDERICK MAGAPA
Managing Director

Managing Director's Report

Whilst competition is getting tougher, we believe that our strong market position, commercial discipline, positive cash growth and growing expertise in technology solutions will provide reassurance to our stakeholders and speaks to a very positive outlook in our business.

Against a hostile trading environment and an engaging restructuring pursuit, we have realised some encouraging growth and better prospects for the future. This is despite a decline in some sectors of our business due to market pressures on the business. Our Profit Before Tax (PBT) saw a decline of 5% to 2017 ending at P38.8 million. This is against an increase of 24.2% in 2017 versus 2016. We still saw an overall profit increase of P6.8million versus 2016 FY. We are therefore proud of this solid performance and if one was to take out the once-off adjustments, we would have recorded an increased PBT for 2018.

Overall Performance

It has really been a tough year locally and internationally with sluggish growth and in Botswana with major shutdowns of enterprises.. We have also seen a marginal decline of P0.77million (1%) in the uptake of our Manned Security Services as a result of over-trading in that space as well as citizen reservation for government and parastatals business which we are excluded from. Closure of some of our major clients in BCL and Tati Nickel also had a negative impact in this business line. We have however seen a 40% growth in our cash 360 or Deposita which continues to do well in the retail market. Our revenue over and above being impacted negatively by closure of business, exclusion from government business, we had to shed of no-profitable contracts, particularly in the facilities management business. This saw our revenue declining by 6% in 2018 to P206 million.

As a result of the decline in our revenue, we had to ensure that we run a very efficient business with increased productivity. By optimising our processes we managed to get efficiency gains as a result of reducing our cost of sales by P11million (8% reduction). This yielded a positive change in our gross margin of 2% moving it to 41% in 2018. As a result of these efforts, we saw a significant rise in our security systems business PBT by 40% to P18.9m. Our administration expenses remained flat when one discounts the P2 million once-off restructuring costs, thereby providing a solid base for an efficient business moving forward. All these concerted efforts did protect the bottom line resulting in a 5% decline on our Profit Before Tax (PBT) to P38.8 million.

Employee Engagement

G4S hold dear the ideal of employee engagement, for it is our utmost conviction that our employees are the heart of the success story that we have become over the years, thereby a valuable asset to the business. It is against this backdrop that we have introduced the vehicle tracking system which helps us keep in touch with our drivers to see what speed they are driving at and whether they have situations that need to be responded to. It helps us to capture the essence of real time looking after the safety of our people. We, also moved by the need to keep the safety of our employees a priority brought in 90 new vehicles to the business, an investment that we believe pays particular attention to safety and health demands of our staff.

We have a range of engagement platforms in form of our normal town hall meetings, monthly Managing Diretor briefs in form of e-mails as well as the quarterly engagements by the Directors themselves. We cannot overemphasize the importance of keeping our staff engaged and motivated. It is for that reason that we have resorted to giving our employees an above the

SYSTEMS PBT

+60%

P18.9m

Dividend per share

+5%

23 thebe

GROSS MARGIN

+2%

122%

market remuneration and we are looking to have more incentives. We have also trained over 50 supervisors to man and better lead frontline staff, which has yielded positive results for our customers.

Operational Excellence

We have renewed our fleet so that we become more efficient and effective as we strive for operational excellence. Newer vehicles guarantee minimal breakdowns that may impact on service provision, particularly in the cash operations, alarm response and monitoring business. Furthermore we have also taken a deliberate decision to move away from owning to leasing our fleet. This takes away the non core, but demanding, responsibility of maintaining and servicing the vehicles to focus on our core business.

We have, in 2018 become better in labour management and efficiency in terms of matching posting, deployment with the service that we provide to the customers. It is also worth noting that we are reaping the benefits of improving our supervisory capabilities as our staff now knows what matters to the clients and what they need to look out for in response to the customer's needs. We have been able to deploy and or provide specific solutions to our customers, a milestone achieved through our risk assessment crusade which is now at 80% for all our sites and to be completed in 2019. Based on these risk assessments we advise customers on the security threat they are exposed to and consequently provide specific and fit for purpose personnel or systems which makes us more effective and gives the customers value for money. We have also in our operational excellence implemented reconciliation of cash controls (ROCC) protocol in our cash business. This is an international standard (G4S) which speaks to identifying and managing risk in the cash processing environment

Customer Centricity

We are alive to the fact that our progression as a business relies chiefly on our ability to better service and retain our customers. It is for this reason that in 2018 we put together a fully serviced customer service division which cuts across all the four business lines. We have centralised our customer services function for a smooth interaction and engagement with our clients, and this endeavour positions us as a highly customer centric establishment. The customer interface component of our alarm monitoring & response (AMR) business is now run through the customer service division. This has resulted in improved turn-around times and dispatch response times which continue to be the industry benchmark. We have started automating our processes for an enhanced interaction, and a key example is the ability of our customers to request service, send queries through an online form. We continue to expand other electronic means of interacting and engaging with our customers with a view of having ubiquitous touch points.

Cost Containment

When we launched our stabilization plan in 2017 we adopted a lean and mean approach to cost containment as a way to optimally realize value in our investment. We are excited to announce that all the initiatives that we made in 2017 and 2018 have made positive impact on our cost structure. Instead of applying austerity measures we took a deliberate decision to find cheaper ways of doing things and challenge cost elements in our operations in pursuit of achieving more with less. We have thus been able to grow our gross margin by 2% (to 41%) having reduced our cost of sales by 8% (P11 Million). We have also been able to keep administration expenses flat, when one discounts the P2 million, restructuring once-off costs. We continue to build sustainability in our cost run rate. We therefore foresee a minimal increase (aligned to inflation) in our administrative expenses over the next five or so years

Revenue (Profitable) Growth

We continue to place emphasis on better value customers who are able to give us better margins. These are customers who prioritize risk and security over price. It has to be noted that there are about 800 odd companies, particularly in the Manned Security Services (MSS) and Facility Management space and the margins are depressed in that market. We, as a result elected to sell our service on value as opposed to price so we constantly look to attract those client that would give us better value contracts in that regard.

Our cash 360 (Deposita) product has taken off and has realized a reasonable measure of success with a lot of retailers coming on board, thus realising a 40% growth in the

uptake of the service for the year 2018. In the cash space we managed develop new products that we would roll out to the market in 2019. We remain optimistic that these products will be able to gives us better returns and sustain us while they also differentiate us from the market.

Manned Security Services (MSS)

This is an over traded market with over 800 registered companies resulting in an influx of trading entities within this space. This is primarily due to the 100% citizen reservation for government tenders as well as most parastatals. We therefore are faced with steep competition even in areas that we naturally would not expect it. This has led to pressure on the margins and consequently had to let go of some contracts that we thought would have a negative impact on our margins. We have also seen customers seeking to re-negotiate their contracts to lower fees. It is due to this hostile trading environment that we realized a decline of just under 1.1% in our revenue within this business line.

Due to the very tough trading conditions in the manned security business and closure of some businesses, we have seen our administrative expenses increased by over P5.2 million in 2018. This therefore had a huge impact on our Profit before tax (PBT) which closed the year at P1.0 million, a 79% decline on prior year for MSS business. The positive is that we managed to increase our gross profit in MSS by over P1.2m, showing the efficiency impacts of our initiatives. We continue to engage the government on the exclusions from its business. The Private Security Act, since promulgation, has not given rise to industry regulation and it is our firm belief is that bringing regulations into effect would level the playing field as all players would then have minimum standards to adhere to.

System Security

This part of our business experienced a Profit before Tax (PBT) growth of 40% to P18.8million in 2018 despite a 3% decline in revenue (P57.3million in 2018) mainly driven by terminating some of the onerous contracts, and clean up of our customer bases in alarm monitoring and response (AMR). The huge PBT improvement was driven by our cost containment initiatives which built a very strong run-rate in administrative expenses reducing by 31% (P5.9million).

We continue to clean up our alarm monitoring and response section of this business line by among others implementing fully our dunning process for non-paying customers. Investment in renewing the complete systems fleet in 2018 has resulted in improved response time for our customers. One of the initiatives that we employed in so far as improve MR services is that we reviewed our routes and reduced the size of our routes and placed more vehicles and people out there for an improved and quicker response because.

We recognize that intruder or panic alarms are a matter of life and death so we, through these reviewed routes endeavour to be the first and quickest line of defence to save lives.

Our key focus area moving forward is on technology solution being integrated with a traditional business line alarm monitoring and manned guarding. We have been building capability and capacity to play in the technology integration space and we believe 2019 and beyond will see us focus more on bigger solutions for our clients.

Cash Solutions

In efforts to streamline our business with profitable contracts and realigning our cost with returns, we inevitably had to shed off some contracts. this coupled some lost contracts due to pricing competition we experienced a decline in revenue of 4% (P2.8m) to P64.7million. Tough trading conditions also played a part. We have seen a lot of businesses that utilized our cash services (Hotels, Filling Stations, and Retail Shops) close down which also had an impact on our top line.

Our cash 360 or Deposita on the other hand made very positive strides and its sales experienced an encouraging 40% percent growth and is proving to be very popular with our customers in the retail space. We are happy to continue to drive this part of the business as it depicts prospects of growth in the future. We also continue to grow our cash processing service and ATM management is also realising some form of growth as we managed to get into our fold two additional major customers. We continued with our cost containment drive which saw our cost of sales reduced by 5% (P1.7million). We however had an increase of administrative expenses by 22% (P2.8million) mainly driven by resourcing

our cash support functions, as well as some bad debt that was experienced due to business closures. The above scenario naturally meant that we experienced a PBT decline of 18,6% (P4 Million) to P17.9million

Facility Management (FMS) + Cleaning Services

FMS has been under rehabilitation since FMS has been under rehabilitation since 2017 and we continue to make very good strides in 2018. We experienced an improvement in PBITA of 16 %, reducing the losses from - P1.7m in 2017 to - P1.4m in 2018 despite a fall in revenue by 12% (P0.32million). The decline in revenue was expected as we terminated two major contracts in 2018 which were loss making. Our good run - rate on costs meant that we were able to improve our PBT position. We continue to re-organise this business developing new products which we shall take to market in 2019. The market is awash with great opportunity for integrated services under our FMS business.

Our cleaning business showed very strong fundamentals by only recording a 3.3% (P0.1m) in Profit Before Tax(PBT) decline in 2018 despite a fall in revenue of 24% (P4.8m). This excellent PBT performance was driven mainly by a great cost run rate that was built in 2017 and whose fruits were realised in 2018. We managed to reduce our cost of sales by 34% in 2018 to P 9.4million We have also been able to reduce the administrative expenses by 7.3% in 2018 and thus cushion the impact of the revenue decline. The fall in revenue has been mainly due to the loss of two major contracts on the backdrop of citizen empowerment. Part of the decline in revenue has been due to the shedding off of non-profitable segments of our business with a view of positioning this business for future growth which we expect in 2019. Our expectation is that we will be maintaining the same cost structure if not better nd therefore, any revenue growth would give us positive movement on our PBT.

Human Resources

2019 - 2023 key HR Priorities are:

- Embed health and safety in operations as well as drive health and safety training and awareness.
- Improve the company performance and build a high performance culture through PMS.
- Strengthen and invest supervisory and managerial skills and competencies.
- Improve employee engagement programs and welfare.

Our focus is to see to it that our employees are secure, safe and engaged. We therefore have introduced a full fledged and dedicated labour relations office. This was motivated by the desire to not only have a safe, secure and engaged personnel but also to pay particular attention to reducing the number of labour cases and better handling of same. We have therefore seen fewer cases referred to the Industrial Court of Department of Labour in 2018. We continue to drive a high performance culture and what we do is share the business outlook on a half and quarterly basis relating to individual performance.

Our investment in supervisory development was to really harness that high performance culture even at customer interface level and we continually interact with the teams to see how we can further improve the business

In our quest to prioritise the well being of our employees , we offer our staff 24 hour counselling services, fully paid by G4S for we appreciate the kind of strain and challenges that come with their job as well as normal societal issues. In 2018, we further resourced our Health, Safety and Environment (HSE) department. We have stepped up training our people on health and safety as part of our efforts to live up to our ideal of a safer work space. We have also put up a health and safety improvement plan which is managed in the local office and globally. Due to the high number of road traffic accidents (RTA) and the fleet that we run, it is imperative that we pay special attention to driver behaviour. Our objective is to have zero- harm and zero-fatalities and it is with a heavy hearty that in 2018 we had one third party fatality caused by one of our vehicles. Not only did G4S provide the necessarily emotional and material support to comfort the family, but continued to use this as a learning to ensure that in 2019 and beyond we do not have any fatalities .

We continue to promote and encourage our speak out platform, an anonymous call space that gives the employees to report any form of unethical behaviour in efforts to safeguard our corporate governance and maintain very high standards of ethical behaviour. Our employees are aware that they do not get victimized, in fact we support and commend those that may report any form of wrongdoing. In 2018, as the Managing Director of G4S, I was appointed to the UNICEF's Council of CEOs dealing to assist UNICEF in advocating for children's rights.

This presented an opportunity for us to start looking at child abuse and the impact that it has within our business. We specifically isolated child abuse as it is rampant in our society and as a high employing organisation, we are most likely to bear the effects of the societal scourge more than your average company. So we are currently running a survey to determine the prevalence of child abuse so as to come up with mitigating measures to affected personnel and the preliminary results have shown that the decision that we have made is the right one.

We also continue to pay particular attention to inclusion and diversity in employment policy and we continue to be alive to societal challenges that affect our female employees. Our customer facing staff consists of 27% of women and we have made conscious decisions for the number to reach 40% by 2023. In our Management and Supervisory cadre , women consists of 40% and we also trust that it will reach 50% by 2023

Customer Interaction

Continued improvement in customer service is the cornerstone of our strategy moving forward. Our employees recognise that our interaction with our customers should depict our customer service culture aspirations which will greatly distinguish us in the marketplace. One of the key elements on customer interaction was the sales and business development function. We have re-organised the sales department along vertical functions of the four business lines of Manned Security, Systems Security (Technology Solutions) Cash Management and Facilities Management. The re-organisation places us very close to the customer with respect to their requirements as well as ensuring that in all business lines, our customers interact with experts in their fields of operation as opposed to a generalist horizontal view structure. This we believe would ensure that our customers get the targeted risk and security solutions quicker and cost-effectively

To better support our operations, as already shared, in 2018 we set up a fully fledged customer services office which is responsible for centralising and managing all customer service issues (Pre and post service provisioning). One of the most important aspects of our business is how quickly and easily can you customers reach us and hence our putting in place alternate ways of customer contact and engagement. Key to our improved customer service is the continued standardization and optimisation of our process. This is an exercise which was started in 2017 and in 2018 it was now about embedding the improved processes in the business as well as to automate some of the key internal ones. In 2019 and beyond, we shall be looking towards automating the key customer facing processes such that we bring in efficiencies and productivity gains in our customer interface environment.

Future Prospects

We have had two solid years of above average gross margin and PBT% when compared to our industry. We continue to deliver impressive results for our shareholders albeit in tough trading conditions and whilst 2018 was a tough trading year, it was still the second highest PBT in G4S history with 2017 being the highest. The last two years have been about reorganising the business, and now we are consolidating and setting ourselves for sustainable growth in the future.

Having a solid base of a well resourced and capitalised business, we now shall be accelerating consolidation with top-line organic growth in 2019 and beyond. Our 5 year strategy (2019 -2023) seeks to growth the business at around 6%. This will be driven by new technologies solutions in the systems space, expansion to new geographical areas in cash alarm monitoring and response business as well as new products in cash solutions. We are now ready to deploy fully integrated risk and security solutions for our customers encompassing all our business line offerings. This will assist on customer retention and solidifying the already existing relationships thereby bolstering business growth.

Whilst competition is getting tougher, we believe that our strong market position, commercial discipline, positive cash growth and growing expertise in technology solutions will provide reassurance to our stakeholders and speaks to a very positive outlook in our business. Our 5 year forecasts speaks to average annual growth rates of :

- revenue: 6%
- PBT: 9%
- OCF: 10%.

Acknowledgements

Firstly i would like thank the G4S customer facing staff for their patience and understanding in this very laborious and consuming exercise of re-organizing the business. The last 2 years have been ver tough ones and extremely demanding on the team but with extremely positive results to show. I would also like to send out my gratitude to the Management Team for their support and leading from the front. Whilst we are a new team and some departments even newer, the level of commitment has been exemplary and i'm excited at the prospect of leading the team over the consolidation stage of our 5 year strategy to 2023.

And to our board of Directors and the G4S Africa Regional Office, I tender my appreciation and thanks for the unwavering support and guidance over the last two years. Your continued interrogation of our business, execution of our strategy has set us on a very solid path which will see us realise the objectives of our 5 year plan.

It would be remiss if I did not single out for special mention, the Board Chairperson, Mr Lebang Mpotokwane. We would like to thank you for selflessness in the last 30 years in which you have chaired the G4S Board. Your decision to step down and retire, whilst a loss to the business, may still be viewed as you having confidence in the organisation that you have led and structured to sustainability. I will forever be grateful to your guidance and support over the last two years.

Lastly, a huge thank you to our shareholders for their faith in the investment. as well as patience whilst we put the fundamentals in place to ensure a sustained growth story.

Mokgethi Frederick Magapa
Managing Director

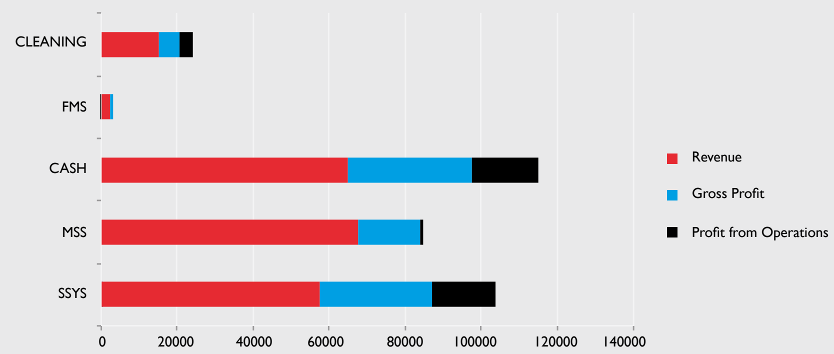
Finance Director’s Report

KITSO LEBURU
Acting Finance Director

GROUP KPI'S

SYSTEMS PBT	FACILITIES MANAGEMENT PBT	GROSS MARGIN	COST OF SALES	DIVIDEND PER SHARE	CASH AND EQUIVALENTS
+ 40%	**+ 16%**	**+ 1%**	**- 8%**	**+ 5%**	**+ 23%**
BWP**18.9m**	BWP**-**1.4m	**122%**	BWP**122m**	23 thebe	BWP**35m**
(2017: BWP**11.5m**)	(2017: BWP-**1.7m**)	(2017: BWP**133m**)	(2017: BWP133M)	(2017: **22 thebe**)	(2017: BWP**27m**)

BUSINESS SPLIT



Despite the challenging year which showed decline in revenue, our gross margins have increased by 1% and the profit before tax margins remained constant. Cash business reflecting highest busniess opportunities, and FMS still to recoup as there is lot of opportunity for growth to reverse the loss for the business line

Our defined intergrated technology solutions presents opportunities for business expansion focusing on a one-stop shop for all clients' businesses thus invoking client acquisition and retention.

Key Highlights and Financial Performace Overview

- Gross Margin up by 1%
- Cost of Sales decreased by 8%
- Cash and cash equivalents increased by 23%
- Facilities Management Services PBT increased by 16%
- Security Systems PBT increased by 64%

Other business lines have shown a decline in profit before tax due to unfavourable market conditions particularly for man-guarding and cash services therefore putting pressure on the margins. Exclusion from government and other government-related agency business has also impacted on the Manned Guarding business.

Group revenue declined by 6% with main losses identified from Facility Management Services business as a result of termination of non-profitable contracts. Customers who had not honoured their direct debits also let to ultimate revenue downward adjustment in the Security Systems business.

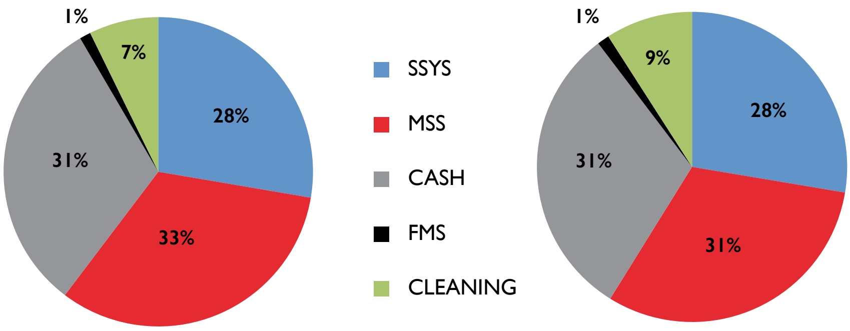
Admist a revenue decline, the company grew gross margins at 1% due to managed costs and optimisation of efficiencies. Our strategic priority of cost containment flowing form the prior year and has built a solid cost run-rate into the business which has ensured that a very strong PBITA of P35m (-5% lower than PY) and PBITA margin of 17% in line with prior year and thereby ensuring a strong profitability position for the group. We continue to automate our key processes and will set us up for enhanced cash collections from our customers in the Security Systems business (Alarm Monitoring and Response).

As key to the business performance, the business has actually maintained a better dividend per share at 5% growth. The declared divinded growth is boosted by available cash after consideration of capital investment and meeting debt obligations as they fall due. At year end the cash availabe was 2x the total liabilites for the group.

IFRS 15 had no material impact on the business after management assessment which concluded that revenue is recognized over time as the customer simultaneously receives and consumes the benefit.
The group has also adopted IFRS 9 "Financial Instruments" with effect from 01 January 2018 and applied the transitional provision of IFRS 9, hence comparative figures have not been restated. The Group also recognised the difference between the carrying amount of financial instruments as at 31 December 2017 and the carrying amount at the beginning of the annual reporting period (1 January 2018), which is the date of initial application in the opening retained earnings of the annual reporting period ended 31 December 2018. The Group elected to use the simplified approach to assess expected credit losses ("ECLs") from the date of initial recognition. The following are the steps adopted by thegroup to calculate the expected credit loss allowances;

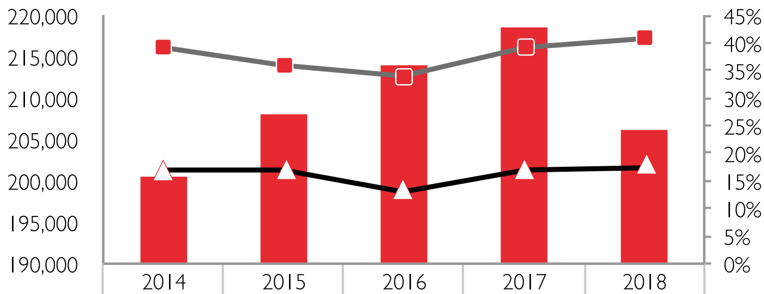
Step 1: Collect receivables aging and calculate the flow rate In this step, the group collected periodic receivables aging reports and calculated a flow / transfer rate. This rate represents the probability of a receivable moving into thenext aging bucket in the subsequent period. This calculation is performed periodically in line with business practice. The Group used the past two year's receivable ageings for the calculation of flow rate.

ALLOCATION OF RESOURCES



Concentration on business growth remained constant over the years, with a focus on CASH business to expand more in the year 2019. FMS opportunities remain to be explored and tapped into for expansion under our intergrated product submissions into 2019

MARGIN ANALYSIS

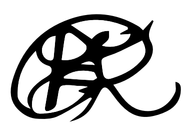


	2014	2015	2016	2017	2018
Revenue	200,440	207,985	213,837	218,465	206,175
Gross Margin	39%	36%	34%	39%	41%
PBITA Margin	17%	17%	13%	17%	17%

Steady margins have been achieved by strategic turnaround on cost saving on the business' day-to-day operations. With this forecast to continue into 2019 we have created sustainable business growth at justified margins.

Step 2: Calculate the loss rate and probability of default ("PD") Loss rate has been calculated for each ageing bucket. The calculated loss rate represents the probability that the receivables in a given bucket will reach the 91+ day's category. This assumes that the 91+ days balance is equal to the actual historical loss. The historical PDs were then adjusted for forward-looking information based onGDP data on the basis that movements in GDP will impact on the future development of PDs.

Step 3: Calculation of loss given default ("LGD") The Group has calculated LGD based on collections made through third party collection agents, as well as the VAT element of bad debts which may be claimed back oncebad debts are written off.



KITSO LEBURU
Acting Finance Director

Corporate Social Investments Report

Since 2013, G4S Africa has partnered with Bhubesi Pride, a development through sport initiative. G4S and Bhubesi Pride aim to unite children through rugby, addressing health, education and life skills; to empower local teaching staff, providing equipment, resources, training and knowledge; and to inspire sustainable development by developing young leaders and building relevant relationships.The partnership has touched the lives of more than 3 800 boys and girls from 60 schools in nine African countries (Botswana, Kenya, Malawi, Namibia, South Africa, Tanzania, Uganda, Zambia and Mozambique).

As the country geared up to celebrate its 50th anniversary, G4S Botswana was able to maximise the 'BOT50' celebrations together with Bhubesi Pride. In collaboration with The Botswana Rugby Union and three participating schools, namely Tshwaragano Primary, Rainbow Primary and Botlhale Primary, G4S and Bhubesi Pride worked with around 240 children during a week-long session in May. G4S was given the use of the Hogs RFC ground for the week's rugby coaching and life skills clinic.

G4S Legacy Project – Partnership with Tshwaragano, Tsherisanyo and Solomon Dihutsho Primary Schools Running parallel with the Bhubesi Pride Rugby Clinic, G4S Botswana initiated a Legacy Project with Tshwaragano Primary School in Old Naledi. The school continues to face numerous challenges such as inadequate ablutions facilities for the children and the lack of a safe, secure and conducive environment in which the students can learn. G4S Botswana continues to revisit the school on a yearly basis ensuring that there are continuous improvements to the children's facilities and learning environment.

Occupational Health and Safety

The safety and wellbeing of our employees and those in our care is one of our key priorities.

Our goal is zero harm. We believe that setting the highest standards for health and safety across our industry helps to keep our colleagues safe and builds loyalty and commitment to G4S from our employees. The Company strives to foster

a safe and healthy work environment, and has in place comprehensive and appropriate policies and resources to safeguard employee wellbeing. As an integral part of its commitment to the safety of its employees, the Company ensures accurate and timely reporting and follow up of any incidents to prevent recurrence.

G4S believes that occupational safety and health is important for moral, legal, and financial reasons and recognises that it has a duty of care to ensure that employees and any other persons who may be affected by the Company's activities remain safe at all times. By so doing, the Company not only ensures that it acts correctly towards all stakeholders, but also reduces employee injury and illness related costs.

Setting high standards for health and safety helps G4S Botswana to demonstrate commitment to its employees' wellbeing. These standards are the basis for good health and safety practices, and are an essential component of the superior quality of the Company's employment offering.

What sets us apart from our Competitors?

Anticipating and responding to the changing needs of a diverse client base:

Health and Safety

- We prioritise safety management as well as the health and well-being of our employees.

Training

- We continue to invest in the training and development of our employees at all levels so that they can reach their full potential.

Secure Solutions

- Risk services and consultancy
  - o We offer risk management consultancy services which include personal protection, training, mine detection and clearance services
- Security systems
  - o We offer comprehensive access control, video analytics, and security & building systems technology integration
- Monitoring and response
  - o Fast mobile security patrol and response ser vices
- Secure facilities services
  - o We offer an Integrated facilities services for entire sites or estates for commercial customers and governments
- Manned security services
  - o We offer trained and vetted security officers
- Cash Solutions
  - o We manage cash on behalf of financial institutions, including cash transportation; high security cash centres; counting and reconciling cash; fitness sorting of notes for use in ATMs; counterfeit detection and removal; redistribution of cash to bank branches,ATMs and retail customers; and cash transportation
- Cash 360
  - o With the introduction of Deposita devices we offer a unique system that safeguards, collects and processes cash notes within the retail environment.


G4S

G4S (Botswana) Limited

Group Annual Financial Statements

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Statement of directors' responsibility

for the year ended 31 December 2018

In preparing the accompanying Company and Group financial statements, International Financial Reporting Standards have been followed; suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes in accounting policies are approved by the board of directors and effects thereof are fully explained in the financial statements. The financial statements incorporate full and responsible disclosure in line with the significant accounting policies of the Group noted on pages 48 to 57.

The directors have reviewed the Company and Group budget and forecast cash flow for the year to 31 December 2019. On the basis of this review, and in light of the current financial position, the directors are satisfied that G4S (Botswana) Limited is a going concern and have continued to adopt a going concern basis in preparing the financial statements.

The board recognises and acknowledges its responsibility for the Group's internal control system. The responsibility for operating these systems is delegated to the executive director and management, who have confirmed that they have reviewed the effectiveness thereof. The directors consider that the systems are appropriately designed to provide reasonable assurance, as to the reliability of financial statements and that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal control system is monitored through management reviews, testing by internal auditors and the external auditors' review and testing of appropriate aspects of the internal control systems during the course of their statutory examination of the Company and Group.

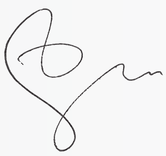
The Group and Company's directors have considered the results of these reviews, none of which indicate that the systems of internal control were inappropriate or operated unsatisfactorily. Additionally, no breakdowns involving material loss have been reported to the directors in respect of the year under review.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing which include tests of transactions and selective test of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

Approval of consolidated annual financial statements and annual financial statements

The annual financial statements for the year ended 31 December 2018 and which appear on pages 58 to 92 were authorised for issue by the Board of Directors on 30 April 2019 and were signed on their behalf by:

Chairman



Director

Independent Auditor's Report

To the members of G4S (Botswana) Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of G4S (Botswana) Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

What we have audited

G4S (Botswana) Limited's consolidated and separate financial statements set out on pages 44 to 92 comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

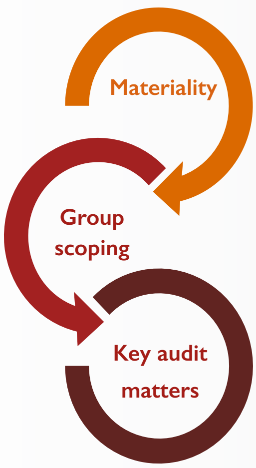
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Botswana Institute of Chartered Accountants' Code of Ethics (the "BICA Code") and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect



Overall group materiality

- *BWP 1,940,000, which represents 5% of consolidated profit before tax.*

Group audit scope

- *The Group consists of the Company and one operating subsidiary. Full scope audits were performed on both these companies.*

Key audit matters

- *Measurement of the expected credit loss allowance on trade receivables.*

Independent Auditor's Report (continued)

To the members of G4S (Botswana) Limited

of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*BWP 1 940 000*
How we determined it	*5% of consolidated profit before tax.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In doing so, full scope audits were performed by the group team on the Company, and its operating subsidiary, G4S Facilities Management Botswana (Proprietary) Limited, as these could individually or in aggregate have a material impact on the consolidated financial statements.

Independent Auditor's Report (continued)

To the members of G4S (Botswana) Limited

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Impairment of trade receivables

This key audit matter relates to the consolidated and separate financial statements.

At 31 December 2018, the Group and Company recognised net trade receivables of BWP 28.9 million and BWP 26.9 million respectively, net of loss allowances of BWP 20.7 million and BWP 18.7 million, respectively.

The Group and Company adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure the allowance for impairment of trade receivables, for the first time in the 2018 reporting period.

The introduction of the impairment requirements of IFRS 9 require impairment allowances to be considered on an expected credit loss basis as opposed to the incurred credit basis previously adopted by the Group. This change in accounting policy required the Group and Company to develop an impairment model to calculate Expected Credit Losses ("ECLs") and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable.

The Group and Company applies the simplified approach and recognises lifetime ECLs for trade receivable balances. Trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics, by grouping days past due and also according to geographical location of customers.

Expected loss rates are based on the payment profile of credit sales over the past 37 months before 31 December 2018 as well as corresponding historical credit losses during the period. These rates are then adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the outstanding amount.

Trade receivables are considered irrecoverable when the customer has not made any payment within 180 days from the date of invoice, where no alternative payment arrangements have been made and external collection efforts have failed.

In determining the ECLs, key judgements were applied by the Group in selecting and applying an appropriate model and in determining the credit losses which are expected to be incurred upon final write-off of accounts.

The allowance for ECLs on trade receivables was considered to be of most significance to the current year audit due to the first time adoption of the IFRS 9 requirements through application of the ECL modelling technique.

Disclosures with respect to the application of IFRS 9 in determining the allowance for ECLs are disclosed in:

- Note 2 "Changes in accounting policy"
- Note 4 "Financial instruments and risk management | Credit Risk"
- Note 22 "Trade and other receivables"

How our audit addressed the key audit matter

Our audit procedures included the following:

- We obtained an understanding of and evaluated the design, implementation and operating effectiveness of the Group's key internal controls relating to credit origination, credit control and debt collection;
- We assessed management's ECL impairment model against the requirements of IFRS 9 and found the model to be consistent with these requirements;
- We tested the mathematical accuracy of Management's ECL impairment model and found no exceptions;
- We agreed the data utilised in Management's ECL impairment model at 1 January 2018 and 31 December 2018 to supporting documents, calculations and other audited information and found no exceptions;

Independent Auditor's Report (continued)

To the members of G4S (Botswana) Limited

How our audit addressed the key audit matter

We challenged assumptions and judgements made by Management through discussion, comparison to data and our knowledge of the operations as gained through our audit in determining future expected loss rates using projections and found these to be reasonable;

- We evaluated the adequacy of the financial statement disclosures, including disclosures of:
  - key assumptions, judgements and sensitivities;
  - the impact of the transition to IFRS 9 on the opening balances relating to trade receivables and retained earnings.

We found these to be in line with relevant requirements.

How our audit addressed the key audit matter

Other information

The directors are responsible for the other information. The other information comprises the information included in the G4S (Botswana) Limited Annual Consolidated and Separate Financial Statements for the year ended 31 December 2018, which we obtained prior to the date of this auditor's report, and the other sections of the G4S (Botswana) Limited 2018 Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to

Independent Auditor's Report (continued)

To the members of G4S (Botswana) Limited

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 Group's and 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 Group's and 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 consolidated and separate 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the current period and are therefore the key audit matter. 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.

PricewaterhouseCoopers

Practicing member: Rudi Binedell
Membership number: 20040091

30 April 2019
Gaborone

Consolidated and Separate Statements of Comprehensive Income

for the year ended 31 December 2018

		GROUP		COMPANY	
		2018	2017	2018	2017
	Note	Pula	Pula	Pula	Pula
Revenue	5	206 175 249	218 464 826	192 087 652	199 247 621
Cost of sales of goods	6	(9 958 652)	(5 690 632)	(7 736 203)	(5 110 115)
Cost of providing services	6	(112 067 277)	(127 567 262)	(104 929 490)	(114 888 926)
Gross profit		**84 149 320**	**85 206 932**	**79 421 959**	**79 248 580**
Other income	7	1 696 771	351 572	1 696 771	387 572
Administrative expenses	8	(50 080 868)	(48 395 846)	(47 721 000)	(45 905 037)
Profit from operations		**35 765 223**	**37 162 658**	**33 397 730**	**33 731 115**
Finance Income	10	3 092 871	3 061 685	3 092 836	3 061 663
Finance expenses	11	(15 275)	(952)	(15 275)	(952)
Profit before taxation		**38 842 819**	**40 223 391**	**36 475 291**	**36 791 826**
Income tax Expense	12	(9 337 146)	(8 981 705)	(8 810 551)	(8 216 734)
Profit for the year		**29 505 673**	**31 241 686**	**27 664 740**	**28 575 092**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**29 505 673**	**31 241 686**	**27 664 740**	**28 575 092**
Profit attributable to:					
Owners of the parent company		29 100 668	30 481 707	27 664 740	28 575 092
Non-controlling interest		405 005	759 979	-	-
		29 505 673	**31 241 686**	**27 664 740**	**28 575 092**
Total comprehensive income attributable to:					
Owners of the parent		29 100 668	30 481 707	27 664 740	28 575 092
Non-controlling interest		405 005	759 979	-	-
		29 505 673	**31 241 686**	**27 664 740**	**28 575 092**

Earnings per share from continuing operations attributable to the ordinary equity holders of the company

Per share information					
Basic and diluted earnings per share (thebe)	13	36.38	38.10	34.58	35.72

Consolidated and Separate Statements of Financial Position

for the year ended 31 December 2018

		GROUP		COMPANY	
	Note	2018 Pula	2017 Pula	2018 Pula	2017 Pula
Assets					
Non-Current Assets					
Plant and equipment	16	12 231 396	14 294 461	11 863 371	13 716 666
Goodwill	17	18 066 102	18 066 102	9 715 123	9 715 123
Investment in subsidiary	18	-	-	7 444 017	7 444 017
Deferred taxation asset	19	1 445 938	1 240 909	1 283 935	1 205 334
		31 743 436	**33 601 472**	**30 306 446**	**32 081 140**
Current Assets					
Inventories	20	2 231 042	3 945 128	1 371 995	3 120 855
Amount due from related parties	21	47 827 449	45 153 708	65 810 452	47 572 965
Trade and other receivables	22	31 447 159	26 495 321	29 457 936	21 316 020
Current tax receivable		47 125	-	-	-
Cash and cash equivalents	23	35 870 126	27 784 555	16 531 441	25 076 211
		117 422 901	**103 378 712**	**113 171 824**	**97 086 051**
Total Assets		**149 166 337**	**136 980 184**	**143 478 270**	**129 167 191**
Equity and Liabilities					
Equity					
Stated capital	24	1 804 557	1 804 557	1 804 557	1 804 557
Dividend reserves		-	9 600 000	-	9 600 000
Retained earnings		105 461 101	87 835 506	100 924 490	84 309 144
Capital and reserves		107 265 658	99 240 063	102 729 047	95 713 701
Non-controlling interest		2 013 068	1 716 534	-	-
		109 278 726	**100 956 597**	**102 729 047**	**95 713 701**
Liabilities					
Non-Current Liabilities					
Deferred operating lease obligations	25	1 966 125	1 743 788	1 966 125	1 743 788
Current Liabilities					
Operating lease liability	25	254 602	-	254 602	-
Trade and other payables	26	27 199 001	28 564 034	25 479 538	26 423 540
Current tax payable		541 594	1 924 307	541 594	1 494 704
Amount due to related parties	27	9 926 289	3 791 458	12 507 364	3 791 458
		37 921 486	**34 279 799**	**38 783 098**	**31 709 702**
Total Liabilities		**39 887 611**	**36 023 587**	**40 749 223**	**33 453 490**
Total Equity and Liabilities		**149 166 337**	**136 980 184**	**143 478 270**	**129 167 191**

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2018

GROUP

	Stated Capital Pula	Dividend Reserve Pula	Retained Earnings Pula	Total Pula	Non controlling interests Pula	Total Equity Pula
Balance at 01 January 2017	**1 804 557**	**7 872 000**	**76 657 799**	**86 334 356**	**956 555**	**87 290 911**
Profit for the year	-	-	30 481 707	30 481 707	759 979	31 241 686
Dividend declared	-	9 600 000	(9 600 000)	-	-	-
Dividends paid	-	(7 872 000)	(9 704 000)	(17 576 000)	-	(17 576 000)
Balance at 31 December 2017	**1 804 557**	**9 600 000**	**87 835 506**	**99 240 063**	**1 716 534**	**100 956 597**
Balance at 01 January 2018	1 804 557	9 600 000	87 835 494	99 240 051	1 716 534	100 956 585
Adjustments						
Adjustment from the adoption of IFRS 9 net of deferred tax	-	-	(2 747 061)	(2 747 061)	(108 471)	(2 855 532)
Balance at 01 January 2018 as restated	**1 804 557**	**9 600 000**	**85 088 433**	**96 492 990**	**1 608 063**	**98 101 053**
Profit for the year	-	-	29 100 668	29 100 668	405 005	29 505 673
Dividends paid	-	(9 600 000)	(8 728 000)	(18 328 000)	-	(18 328 000)
Balance at 31 December 2018	**1 804 557**	**-**	**105 461 101**	**107 265 658**	**2 013 068**	**109 278 726**

**Dividend reserve represents an amount that is reserved out of retained earnings for dividends that will be potentially declared by the Board of Directors.*

COMPANY

			Stated Capital Pula	Dividend Reserve Pula	Retained earnings Pula	Total Pula
Balance at 01 January 2017	**1 804 557**	**7 872 000**	**75 038 052**	**84 714 609**	**-**	**84 714 609**
Profit for the year	-	-	28 575 092	28 575 092	-	28 575 092
Dividends declared	-	9 600 000	(9 600 000)	-	-	-
Dividends paid	-	(7 872 000)	(9 704 000)	(17 576 000)	-	(17 576 000)
Balance at 31 December 2017	**1 804 557**	**9 600 000**	**84 309 144**	**95 713 701**	**-**	**95 713 701**
Balance at 01 January 2018	1 804 557	9 600 000	84 309 144	95 713 701	-	95 713 701
Adjustment from the adoption of IFRS 9 net of deferred tax	-	-	(2 321 394)	(2 321 394)	-	(2 321 394)
Balance at 01 January 2018 as restated	**1 804 557**	**9 600 000**	**81 987 750**	**93 392 307**	**-**	**93 392 307**
Profit for the year	-	-	27 664 740	27 664 740	-	27 664 740
Dividends paid	-	(9 600 000)	(8 728 000)	(18 328 000)	-	(18 328 000)
Balance at 31 December 2018	**1 804 557**	**-**	**100 924 490**	**102 729 047**	**-**	**102 729 047**

**Dividend reserve represents an amount that is reserved out of retained earnings for dividends that will be potentially declared by the Board of Directors.*

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2018

		GROUP		COMPANY	
	Note	2018 Pula	2017 Pula	2018 Pula	2017 Pula
Cash flows from operating activities					
Cash flows from operations	28	40 315 799	43 747 143	22 706 396	41 832 962
Finance expenses	11	(15 275)	(952)	(15 275)	(952)
Taxation paid	14	(10 166 606)	(4 657 002)	(9 187 509)	(4 514 230)
Net cash flows generated from operating activities		**30 133 918**	**39 089 189**	**13 503 612**	**37 317 780**
Cash flows from investing activities					
Purchase of plant and equipment	16	(4 156 448)	(3 275 495)	(4 156 448)	(3 250 404)
Sale of plant and equipment		407 067	405 830	407 067	405 830
Interest Income	10	29 034	27 918	28 999	27 896
Net cash flows utilised in investing activities		**(3 720 347)**	**(2 841 747)**	**(3 720 382)**	**(2 816 678)**
Cash flows from financing activities					
Dividends paid	15	(18 328 000)	(17 576 000)	(18 328 000)	(17 576 000)
Movement in cash and cash equivalents		**8 085 571**	**18 671 442**	**(8 544 770)**	**16 925 102**
Cash and cash equivalents at beginning of the year		27 784 555	9 113 113	25 076 211	8 151 109
Cash and cash equivalents at end of the year	**23**	**35 870 126**	**27 784 555**	**16 531 441**	**25 076 211**

Significant Accounting Policies

for the year ended 31 December 2018

GENERAL INFORMATION

G4S (Botswana) Limited is a public limited company registered under the Companies Act, Chapter 42:01 of Botswana and domiciled in Botswana. G4S (Botswana) Limited is listed on the Botswana Stock Exchange and primarily operates in Botswana.

These financial statement represent its statutory financial statements. The consolidated financial statements of the company comprises the company and its subsidiary (together referred to as the 'Group').

1. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.These policies have been consistently applied to all years presented, and are unchanged from those applied in previous years, unless noted otherwise. These financial statements have been approved by the board of directors on 30 April 2019.

1.1 Basis of Preparation

The consolidated and separate annual consolidated and separate financial statements have been prepared on the going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention, as modified by the valuation of certain financial assets and liabilities at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in the "Critical accounting estimates and judgements" section of the financial statements.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group annual financial statements incorporate the results and financial position of company and its sole subsidiary. The results of the subsidiary are included from the effective dates of gaining control and up to the date of relinquishing control.

Intercompany transactions, balances and unrealised gains on transactions between the company and its subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary are consistent with the policies adopted by the Group.

Foreign Currency Transaction

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Botswana Pula currency units which is G4S (Botswana) Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or administrative expenses.

Both Group and company utilise the Botswana Pula as the functional currency.

1.2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below.

Key sources of estimation uncertainty

Impairment of goodwill

The Group tests annually whether goodwill *(as disclosed in note 17)* has suffered any impairment, in accordance with accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined by the Directors based on forecast pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates, the most significant of which are assumptions of growth rate and discount rates *(refer note 17).*

The impairment calculations performed by the Group at the current year-end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

Impairment of trade receivables

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (refer to note 4 and 22).

1.3 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of fire alarm equipment
- Sales of CCTV and access control
- Installation of intruder detection devices
- Rendering of 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 group recognises revenue when it transfers control of a product or service to a customer.

Sale of fire alarm equipment, CCTV and access control goods - retail

The group sells goods directly to customers.
Revenue is recognised at a point in time for sales of goods.

For sales of fire equipment alarms, CCTV and access control goods to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 30 days.

Under the group standard contract terms, customers have a right of return within 30 days. At the point of sale, there is no refund liability, as instances of refunds are remote. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal will not occur given the consistent level of returns over previous years.

Provision of Cash in transit, intruder and fire alarm monitoring, guard services, facilities management services and cleaning services

The group provides cash in transit, intruder and fire alarm monitoring, guard services, facilities management services and cleaning services. Revenue from providing services is recognised when the services are rendered and the group is entitled to receive such income.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spend relative to the total expected labour hours.

If the contract includes an hourly fee, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

1.4 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight line	5 -15 years
Furniture, fittings and equipment	Straight line	5 -10 years
Motor vehicles and accessories	Straight line	5 years
Radio and alarm equipment	Straight line	2 - 10 years

The residual values of plant and equipment items, if not insignificant, are reassessed annually. The useful lives and depreciation methods are also reassessed annually and adjusted if appropriate.

Repairs and maintenance costs are recognised in profit or loss during the financial year in which these costs are incurred. Gains and losses on disposal of plant and equipment, which arise in the the normal course of business, are determined by comparing the proceeds with the carrying amounts and are included in profit or loss.

1.5 Intangible assets

Goodwill

Goodwill represents amounts arising on acquisition of a business. The goodwill consists of the difference between the fair value of the consideration transferred to acquire the business and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

Goodwill is allocated to the individual cash-generating units and is tested annually for impairment. Any impairment loss is recognised if the present value of the estimated future cash flows arising from the the identified units is exceeded by the carrying amount of goodwill. An impairment loss is recognised in profit or loss in the year in which it is identified. An impairment loss in respect of goodwill is not reversed.

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group ,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
- 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 4 Financial instruments and risk management presents the financial instruments held by the group 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

Significant Accounting Policies (continued)

for the year ended 31 December 2018

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 group are presented below:

Loans receivable at amortised cost

Classification

Amounts due from related parties (note 21)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 group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Related party receivables receivable are recognised when the group becomes a party to the contractual provisions of the loan. The related party receivables 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 related party receivables 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 finance income (note 10).

The application of the effective interest method to calculate interest income on a related party receivables is dependent on the credit risk of the related party receivables as follows:

- The effective interest rate is applied to the gross carrying amount of the related party receivables, provided the related party receivables is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a related party receivables 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 related party receivables, even if it is no longer credit-impaired.
- If a related party receivables 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 related party receivables in the determination of interest. If, in subsequent periods, the related party receivables is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group 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 group 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 group 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 group 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 group 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.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

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 group 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.

The group 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 group 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 group considers that default has occurred when a loan installment 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 group 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 group 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 group 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 group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

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 administrative expenses in profit or loss as a movement in credit loss allowance (note 9).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 4).

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 (note).

Trade and other receivables

Financial instruments (continued) Classification
Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 22).

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 group's business model is to collect the contractual cash flows on trade and other receivables.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

Recognition and measurement

Trade and other receivables are recognised when the group 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 finance income (note 10).

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

The group 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 group 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 22.

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 administrative expenses in profit or loss as a movement in credit loss allowance *(note 9)*.

Credit risk

Details of credit risk are included in the trade and other receivables note *(note 22)* and the financial instruments and risk management note *(note 4)*.

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 (note).

Trade and other payables

Classification

Trade and other payables (note 26), 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 group 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

Significant Accounting Policies (continued)

for the year ended 31 December 2018

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 expenses *(note 11)*.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 4 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 Pula 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.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 4).

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.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

Reclassification

Financial assets

The group 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.

1.7 Inventories

Raw materials and stores, which include uniforms, work in progress and finished goods, are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

1.8 Stated capital

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable

Significant Accounting Policies (continued)

for the year ended 31 December 2018

to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.10 Income tax

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related taxation is also recognised in other comprehensive income or equity.

Current taxation is the expected taxation payable on the taxable income for the year using taxation rates enacted or substantively enacted at the reporting date after taking account of income and expenditure which is not subject to taxation and any adjustment to taxation for previous years.

Deferred taxation is provided on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation rates enacted or substantively enacted at the reporting date.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Taxable temporary differences arising on the initial recognition of goodwill.
-

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

1.11 Employee benefits

Pension obligations

The Group established a defined contribution pension scheme in July 2009, managed by Alexander Forbes Financial Services Botswana (Pty) Ltd, a privately administered pension insurance plan, for all citizen employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A gratuity scheme is in place for expatriate employees in terms of their employment contracts.

Termin ation benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value. Contract staffs are paid terminal gratuities in accordance with their respective employment contract.

Other benefits

(i) **Severance payments and gratuities**
In terms of the Labour Law legislation, severance pay is due to employees who are not eligible for gratuities or with respect to whom no contributions are made to the pension scheme. Provision for severance and gratuity benefits are raised in the period in which they accrue.

(ii) **Leave pay**
The costs of paid leave is recognised as an expense as the employee render services that increases the entitlement or, in the case of non-accumulating absence, when absence occurs.

(iii) **Medical aid**
In terms of the employment contracts and the rules of relevant medical aid scheme, medical benefits are provided to employees. The Group subsidises a portion of medical aid contribution for certain employees. Contributions in relation to Group's obligations in respect of these benefits are charged against profit or loss in the period of payment.

There are no post-employment medical funding requirements.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

1.12 Provisions and accruals

Provisions and accruals are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Such amounts are raised as accruals unless the measurement thereof is subject to significant judgement. Provisions are not recognised for future operating losses.

Provisions and accruals are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.13 Earnings per share

The Group presents basic and diluted earnings per share (EPS) information for its ordinary shares. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period,adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss after taxation attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.14 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Pula unless otherwise stated.

1.15 Segment reporting

An operating segment is a component of the Group that engages in unique business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has five operating segments: security systems, manned security, cash solutions, facility management and cleaning services. In identifying these operating segments, management generally follows the Group's service lines representing its main sources of revenue (Note 31). All operating segments' profit before tax are reviewed regularly by the Group's Executive Management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available. In addition, corporate assets which are directly attributable to the business activities of any operating segment are allocated to a segment.

The basis of segmental reporting has been set out in note {31}

1.16 Finance expense and interest income

Interest received is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest received is recognised in profit or loss. Finance expense is recognised in profit or loss in the period in which these expenses are incurred using the effective interest rate method.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability.

Finance expenses are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Lease income from operating leases where the Group is a lessor is recognised in income on straight line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Significant Accounting Policies (continued)

for the year ended 31 December 2018

1.18 Dividends

Dividend income

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre- acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividend liability

Accrual is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Annual Consolidated and Separate Financial Statements

for the year ended 31 December 2018

2. Changes in accounting policy

The annual consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 January 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 January 2018. Comparatives in relation to instruments that have not been derecognised as at 01 January 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:
Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.
The directors reviewed and assessed the group's existing financial assets as at 01 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 01 January 2018, the directors reviewed and assessed the group's existing financial assets impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 January 2017 and 01 January 2018. The result of the assessment is as follows:

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

Items existing on 01 January 2018 that are subject to the impairment provisions of IFRS 9:	Note	Credit risk attributes at 01 January 2017 and 01 January 2018	Cumulative additional loss allowance recognised on: 01 January 2018
Trade and other receivables	22	The group applies the simplified approach and recognises lifetime expected credit losses for these assets.	3 660 939
Impact of deferred tax			(805 407)
Decrease in retained earnings			**2 855 532**

Items existing on 01 January 2018 that are subject to the impairment provisions of IFRS 9:	Note	Credit risk attributes at 01 January 2017 and 01 January 2018	Cumulative additional loss allowance recognised on: 01 January 2018
Trade and other receivables	22	The company applies the simplified approach and recognises lifetime expected credit losses for these assets.	2 976 146
Impact of deferred tax			(654 752)
Decrease in retained earnings			**2 321 394**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS9

The following table presents a summary of the financial assets as at 01 January 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

GROUP

	Previous measurement	New measurement category: IFRS 9		
	IAS 39	**Amortised cost**	**Re- measurement changes Adjustment to equity**	**Change attributable to:**
Previously Loans and receivables:				
Trade and other receivables	28 462 959	24 802 020	(3 660 939)	Change in measurement attribute
Amount due from related companies	45 153 708	45 153 708	-	No change
Cash and cash equivalents	27 784 555	27 784 555	-	No change
	101 401 222	**97 740 283**	**(3 660 939)**	

COMPANY

	Previous measurement	New measurement category: IFRS 9		
	IAS 39	**Amortised cost**	**Re- measurement changes Adjustment to equity**	**Change attributable to:**
Previously Loans and receivables:				
Trade and other receivables	22 761 570	19 785 424	(2 976 146)	Change in measurement attribute
Amount due from related companies	47 572 965	47 572 965	-	No change
Cash and cash equivalents	25 076 211	25 076 211	-	No change
	95 410 746	**92 434 600**	**(2 976 146)**	

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

2. Changes in accounting policy (continued)

Reconciliation of the reclassifications and remeasurements of financial liabilities as a result of adopting IFRS9

The following table presents a summary of the financial liabilities as at 01 January 2018. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

GROUP

	Previous measurement	New measurement category: IFRS 9		
	IAS 39	**Amortised cost**	**Re- measurement changes Retained earnings**	**Change attributable to:**
Previously Amortised cost:				
Trade and other payables (excluding VAT, payroll accruals and advances from customer)	12 862 373	12 862 373	-	No change
Amounts due to related companies	3 791 458	3 791 458	-	No change
	16 653 831	**16 653 831**	**-**	

COMPANY

	Previous measurement	New measurement category: IFRS 9		
	IAS 39	**Amortised cost**	**Re- measurement changes Retained earnings**	**Change attributable to:**
Previously Amortised cost:				
Trade and other payables (excluding VAT, payroll accruals and advances from customer)	11 932 390	11 932 390	-	No change
Amounts due to related companies	3 791 458	3 791 458	-	No change
	15 723 848	**15 723 848**	**-**	

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the group financial statements are described below. Refer to the revenue accounting policy for additional details.

In relation to manned guarding, cash solutions and cleaning/FMS service, the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

of the entity's performance completed to date. Therefore the entity has applied the practical expedient and recognised revenue in the amount to which the entity has a right to invoice.

In Manned guarding, Cash solutions and Cleaning/FMS Services contracts which together account for 70% of the company's revenue, customers are respectively invoiced for service provide i.e. hours/days worked, CIT/Cash services carried out and deliveries made, charged at prices set out in the related contracts.

Review of contracts in each of these business areas were carried out as part of the regional Top 25 contracts reviews followed by a series of additional contract reviews including completion and sign off of a questionnaire to gain comfort that none of those contracts contained non standard terms or clauses which could invalidate the use of practical expedient for revenue recognition or that the effect of any such terms or clauses had no material impact on its use. No exceptions were noted to invalidate the application.

Based on the initial Top 25 contract reviews, and the additional contract reviews, we continue to believe that the practical expedient can be applied to the group's Manned Guarding ,Cash Solutions and Cleaning/FMS Services contracts, such that there is expected to be no change in the basis for/timing of revenue recognition, and hence no re-statement of revenue, for these businesses on transition to IFRS 15.

Alarm sales with installation and monitoring

Alarms could be used by the customer with a monitoring service provided by another supplier, so the up-front sale and installation is therefore recognised as one point-in-time performance obligation (on a cost-based %'age of completion basis where installation takes several months). The monitoring service is a second performance obligation, and the related revenue is recognised over the contract term as the service is provided. The current existing revenue recognition polices are compliant with IFRS 15.

Alarm rentals with installation and monitoring (Secupak)

Where the installation cost is significant, that component is recognised as one point-in-time performance obligation (on a cost-based %'age of completion basis where installation takes several months). The monitoring service is a second performance obligation, and the related revenue is recognised over the contract term as the service is provided. Where the installation cost is not significant, revenue from the installation is regarded as one component of the overall package which the customer is renting, and the combined package is accounted for as one performance obligation, with the monthly charges for rental and monitoring services recognised over the term of the monitoring contract as those services are provided. The current existing revenue recognition polices are compliant with IFRS 15.

CASH 360 SYSTEMS

Machines rented to customers combined with cash reconciliation and other services. Machine rental, cash reconciliation and other services are separate performance obligations, and the fair value of the related revenue is recognised over the contract term as each of those services is provided. The existing revenue recognition policies are consistent and compliant with IFRS 15.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the year.

In addition, provisions are now made for either 12-month or lifetime expected credit losses (ECLs) for all financial assets measured at amortised cost, lease receivables, and debt instruments measured at fair value through other comprehensive income. The directors have opted to apply the simplified approach for trade receivables and lease receivables whereby lifetime ECL are provided for from inception.

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets:

The impact of the standard is set out in note 2 Changes in Accounting Policy.

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue from sale of goods is recognised when the customer obtains control of the goods. Revenue from sales of services is recognised over time provided the consumption of the service by the customer is simultaneous with the performance of the service by the Company. The application of the standard, modified approach, in the current year has not had a material impact on the financial position or financial performance of the Group, and a prior period adjustment is, therefore not required.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2019 or later periods:

IFRS 16 – Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Application of IFRS 16 in 2019 will require right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Group is the lessee. As at the date of this report, the directors are still undertaking an assessment of the impact of IFRS 16 on the Group's financial statements.

4. Financial Instructions and Risk Management

Financial risk management

Overview

The Group has exposure to foreign currency, liquidity and credit risk that arises in the normal course of business. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group 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 Group's activities.

The board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The following table indicates the carrying value of financial instruments are recoverable and payable within a short period of time

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Financial assets				
Trade receivables	28 857 282	24 802 020	26 912 752	19 785 424
Other receivables	1 141 648	1 548 788	1 096 955	1 386 083
Amounts due from related parties	47 827 449	45 153 708	65 810 452	47 572 965
Cash and cash equivalents	35 870 126	27 784 555	16 531 441	25 076 211
	113 696 505	**99 289 071**	**110 351 600**	**93 820 683**
Financial liabilities				
Trade payables	10 604 491	9 966 480	10 050 595	9 452 123
Other payables	4 486 627	2 895 893	3 546 679	2 470 267
Amounts due to related parties	9 926 289	3 791 458	12 507 364	3 791 458
	25 017 407	**16 653 831**	**26 104 638**	**15 713 848**

Credit risk

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

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

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

In determining the level of likely credit losses on write-off of trade receivables, the Group has taken cognisance of historical collections from external debt collection processes and delayed settlement arrangements with debtors, as well as the impact which the expected future development of macro-economic indicators (specifically Gross Domestic Product) may have on historical collection and default rates.

In doing so the Group and Company have estimated credit losses at write-off to be equal to 80% and 70% of defaulted amounts, respectively.
These have resulted in a total impairment/ECL provision of P20,638,015 and P18,645,768, respectively for Group and Company.

The assessment of expected credit losses for the Group and Company will increase by P280,000 and P258,000, respectively, for every percentage point increase in these estimates.

The Group and Company has assessed the impact of improving macro-economic factors (as precipitated by the anticipated improvement in Gross Domestic Product over the ensuing financial period) as decreasing the assessment of expected credit losses by P660 000 and P600 000, respectively. Actual credit losses may exceed the current assessments should the improving economic conditions not impact on losses at write-off as anticipated.

Trade receivables are considered irrecoverable where

- the customer has not made any payment within 180 days from the date of invoice (at which stage amounts are considered in full default),
- no alternative payment arrangements have been made and adhered to by the customer; and
- alternative collection efforts (mainly through external debt collection agencies) have failed.

On the above basis the expected credit loss for trade receivables as at 31 December 2018 and 1 January 2018 was determined as follows, refer to note 22:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables, amounts due from related parties and its investments in cash and cash equivalents.

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

The carrying amount of financial assets represents the maximum credit exposure and is summarised as follows:

		GROUP		COMPANY	
		2018	2017	2018	2017
		P	P	P	P
Trade receivables (net of impairment)	Not rated	28 857 282	24 802 020	26 912 752	19 785 424
Other receivables	Not rated	1 141 648	1 548 788	1 096 955	1 386 083
Amounts due from related parties	Not rated	47 827 449	45 153 708	65 810 452	47 572 965
Cash and cash equivalents	Not rated	35 870 126	27 784 555	16 531 441	25 076 211
		113 696 505	**99 289 071**	**110 351 600**	**93 820 683**

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.

The below table shows an age analysis of gross trade receivables at their carrying value respectively as at the balance sheet date:

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Fully performing	10 052 850	10 903 308	9 474 386	9 258 682
Past due not impaired	18 804 432	13 898 712	17 438 366	10 526 742
Impaired	20 688 931	11 725 547	18 764 918	10 986 082
	49 546 213	**36 527 567**	**45 677 670**	**30 771 506**
Aging of trade receivable				
Fully performing	11 719 230	10 903 308	11 080 863	9 258 682
Past due 31-90 days	7 628 038	9 317 105	6 756 756	7 125 200
Past due 91 -180	8 048 949	4 786 601	7 461 195	3 714 406
Past due more than 180 days	22 149 996	11 520 553	20 378 856	10 673 218
Total gross receivables	49 546 213	36 527 567	45 677 670	30 771 506
Less impairment on receivables:				
Impaired receivables	(20 688 931)	(11 725 547)	(18 764 918)	(10 986 082)
Net trade receivables	**28 857 282**	**24 802 020**	**26 912 752**	**19 785 424**

The impairment accrual consists of all impaired gross trade receivables net of value added tax (VAT) of 12% charged on the trade receivables. No impairment is recognised in terms of balances not exceeding 180 days from invoice date as these balances are deemed fully recoverable based on historic payment behaviour and detailed specific balance analysis.

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Movement in impairment allowance:				
Opening balance of the year	11 725 547	4 280 642	10 986 082	3 843 352
Additional impairment recognised during the year	5 302 445	7 444 905	4 802 690	7 142 730
Adjustments on application of IFRS 9	3 660 445	-	2 976 146	-
Balance at the end of the year	**20 688 437**	**11 725 547**	**18 764 918**	**10 986 082**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing its liquidity risk is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group utilises overdraft facilities and funds placed in call accounts as well as with G4S Plc to ensure that liquidity risk is managed appropriately. Management monitors rolling forecasts of the Group's liquidity reserve (comprising amounts due from G4S Plc) and cash and cash equivalents on the basis of expected cashflow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group.

Maturities of financial liabilities

The maturity profile of non-derivative financial liabilities based on contractual maturities is disclosed in the table below as the contractual undiscounted cash flows. All balances are due within 12 months and equal their carrying balances as the impact of discounting is not significant.

GROUP - 2018

		Within 1 year	Contractual cash flows
		P	P
Current liabilities			
Trade payables	26	10 604 491	10 604 491
Amounts due to related parties	27	9 926 289	9 926 289
Other payables	26	4 486 627	4 486 627
		25 017 407	**25 017 407**

GROUP - 2017

Current liabilities			
Trade payables	26	9 966 480	9 966 480
Amounts due to related parties	27	3 791 458	3 791 458
Other payables	26	2 895 893	2 895 893
		16 653 831	**16 653 831**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

COMPANY - 2018

		Within 1 year P	Contractual cash flows P
Current liabilities			
Trade payables	26	10 050 595	10 050 595
Amounts due to related parties	27	12 507 364	12 507 364
Other payables	26	3 546 679	3 546 679
		26 104 638	**26 104 638**

COMPANY - 2017

Current liabilities			
Trade payables	26	9 452 123	9 452 123
Amounts due to related parties	27	3 791 458	3 791 458
Other payables	26	2 470 267	2 470 267
		15 713 848	**15 713 848**

Foreign currency risk

Exchange rates

Year end translation rate (ZAR/BW)	1.3406	1.2363	1.3406	1.2363
Year end translation rate (USD/BW)	0.0932	0.1017	0.0932	0.1017

Foreign currency sensitivity analysis

The Group is exposed to currency risk mainly the South Africa Rand (ZAR) and United States Dollar (USD) through its purchases from South Africa and in India. The Group's total liabilities payable in ZAR at the reporting date were R4 601 981: P 3 094 810 (2017: R636 537: P514 873) and payable in USD at the reporting date were USD 362 714: P 3 891 794 (2017: USD 283 712: P 2 788 347).

A 10 percent strengthening of the Botswana Pula against the South African Rand at the reporting date would have increased the company's profit before taxation by P282 899 (2017: P46 807). A 10 percent strengthening of the Botswana Pula against the United States Dollar at the reporting date would have increased the company's profit before taxation by P (2017: P 278 835). This analysis assumes that all other variables, in particular interest rates remain constant. A 10 percent weakening of the Botswana Pula against the South African Rand and United States Dollar at the reporting date would have had the equal but opposite effect on the company's profit before taxation, based on the assumption that all other variables, in particular interest rates remain constant.

COMPANY	2018	2018	2017	2017
Increase or decrease in rate by 10%	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
ZAR/BWP	(292 889)	292 889	(46 807)	46 807
USD/BWP	(353 799)	353 799	(278 835)	278 835
	(646 688)	**646 688**	**(325 642)**	**325 642**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group equity attributable to equity holders of the parent. In order to maintain or adjust the capital structure, the

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 31 December 2018 and 31 December 2017 were as follows;

Total borrowings		-	-	-	-
Cash and cash equivalents	23	(35 870 126)	(27 784 555)	(16 531 441)	(25 076 211)
Net debt		**(35 870 126)**	**(27 784 555)**	**(16 531 441)**	**(25 076 211)**
Equity		109 278 732	100 956 597	102 729 050	95 713 701
Gearing ratio		0.00 %	0.00 %	0.00 %	0.00 %

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

5. Revenue

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
Revenue from contracts with customers				
Sale of goods	8 218 411	9 334 142	8 218 411	9 334 142
Rendering of services	197 956 838	209 130 684	183 869 241	189 913 479
	206 175 249	**218 464 826**	**192 087 652**	**199 247 621**
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Sale of goods				
Alarm equipment sales	3 241 052	3 619 760	3 241 052	3 619 760
Cash solutions - seals sales	4 760 067	5 484 220	4 760 067	5 484 220
Cash solutions - zip and key sales	217 292	230 162	217 292	230 162
	8 218 411	**9 334 142**	**8 218 411**	**9 334 142**
Rendering of services				
Rental services	1 288 868	995 179	708 556	392 421
Cleaning services	13 833 211	18 998 714	325 926	384 267
Alarm monitoring and response services	50 998 530	53 757 839	50 998 530	53 757 839
Cash services -deposits, ATM, CIT, courier, coint box and cash centre	59 778 343	61 845 264	59 778 343	61 845 264
Accounting and facilty management services	876 932	1 592 887	876 932	1 592 887
Casual guarding services	1 375 033	586 299	1 375 033	586 299
Systems installations services	1 454 237	1 145 474	1 454 237	1 145 474
Systems repairs and maintenance services	2 140 603	2 436 997	2 140 603	2 436 997
Guarding statics services	66 211 081	67 772 031	66 211 081	67 772 031
	197 956 838	**209 130 684**	**183 869 241**	**189 913 479**
Total revenue from contracts with customers	**206 175 249**	**218 464 826**	**192 087 652**	**199 247 621**
Timing of revenue recognition				
At a point in time				
Sale of goods	(8 218 411)	(9 334 142)	(8 218 411)	(9 334 142)
Over time				
Rendering of services	(197 956 838)	(209 130 684)	(183 869 241)	(189 913 479)
Total revenue from contracts with customers	**(206 175 249)**	**(218 464 826)**	**(192 087 652)**	**(199 247 621)**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

6. Cost of sales

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Sale of goods	9 958 652	5 690 632	7 736 203	5 110 115
Rendering of services:				
Rendering of services: Employee costs	83 373 127	88 130 175	75 614 653	76 918 012
Rendering of services: Depreciation	5 111 229	6 519 143	4 904 242	6 156 635
Rendering of services: Expenses	23 582 921	32 917 944	24 410 595	31 814 279
	122 025 929	133 257 894	112 665 693	119 999 041
Sale of goods				
Sale of goods	9 958 652	5 690 632	7 736 203	5 110 115
Rendering of services - Employee costs				
Employee costs - salaried staff	83 373 127	88 130 175	75 614 653	76 918 012
Rendering of services - Depreciation and impairment				
Property, plant and equipment (note 9)	5 111 229	6 519 143	4 904 242	6 156 635
Rendering of services - Expenses				
Customer claims	621 901	16 896	257 447	14 466
Data, fixed line and mibile costs	873 808	1 619 296	872 562	1 619 296
Other expenses - cleaning services	510 123	800 299	-	-
Purchase cost variance	(1 059 908)	-	-	-
Finance and penalties	3 777	22 605	3 777	22 605
Goods transportation	236 634	557 725	236 634	557 725
Inventory cost variance	-	(224 229)	-	(224 229)
Other expenses - cash solutions	2 599 687	5 534 822	2 599 687	6 219 090
Insurance vehicles	1 668 159	2 149 625	1 589 830	2 083 171
Lease rentals on operating lease	4 112 569	4 315 471	4 065 398	4 075 924
Motor vehicle expenses	8 310 521	9 425 338	8 105 737	9 113 337
Other expenses - security systems	32 432	1 205 986	983 385	1 205 985
Property costs	918 017	963 029	918 017	963 029
Other expenses - manned security and facility management services	1 531 580	2 788 240	1 531 580	2 788 240
Radio and software licenses	646 098	914 677	612 273	883 971
Repairs and maintenance	-	33 039	-	19 614
Training and recruitment costs	214 279	61 059	214 279	36 363
Travel and accomodation expenses	63 257	249 729	62 890	246 718
Uniforms and related equipment	2 299 987	2 484 337	2 357 099	2 188 974
	23 582 921	**32 917 944**	**24 410 595**	**31 814 279**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

7. Other income

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
(Loss)/Profit on disposal plant and equipment	332 305	(193 803)	332 305	(193 803)
Foreign exchange loss	(25 203)	(210 155)	(25 203)	(210 155)
Insurance claims received	1 389 669	446 686	1 389 669	482 686
Other income	-	308 844	-	308 844
	1 696 771	**351 572**	**1 696 771**	**387 572**

8. Administrative expenses

	GROUP 2018 P	GROUP 2017 P	COMPANY 2018 P	COMPANY 2017 P
Audit fees	738 586	1 270 378	653 086	1 160 378
Bad debts	5 302 445	5 971 339	4 802 694	5 669 164
Bank charges	689 461	831 410	657 123	792 488
Cleaning fees	542 232	1 171 332	527 609	1 144 964
Depreciation	1 033 522	1 201 901	1 030 739	1 199 253
Consulting fees	334 689	253 144	290 865	182 741
Electricity	732 232	817 594	732 232	817 594
Employee costs	19 474 948	20 402 388	18 427 663	19 548 033
Fines and penalties	407 880	320 128	465 098	8 084
Goods transportation	235 973	541 910	235 973	-
Insurance	527 789	289 465	527 789	268 893
Legal and professional fees	1 113 648	818 250	1 113 648	818 250
Listing fees	561 219	172 671	561 219	172 671
Office expenses	365 873	242 777	373 628	220 373
Premises - Straight line charge	6 872 173	3 892 507	6 389 327	3 257 936
Printing and stationery	1 144 057	849 243	1 143 981	865 113
Repairs and maintenance	291 757	162 859	291 757	162 859
Restructuring costs	3 163 867	-	3 107 638	-
Royalties	2 174 477	1 971 956	2 174 477	1 971 956
Secretarial fees	192 075	857 020	192 075	857 020
Security	334 861	967 992	334 861	967 992
Telephone and fax	1 277 028	1 943 653	1 164 365	1 886 198
Other expenses	2 570 076	3 445 930	2 523 153	3 933 077
	50 080 868	**48 395 847**	**47 721 000**	**45 905 037**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

9. Operating profit

Profit from operations for the year is stated after charging (crediting) the following, amongst others:

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Auditor's remuneration - external (note 8)				
Audit fees	738 586	886 558	653 086	776 558
Other services	-	163 820	-	163 820
	738 586	**1 050 378**	**653 086**	**940 378**
Employee costs				
Salaries, wages and bonuses	77 796 505	78 793 780	69 290 305	66 901 309
Defined contribution expense	2 937 308	2 912 312	2 898 693	2 871 528
Other benefits	22 114 262	26 826 471	21 853 318	26 693 208
Total employee costs	**102 848 075**	**108 532 563**	**94 042 316**	**96 466 045**
Less: Employee costs included in cost of rendering services (note 6)	(83 373 127)	(88 130 175)	(75 614 653)	(76 918 012)
Total employee costs expensed (note 8)	**19 474 948**	**20 402 388**	**18 427 663**	**19 548 033**
Average number of persons employed during the year				
Number of employees	2 658	2 732	2 348	2 246
Leases				
Operating lease charges				
Premises	8 251 899	7 974 139	7 721 882	7 100 021
Motor vehicles	2 732 843	233 839	2 732 843	233 839
	10 984 742	8 207 978	10 454 725	7 333 860
Total operating lease charges	**10 984 742**	**8 207 978**	**10 454 725**	**7 333 860**
Less: Operating lease charges included in cost of services (note 6)	(4 112 569)	(4 315 471)	(4 065 398)	(4 075 924)
Total operating lease charges expensed	**6 872 173**	**3 892 507**	**6 389 327**	**3 257 936**
Depreciation				
Depreciation of plant and equipment (note 10)	6 144 751	7 721 044	5 934 981	7 355 888
Total depreciation	**6 144 751**	**7 721 044**	**5 934 981**	**7 355 888**
Less: Depreciation included in cost of rendering services (note 6)	(5 111 229)	(6 519 143)	(4 904 242)	(6 156 635)
Total depreciation expensed included in administrative expenses (note 8)	**1 033 522**	**1 201 901**	**1 030 739**	**1 199 253**
Directors emoluments including administrative expenses and are analysed as follows:				
Non executive directors fees	411 000	216 000	411 000	216 000
Executive directors for management services	4 797 172	4 110 189	4 797 172	4 110 189
	5 208 172	**4 326 189**	**5 208 172**	**4 326 189**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

10. Finance income

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Income from investments				
Investments in financial assets:				
Interest received - banks	29 034	27 917	28 999	27 895
Loans to group companies:				
Interest received - related party	3 063 837	3 033 768	3 063 837	3 033 768
Total interest income	**3 092 871**	**3 061 685**	**3 092 836**	**3 061 663**

11. Finance expenses

Finance costs	15 275	952	15 275	952

12. Taxation

Taxation charge for the year				
Normal company taxation:				
Basic taxation	8 736 768	9 108 458	8 234 399	8 343 487
Deferred taxation				
Deferred taxation -current year movement	600 378	(126 753)	576 152	(126 753)
	9 337 146	**8 981 705**	**8 810 551**	**8 216 734**

Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	38 842 819	40 223 391	36 475 291	36 791 826
Tax at the applicable tax rate of 22% (2017: 22%)	8 545 420	8 849 147	8 024 564	8 094 202
Tax effect of adjustments on taxable income				
Expenses not allowable for tax purposes				
Tax penalties	108 061	132 558	102 322	122 532
Corporate social responsibilities	42 337	-	42 337	-
Note staining penalties	40 171	-	40 171	-
Other	21 474	-	21 474	-
Income not subject to tax	(35 849)	-	(35 849)	-
Tax effect on variance in opening and closing prepaied revenue	537 402	-	537 402	-
Tax effect on variance in opening and closing prepaied expenses	113 388	-	113 388	-
Other tax charges	(35 258)	-	(35 258)	-
	9 337 146	**8 981 705**	**8 810 551**	**8 216 734**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

13. Earnings per share

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
Earnings per share calculation				
Profit or loss for the year attributable to owners of the parent company	29 100 668	30 481 707	27 664 740	28 575 092
Weighted average number of ordinary shares at 31December	80 000 000	80 000 000	80 000 000	80 000 000
Earnings per share (thebe)	**36.38**	**38.10**	**34.58**	**35.72**
Weighted average number of shares				
Issued ordinary shares 1 January/31 December	80 000 000	80 000 000	80 000 000	80 000 000
Weighted average number of ordinary shares for the year ended 31 December	80 000 000	80 000 000	80 000 000	80 000 000
Dividends per share				
Interim Dividend				
For the current financial year (declared and paid in the current year)	9 600 000	9 704 000	9 600 000	9 704 000
Normal - Paid 12.00 thebe gross of tax (2017: 12.13 thebe gross of tax)				
Final Dividend				
For the preceding financial year (declared and paid in the current year)	110 637 300	7 872 000	10 637 300	7 872 000
Proposed - Paid 10.30 thebe gross of tax (2017: 9.84 thebe gross of tax)				
	20 237 300	**17 576 000**	**20 237 300**	**17 576 000**
Issued shares at 31 December	80 000 000	80 000 000	80 000 000	80 000 000

14. Taxation paid

Amounts (payable)/refundable at the beginning of year	(1 924 307)	2 527 149	(1 494 704)	2 334 553
Taxation per profit or loss (excluding deferred taxation)	8 736 768	9 108 458	8 234 399	8 343 487
Amounts payable at end of year	494 469	1 924 307	541 594	1 494 704
	(10 166 606)	**(4 657 002)**	**(9 187 509)**	**(4 514 230)**

15. Dividends paid

Amounts unpaid at beginning of the year	9 600 000	7 872 000	9 600 000	7 872 000
Dividends declared during the year	8 728 000	9 704 000	8 728 000	9 704 000
	18 328 000	**17 576 000**	**18 328 000**	**17 576 000**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

16. Plant and equipment

GROUP

	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
Furniture fittings and equipment	15 421 738	(14 729 545)	692 193	14 409 586	(13 910 790)	498 796
Motor vehicles	37 664 714	(31 737 357)	5 927 357	38 066 813	(30 951 260)	7 115 553
Radio and alarm equipment	36 477 273	(32 488 359)	3 988 914	35 960 798	(31 391 227)	4 569 571
Leasehold improvements	4 524 035	(2 901 103)	1 622 932	4 524 034	(2 413 493)	2 110 541
Total	**94 087 760**	**(81 856 364)**	**12 231 396**	**92 961 231**	**(78 666 770)**	**14 294 461**

COMPANY

	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
Furniture fittings and equipment	12 571 616	(12 179 193)	392 423	12 134 378	(11 646 663)	487 715
Motor vehicles	36 799 901	(30 940 799)	5 859 102	35 324 027	(28 316 634)	7 007 393
Radio and alarm equipment	36 477 273	(32 488 359)	3 988 914	34 447 364	(30 336 348)	4 111 016
Leasehold improvements	4 524 035	(2 901 103)	1 622 932	4 524 035	(2 413 493)	2 110 542
Total	**90 372 825**	**(78 509 454)**	**11 863 371**	**86 429 804**	**(72 713 138)**	**13 716 666**

Reconciliation of plant and equipment - GROUP - 2018

	Furniture fittings and equipment	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
Cost	15 421 738	37 664 714	36 477 273	4 524 035	94 087 760
Accumulated depreciation	(14 729 545)	(31 737 357)	(32 488 359)	(2 901 103)	(81 856 364)
Net book value at 31 December 2018	**692 193**	**5 927 357**	**3 988 914**	**1 622 932**	**12 231 396**
Net book value at beginning of year	**498 796**	**7 115 553**	**4 569 571**	**2 110 541**	**14 294 461**
Additions	439 602	1 686 937	2 029 909	-	4 156 448
Disposals - cost	(2 364)	(211 062)	-	-	(213 426)
Disposals - accumulated depreciation	131	138 533	-	-	138 664
Depreciation	(243 972)	(2 802 604)	(2 610 566)	(487 609)	(6 144 751)
	692 193	**5 927 357**	**3 988 914**	**1 622 932**	**12 231 396**

Reconciliation of plant and equipment - GROUP - 2017

	Furniture fittings and equipment	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
Cost	14 409 586	38 066 813	35 960 798	4 524 035	92 961 232
Accumulated depreciation	(13 910 790)	(30 951 261)	(31 391 227)	(2 413 493)	(78 666 771)
Net book value at 31 December 2017	**498 796**	**7 115 552**	**4 569 571**	**2 110 542**	**14 294 461**
Net book value at beginning of year	**748 006**	**9 072 125**	**6 919 087**	**2 600 425**	**19 339 643**
Additions	-	1 546 370	1 729 125	-	3 275 495
Disposals	-	(252 156)	(347 477)	-	(599 633)
Depreciation	(249 210)	(3 250 786)	(3 731 164)	(489 884)	(7 721 044)
	498 796	**7 115 553**	**4 569 571**	**2 110 541**	**14 294 461**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

16. Plant and equipment (continued)

Reconciliation of plant and equipment - COMPANY - 2018

	Furniture fittings and equipment	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
Cost	12 571 616	36 799 901	36 477 273	4 524 035	90 372 825
Accumulated depreciation	(12 179 193)	(30 940 799)	(32 488 359)	(2 901 103)	(78 509 454)
Net book value at 31 December 2018	**392 423**	**5 859 102**	**3 988 914**	**1 622 932**	**11 863 371**
Net book value at beginning of year	**487 715**	**7 007 393**	**4 111 016**	**2 110 542**	**13 716 666**
Additions	439 602	1 686 937	2 029 909	-	4 156 448
Disposals - cost	(2 364)	(211 062)	-	-	(213 426)
Disposals - accumulated depreciation	131	138 533	-	-	138 664
Depreciation	(532 661)	(2 762 699)	(2 152 011)	(487 610)	(5 934 981)
	392 423	5 859 102	3 988 914	1 622 932	11 863 371

Reconciliation of plant and equipment - COMPANY - 2017

	Furniture fittings and equipment	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
Cost	12 134 378	35 324 027	34 447 364	4 524 035	86 429 804
Accumulated depreciation	(11 646 663)	(28 316 634)	(30 336 348)	(2 413 493)	(72 713 138)
Net book value at 31 December 2017	**487 715**	**7 007 393**	**4 111 016**	**2 110 542**	**13 716 666**
Net book value at beginning of year	**736 652**	**8 914 295**	**6 170 410**	**2 600 426**	**18 421 783**
Additions	-	1 546 370	1 704 034	-	3 250 404
Disposals	-	(252 156)	(347 477)	-	(599 633)
Depreciation	(248 937)	(3 201 116)	(3 415 951)	(489 884)	(7 355 888)
	487 715	**7 007 393**	**4 111 016**	**2 110 542**	**13 716 666**

17. Goodwill

GROUP	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Goodwill	**18 066 102**	**-**	**18 066 102**	**18 066 102**	**-**	**18 066 102**
COMPANY						
Goodwill	**9 715 123**	**-**	**9 715 123**	**9 715 123**	**-**	**9 715 123**

Reconciliation of goodwill

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
At the beginning of the year	18 066 102	18 066 102	9 715 123	9 715 123
Closing net book balance	**18 066 102**	**18 066 102**	**9 715 123**	**9 715 123**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

17. Goodwill (continued)

Goodwill is not amortised but is tested for impairment annually and more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Impairment test of goodwill				
For the purpose of impairment testing, goodwill is attached to the following:				
Manned Security	9 715 123	9 715 123	9 715 123	9 715 123
G4S Facilities Management Botswana (Proprietary) Limited	8 350 979	8 350 979	-	-
	18 066 102	**18 066 102**	**9 715 123**	**9 715 123**

The Group did not identify any impairment for either the Manned Security division and for its subsidiary G4S Facilities Management Botswana (Proprietary) Limited (which houses the cleaning services segment) as CGUs of the business.

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on most recent financial budgets approved by the directors covering a 1- year period together with medium term business plan prepared by management which cover an additional two financial years. Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long- term average growth rate for the country in which the CGU operates.

Key assumptions used in the calculation of recoverable amounts, discount rates and gross profit growth rates, are as follows:

GROUP	2018 Manned Security	2017 G4S facilities management	2018 Manned Security	2017 G4S facilities management
Discount rate	14.64 %	14.64 %	15.65 %	15.65 %
Long term growth rate	2.50 %	2.50 %	2.50 %	2.50 %

COMPANY	2018	2017
Discount rate	14.64 %	15.65 %
Long term growth rate	2.50 %	2.50 %

The value-in-use calculations are most sensitive to inputs of budget and planned cash flows, discount rate and long-term growth rate.

The table below shows the values at which each of these key inputs and assumption would have to be set, which would result in goodwill being impaired (whilst holding all other inputs and assumptions at the original values utilised).

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

17. Goodwill (continued)

GROUP

	2018 Manned Security	2017 G4S facilities management	2018 Manned Security	2017 G4S facilities management
Discount rate	33.00 %	32.00 %	22.10 %	32.40 %
Long term growth rate	1.00 %	1.00 %	(7.40)%	27.80 %
Budgeted cash flow (% of base value)	-	-	70.70 %	39.60 %

COMPANY

	2018 Manned Security	2017 G4S facilities management
Discount rate	33.00 %	22.10 %
Long term growth rate	1.00 %	(7.40)%
Budgeted cash flow (% of base value)	-	70.70 %

The group and company do not believe that any of these values at which impairment would have been indicated are reasonably likely to occur.

18. Investment in subsidiary

The company has one subsidiary, G4S Facilities Management Botswana (Proprietary) Limited, that is material to the Group in 2018. The company holds majority of voting rights in the subsidiary (72%).

COMPANY

Name of company	Equity shares 2018	Equity shares 2017	% holding 2018	% holding 2017	Carrying amount 2018 P	Carrying amount 2017 P
G4S Facilities Management Botswana (Proprietary) Limited	305	305	72.00 %	72.00 %	7 444 017	7 444 017

Subsidiaries with material non-controlling interests

The company has one subsidiary, G4S Facilities Management Botswana (Pty) Limited, that is material to the Group in 2018 and 2017. The company holds majority of voting rights in the subsidiary (72%). The following subsidiary has material NCI:

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2018	% Ownership interest held by non-controlling interest 2017
G4S Facilities Management Botswana (Pty) Ltd	Botswana	28 %	28 %

The following is the summarised financial information for G4S Facilities Management Botswana (Pty) Ltd, prepared in accordance with IFRS and the Group's accounting policies. The information is before intercompany eliminations with G4S (Botswana) Limited.

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

18. Investment in subsidiary (continued)

Summarised statement of financial position

	G4S Facilities Management Botswana (Pty) Ltd	
	2018	**2017**
	P	**P**
Assets		
Non-current assets	530 028	577 795
Current assets	25 018 497	8 711 921
Total assets	25 548 525	9 289 716
Liabilities		
Non-current liabilities	-	35 574
Current liabilities	19 919 717	4 989 359
Total liabilities	19 919 717	5 024 933
Total net assets	5 628 808	4 264 783
Carrying amount of non-controlling interest	2 013 068	1 716 534

Summarised statement of profit or loss and other comprehensive income

	G4S Management Botswana (Pty) Ltd	
	2018	**2017**
	P	**P**
Revenue	15 038 550	19 901 472
Expenses and tax expense	(12 671 022)	(16 469 906)
Profit before tax	2 367 528	3 431 566
Tax expense	(526 595)	(764 971)
Profit for the period	1 840 933	2 666 595
	1 840 933	2 666 595
Profit attributable to non-controlling interest	405 005	759 979
Summarised statement of cash flows		
Cash flows from operating activities	16 630 341	1 771 409
Cash flows from investing activities	-	(25 068)
Cash flows from financing activities	-	-
Net movement in cash and cash equivalents	16 630 341	1 746 341

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

19. Deferred taxation asset

Deferred tax liability

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Accelerated capital allowances	(394 143)	-	(386 824)	-
Prepayments	(145 180)	(31 793)	(145 180)	(31 793)
Total deferred tax liability	**(539 323)**	**(31 793)**	**(532 004)**	**(31 793)**

Deferred tax asset

Operating lease accrual	488 560	640 199	488 560	640 199
Prepaid revenue	-	537 401	-	537 401
Royalties & Licenses (Section 50A)	-	6 770	-	6 770
General provision - trade receivables	685 749	-	667 082	-
Unrealised exhcnage differences	5 545	-	5 545	-
Provision for loss allowances (IFRS9 initial adjustment)	805 407	-	654 752	-
Accelerated capital allowances	-	88 332	-	52 757
Total deferred tax asset	**1 985 261**	**1 272 702**	**1 815 939**	**1 237 127**
Deferred tax liability	(539 323)	(31 793)	(532 004)	(31 793)
Deferred tax asset	1 985 261	1 272 702	1 815 939	1 237 127
Total net deferred tax asset	**1 445 938**	**1 240 909**	**1 283 935**	**1 205 334**

Reconciliation of deferred tax asset / (liability)

At beginning of year	1 240 909	1 114 156	1 205 334	1 078 581
Charge to the income statement	(600 378)	126 753	(576 151)	126 753
Charge to statement of changes in equity (note 2)	805 407	-	654 752	-
	1 445 938	**1 240 909**	**1 283 935**	**1 205 334**

Recognition of deferred tax asset

The group's management is certain that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

20. Inventories

Security alarms, fire alarms and equipment	1 330 526	1 738 560	1 330 526	1 738 560
Consumables	-	410 092	-	410 092
Other inventory	900 516	1 796 476	41 469	972 203
	2 231 042	**3 945 128**	**1 371 995**	**3 120 855**
Amount of inventories recognised as an expense in profit or loss	7 736 203	10 546 338	7 736 203	9 691 180

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

21. Amounts due from related parties

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
G4S plc	47 722 488	44 658 650	47 722 488	44 658 650
G4S Facilities Management Botswana (Pty) Ltd	-	-	17 983 003	2 419 257
G4S Cash Solutions (SA) (Pty) Ltd	87 929	443 303	87 929	443 303
G4S Corporate Services Ltd	17 032	-	17 032	-
G4S International Logistics (South Africa) (Pty) Ltd	-	51 755	-	51 755
	47 827 449	**45 153 708**	**65 810 452**	**47 572 965**

The amount due from G4S Plc. bears interest at an average of per annum 7.4% (2017: 7.4% per annum). The remaining balances are interest free. The amounts due from related parties are unsecured and payable on demand.

Exposure to credit risk

Amounts receivable from related parties inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for its amounts due from related parties. This is because the amounts due from related parties that are expected to be repaid within one year. The amounts due from G4S plc arise from cash pooling (or sweep) arrangements fall into this category.

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

The group measures the loss allowance for amounts due from related parties by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on amounts due from related parties is determined as the lifetime expected credit losses on amounts due from related parties. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of amounts due from related parties 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. (Under IAS 39, Amounts due from related parties were impaired only when there was objective evidence that the asset was impaired).

The lifetime ECL is expected to be immaterial or almost nil as a result of low risk of default and no amounts are past due.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined internally because external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

21. Amounts due from related parties (continued)

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	Lifetime ECL

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for amounts due from related parties.

GROUP - 2018

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Loss allowance	Amortised cost
Amounts due from related parties							
G4S plc	N/a	N/a	Performing	Lifetime ECL	47 722 488	-	47 722 488
G4S Cash Solutions (SA) (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	87 929	-	87 929
G4S Corporate Services Ltd	N/a	N/a	Performing	Lifetime ECL	17 032	-	17 032
					47 827 449	**-**	**47 827 449**

COMPANY - 2018

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Loss allowance	Amortised cost
Amounts due from related parties							
G4S plc	N/a	N/a	Performing	Lifetime ECL	47 722 488	-	47 722 488
G4S Facilities Management Botswana (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	17 983 003	-	17 983 003
G4S Cash Solutions (SA) (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	87 929	-	87 929
G4S Corporate Services Ltd	N/a	N/a	Performing	Lifetime ECL	17 032	-	17 032
					65 810 452	**-**	**65 810 452**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

22. Trade and other receivables

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
Financial instruments:				
Trade receivables	49 546 213	36 527 567	45 677 670	30 771 506
Less: impairment	(20 688 931)	(11 725 547)	(18 764 918)	(10 986 082)
Net trade receivables	28 857 282	24 802 020	26 912 752	19 785 424
Other receivables	1 141 648	1 548 788	1 096 955	1 386 083
Non-financial instruments:				
Prepayments	1 448 229	144 513	1 448 229	144 513
Total trade and other receivables	**31 447 159**	**26 495 321**	**29 457 936**	**21 316 020**

Exposure to credit risk

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

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of credit sales over a period of 37 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the nominal GDP to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in this.

The average credit period on trade receivables is 30 days (2017: 30days). 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.

The group 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.

22. Trade and other receivables (continued)

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

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

calculated as the difference between the carrying amount and the present value of the expected future cash flows. Refer to note 4 (financial instruments and risk management) for details of credit risk management trade receivables.

GROUP

Expected credit loss rate (average):	2018 Estimated gross carrying amount at default	2018 Loss allowance (Lifetime expected credit loss)	2017 Estimated gross carrying amount at default	2017 Loss allowance (Lifetime expected credit loss
Current 14%	11 719 230	1 666 380	-	-
31 - 60 days past due: 21%	4 360 174	928 836	-	-
61 - 90 days past due: 35%	3 267 864	1 083 700	-	-
91 - 180 days past due: 35%	8 048 949	2 815 051	-	-
181 - 365 days past due: 68%	8 326 407	5 644 738	-	-
More than 365 days past due: 62%	13 823 589	8 550 226	-	-
Total	**49 546 213**	**20 688 931**	**-**	**-**

COMPANY

Current 14.5%	11 080 863	1 606 477	-	-
31 - 60 days past due: 21.42%	4 041 463	865 542	-	-
61 - 90 days past due: 33.76%	2 715 293	916 577	-	-
91 - 180 days past due: 35.11%	7 461 195	2 619 736	-	-
181 - 365 days past due: 66.78%	7 758 351	5 179 197	-	-
More than 365 days past due: 60.04%	12 620 505	7 577 389	-	-
Total	**45 677 670**	**18 764 918**	**-**	**-**

Reconciliation of loss allowance

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(11 725 547)	-	(10 986 082)	-
Adjustments upon application of IFRS 9 (Amounts restated through opening retained earnings) (note 2)	(3 660 939)	-	(2 976 146)	-
Opening balance as at 1 January 2018 in accordance with IFRS 9	**(15 386 486)**	**-**	**(13 962 228)**	**-**
Provision raised on new trade receivables (note 8)	(5 302 445)	-	(4 802 690)	-
Closing balance	**(20 688 931)**	**-**	**(18 764 918)**	**-**

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

22. 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.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	4 280 642	3 843 352
Provision for impairment	7 444 905	7 142 730
	11 725 547	**10 986 082**

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 group does not hold any collateral as security.

Exposure to currency risk

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

Pula Amount				
Pula	29 998 930	26 350 808	28 009 707	21 171 507

Other receivables includes contractual deposits, travel advances,staff debtors and variable claims from suppliers such insurance claims. Other receivables includes contractual deposits, travel advances, staff debtors and variable claims from suppliers such as insurance claims

23. Cash and cash equivalents

Cash at bank and in hand	23 607 881	8 580 425	4 431 201	5 986 055
Deposits at call	12 262 245	19 204 130	12 100 240	19 090 156
	35 870 126	**27 784 555**	**16 531 441**	**25 076 211**

24. Stated capital and share premium

80 000 000 Ordinary shares at no par value	1 804 557	1 804 557	1 804 557	1 804 557

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

25. Deferred operating lease obligations

Non-current liabilities	(1 966 125)	(1 743 788)	(1 966 125)	(1 743 788)
Current liabilities	(254 602)	-	(254 602)	-
	(2 220 727)	(1 743 788)	(2 220 727)	(1 743 788)

The operating lease accruals relate to the straight lining of lease payments under operating lease contracts entered into between the company and the following parties;

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

25. Deferred operating lease obligations (continued)

- Estate Property Investment (Proprietary) Limited for the rental of premises. This lease contract is for a period of 15 years from 01 February 2011 to 31 January 2026. The lease contract is subject to a fixed annual escalation of 10% per annum.
- Primetime Property Holdings Limited for the rental of premises. This lease contract is for a period of 5 years from 01 February
- 2016 to 31 January 2021. The lease contract is subject to a fixed annual escalation of 4%.

As at the reporting date the deferred lease obligation for both the group and company amounted to P 2 220 272 (2017: P 1 743 788) and has been recognised as liability in view of the adjustment to straight line rentals over the period of leases.

26. Trade and other payables

Financial instruments:				
Trade payables	10 604 491	9 966 480	10 050 595	9 452 123
Payroll accruals	10 138 963	11 567 715	10 138 963	10 660 772
Advance from customers	-	2 422 389	-	2 422 389
Other payables and accruals	4 486 627	2 895 893	3 546 679	2 470 267
Non-financial instruments:				
Value added tax	1 968 920	1 711 557	1 743 301	1 417 989
	27 199 001	**28 564 034**	**25 479 538**	**26 423 540**

Other payables and accruals include unpaid dividends, customer claims and accrued expenses such as utilities, audit fees, and telephones etc.

27. Amounts due to related parties

G4S International Logistics (South Africa) (Pty) Ltd	99 579	-	99 579	-
G4S Africa (Pty) Ltd	26 578	18 528	26 578	18 528
Indo British Garments (South Africa) (Pty) Ltd	1 261 122	2 788 347	1 261 122	2 788 347
G4S International Employment Services Ltd	205 868	68 241	205 868	68 241
G4S Facilities Management Botswana (Pty) Ltd	-	-	2 581 075	-
Deposita Systems (Pty) Ltd	2 049 371	428 104	2 049 371	428 104
G4S plc - royalty & dividends payable	6 283 771	488 238	6 283 771	488 238
	9 926 289	**3 791 458**	**12 507 364**	**3 791 458**

These amounts are interest free, unsecured and payable within 30 days from invoice date.

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

28. Cash generated from operations

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Profit before income tax	38 842 819	40 223 391	36 475 291	36 791 826
Adjusted for:				
Depreciation	6 144 751	7 721 044	5 934 981	7 355 888
(Profit)/loss on disposal of motor vehicles and equipment	(332 305)	193 803	(332 305)	193 803
Finance income	(3 092 871)	(3 061 685)	(3 092 836)	(3 061 663)
Finance expenses	15 275	952	15 275	952
Increase in trade receivables impairment accrual	-	7 444 905	-	7 143 730
Decrease/(increase) in operating lease liabilities	476 939	(83 361)	476 939	(83 361)
Changes in working capital:				
Decrease/(increase) in net amounts due from related parties	6 524 919	1 580 329	(6 457 742)	337 722
Inventories	1 714 086	302 651	1 748 860	864 940
Trade and other receivables	(8 612 777)	(9 480 192)	(11 118 062)	(7 027 730)
Trade and other payables	(1 365 037)	(1 094 694)	(944 005)	(683 145)
	40 315 799	**43 747 143**	**22 706 396**	**41 832 962**

29. Commitments

The group lease properties and vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease repayments under non- cancellable lease as follows:

Minimum lease payments due				
- Due in one year	5 081 246	4 177 558	5 081 246	4 177 558
- Due second to third year	9 939 641	10 123 538	9 939 641	10 123 538
- Due after three years	4 712 380	2 048 544	4 712 380	2 048 544
	19 733 267	**16 349 640**	**19 733 267**	**16 349 640**

b) Capital commitments

The are no capital commitments that were contracted for at the end of the period.

30. Related parties

Relationships

Holding company	G4S International 105 (UK) Limited
Ultimate Holding Company	G4S Plc
Fellow subsidiary	G4S Service & Supply
	G4S Corporate Services Limited G4S Africa (Proprietary) Limited Indo British Garment Corporate
	G4S Cash South Africa
	G4S Cash Deposita
Subsidiary	G4S Facilities Management Botswana (Proprietary) Limited

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

Related party balances

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
Amounts due from related parties (note 21)				
G4S plc	47 722 488	44 658 650	47 722 488	44 658 650
G4S Facilities Management Botswana (Pty) Ltd	-	-	17 983 003	2 419 257
G4S Cash Solutions (SA) (Pty) Ltd	87 929	443 303	87 929	443 303
G4S Corporate Services Ltd	17 032	-	17 032	-
G4S International Logistics (South Africa) (Pty) Ltd	-	51 755	-	51 755
	47 827 449	**45 153 708**	**65 810 452**	**47 572 965**
Amounts due to related parties (note 27)				
G4S Africa (Pty) Ltd	(26 578)	(18 528)	(26 578)	(18 528)
Indo British Garments (South Africa) (Pty) Ltd	(1 261 122)	(2 788 347)	(1 261 122)	(2 788 347)
G4S International Employment Services Ltd	(205 868)	(68 241)	(205 868)	(68 241)
G4S Facilities Management Botswana (Pty) Ltd	-	-	(2 581 075)	-
Deposita Systems (Pty) Ltd	(2 049 371)	(428 104)	(2 049 371)	(428 104)
G4S International Logistics (South Africa) (Pty) Ltd	(99 579)	-	(99 579)	-
G4S plc	(6 283 771)	(488 238)	(6 283 771)	(488 238)
	(9 926 289)	**(3 791 458)**	**(12 507 364)**	**(3 791 458)**

Related party transactions

	GROUP 2018 P	GROUP 2017 P	COMPANY 2018 P	COMPANY 2017 P
Interest received from related parties (note 10)				
G4S plc	3 063 837	3 033 768	3 063 837	3 033 768
Purchases from related parties				
Deposita Systems (Pty) Ltd	(403 185)	(834 041)	(403 185)	(834 041)
Indo British Garments (South Africa) (Pty) Ltd	(4 383 214)	(4 266 783)	(4 383 214)	(4 266 783)
G4S Cash Solutions (SA) (Pty) Ltd	(2 246 194)	(2 630 407)	(2 246 194)	(2 630 407)
G4S Facilities Management (Pty) Ltd	-	-	(16 778 969)	684 268
Salaries				
G4S International Employment Services Ltd	(739 027)	(244 597)	(739 027)	(244 597)
Management fees				
G4S Corporate Services Ltd	(501 793)	(85 572)	(501 793)	(85 572)
Global Licences				
G4S Corporate Services Ltd	(92 219)	(71 638)	(92 219)	(71 638)

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

30. Related parties

	GROUP		COMPANY	
	2018 P	2017 P	2018 P	2017 P
Global Insurance				
G4S Corporate Services Ltd	(114 959)	-	(114 959)	-
Royalty fees received from/ paid to related parties				
G4S plc	(2 174 477)	(1 971 956)	(2 174 477)	(1 971 956)
Dividends paid to related parties				
G4S International 105 (UK) Limited	(12 188 120)	(11 688 040)	(12 188 120)	(11 688 040)

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

31. Segmental Reporting

GROUP Business Segments - 2018	Security Systems P	Manned Security P	Cash Solutions P	Facilities Management P	Cleaning Services P	Total Segments P
Sale of goods	3 241 493	-	4 976 918	-	-	8 218 411
Rendering of services	54 094 814	67 587 114	59 778 782	2 408 530	15 038 551	198 907 791
Total revenue	57 336 307	67 587 114	64 755 700	2 408 530	15 038 551	207 126 202
Inter-segment	(950 953)	-	-	-	-	(950 953)
Total revenue	**56 385 354**	**67 587 114**	**64 755 700**	**2 408 530**	**15 038 551**	**206 175 249**
Profit before tax	18 989 311	1 035 291	17 899 146	(1 448 458)	2 367 529	38 842 819
Depreciation	(691 712)	(1 268 007)	(3 891 085)	(84 177)	(209 770)	(6 144 751)
Finance income	1 360 883	773 209	927 851	30 928	-	3 092 871
Finance expense	(6 720)	(3 819)	(4 583)	(153)	-	(15 275)
Total assets	44 869 096	35 228 027	42 273 632	1 409 121	25 386 461	149 166 337
Capital expenditure	-	-	-	-	-	-
Total liabilities	(1 477 016)	(11 056 829)	(13 268 195)	(442 273)	(13 643 298)	(39 887 611)

COMPANY Business Segments - 2018	Security Systems P	Manned Security P	Cash Solutions P	Facilities Management P	Cleaning Services P	Total Segments P
Sale of goods	3 241 493	-	4 976 918	-	-	8 218 411
Rendering of services	54 094 814	67 587 114	59 778 783	2 408 530	-	183 869 241
Total revenue	**57 336 307**	**67 587 114**	**64 755 701**	**2 408 530**	**-**	**192 087 652**
Profit before tax	18 989 312	1 035 291	17 899 146	(1 448 458)	-	36 475 291
Depreciation	(691 712)	(1 268 007)	(3 891 085)	(84 177)	-	(5 934 981)
Finance income	1 360 848	773 209	927 851	30 928	-	3 092 836
Finance expense	(6 720)	(3 819)	(4 583)	(153)	-	(15 275)
Total assets	64 567 490	35 228 027	42 273 632	1 409 121	-	143 478 270
Capital expenditure	-	-	-	-	-	-
Total liabilities	(15 981 926)	(11 056 829)	(13 268 195)	(442 273)	-	(40 749 223

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

31. Segmental Reporting

GROUP Business Segments - 2018	Security Systems P	Manned Security P	Cash Solutions P	Facilities Management P	Cleaning Services P	Total Segments P
Sale of goods	3 619 760	-	5 714 382	-	-	9 334 142
Rendering of services	56 968 621	68 358 332	61 845 264	2 741 263	19 901 472	209 814 952
Total revenue	60 588 381	68 358 332	67 559 646	2 741 263	19 901 472	219 149 094
Inter-segment	-	-	-	-	(684 268)	(684 268)
Total revenue	**60 588 381**	**68 358 332**	**67 559 646**	**2 741 263**	**19 217 204**	**218 464 826**
Profit before tax	11 553 523	4 968 625	21 987 803	(1 718 125)	3 431 565	40 223 391
Depreciation	1 277 227	1 240 398	4 780 123	58 140	365 156	7 721 044
Finance income	1 347 132	765 415	918 500	30 616	22	3 061 685
Finance expense	(419)	(238)	(285)	(10)	-	(952)
Total assets	56 833 563	32 219 797	38 750 157	1 291 672	7 812 995	136 908 184
Capital expenditure	1 441 218	818 874	982 649	32 754	-	3 275 495
Total liabilities	(14 719 535)	(8 363 373)	(10 036 047)	(334 545)	(2 570 097)	(36 023 597)

COMPANY Business Segments - 2018	Security Systems P	Manned Security P	Cash Solutions P	Facilities Management P	Cleaning Services P	Total Segments P
Sale of goods	3 619 760	-	5 714 382	-	-	9 334 142
Rendering of services	56 968 621	68 358 332	2 741 263	2 741 263	-	130 809 479
Total revenue	60 588 381	68 358 332	8 455 645	2 741 263	-	140 143 621
Profit before tax	11 553 523	4 968 625	21 987 803	(1 718 125)	-	36 791 826
Depreciation	1 277 227	1 240 398	4 780 123	58 140	-	7 355 888
Finance income	1 347 132	765 415	918 500	30 616	-	3 061 663
Finance expense	(419)	(238)	(285)	(10)	-	(952)
Total assets	56 833 563	32 291 797	38 750 157	1 291 672	-	129 167 189
Capital expenditure	1 441 218	818 874	982 649	32 754	-	3 275 495
Total liabilities	(14 719 535)	(8 363 373)	(10 036 047)	(334 535)	-	(33 453 490)

Notes to the Annual Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2018

31. Segmental Reporting

Reconciliation of information on reportable segments to IFRS measures.

	GROUP		COMPANY	
	2018	2017	2018	2017
	P	P	P	P
Revenue				
Total revenue for reporting segments	207 126 202	219 149 094	192 087 652	199 247 621
Elimination of inter-segment revenue	(950 953)	(586 268)	-	-
	206 175 249	**218 562 826**	**192 087 652**	**199 247 621**
Profit before tax				
Total profits before tax for reporting segments	38 842 819	40 223 391	36 475 291	36 791 826
Consolidated profit from continuing operations	**38 842 819**	**40 223 391**	**36 475 291**	**36 791 826**
Assets				
Total assets for reportable segments	149 166 337	136 980 184	143 478 270	129 167 191
Consolidated assets	**149 166 337**	**136 980 184**	**143 478 270**	**129 167 191**
Liabilities				
Total liabilities for reportable segments	39 887 611	36 023 587	40 749 223	33 453 490
Total consolidated liabilities	**39 887 611**	**36 023 587**	**40 749 223**	**33 453 490**

32. Contingent liabilities and assets

There are no contingent liabilities and assets as at the end of 31 December 2018.

33. Events after the reporting period

There are no material adjusting events after the reporting.

Notice of Annual General Meeting

for the year ended 31 December 2018

Notice is hereby given that the 40th Annual General Meeting of Shareholders of G4S (Botswana) Limited will be held at Cresta Lodge, Gaborone on 27 June 2019 at 16:00Hours, for the purpose of transacting the following business:

Agenda:

1. To establish the presence of a quorum and read the notice convening the meeting.
2. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2018, together with the Report of the Auditors thereon.
3. To consider and ratify the distribution of dividend declared for the year ended 31 December 2018 as follows:
   3.1. Gross Dividend declared in 26 September 2018 – P0.1091 per share
   3.2. Gross Dividend declared in 30 April 2019 – P0.133 per share
4. To note retirement of Lebang Mpotokwane as director of the company.
5. To consider and approve the remuneration paid to Non-Executive Directors for the year ended 31 December 2018
6. To approve the remuneration paid to the auditors for the year ended 31 December 2018
7. To appoint PricewaterhouseCoopers (PWC) Botswana as auditors of the Company for the ensuing financial year and authorize the directors to fix their remuneration

Special Resolution

8. To consider and, if thought fit, pass with or without amendment in terms of Section 128 of the Companies Act Cap 42:01 and ratifying the donations made by the Company for the year ended 31 December 2018.

9 To consider publishing the 2019 annual report in electronic format only.

10. Any Other Business To answer any questions raised by shareholders in respect of the affairs and the business of the company.
11. To close the meeting

Voting and Proxies

A member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The instrument appointing such a proxy must be lodged at or posted to the Company Secretaries at the below stated address not less than 48 hours before the meeting. Grant Thornton is authorized to receive and count postal votes.

By order of the Board
Company Secretaries
Grant Thornton Business Services (Pty)
Acumen Park
Plot 50370, Fairgrounds Office Park
P. O. Box 1157
Gaborone

3rd June 2019

Lebang M Mpotokwane
Chairman of the Board of Directors

Mokgethi Frederick Magapa
Managing Director 29th June 2017

Proxy Form

G4S (Botswana) Limited

For completion by holders of Ordinary shares

Please read the notes overleaf before completing this form
For use at the Annual General Meeting of Shareholders of the company to be held at Cresta Lodge, Gaborone on 27 June 2019 at 16:00Hours.

I/We ______________________________
(Name in block letters)
Of (Address) ______________________________

Hereby appoint 1. ______________________________

or failing him/her, ______________________________

or failing him/her, ______________________________

The chairman of the meeting

As my /our proxy to act for me/us at the 2018 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instruction

Number of ordinary shares

		For	Against	Abstain
Ordinary resolution 1	Agenda No 2			
Ordinary resolution 2	Agenda No 3			
Ordinary resolution 3	Agenda No 4			
Ordinary resolution 4	Agenda No 5			
Ordinary resolution 6	Agenda No 6			
Ordinary resolution 7	Agenda No 7			
Ordinary resolution 8	Agenda No 8			

Signed at ______________________________
Date: ______________________________
Signature: ______________________________
Assisted by (where applicable): ______________________________

Each shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.
Please read notes 1 -7 on the reverse side hereof

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholders instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman,

Proxy Form

failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting.
4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.
5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.

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