



G4S (Botswana) Limited



G4S Botswana  
**2019 ANNUAL REPORT**

Securing Your World

# Branches across Botswana

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 footprint across the country is growing...

As part of our growth strategy, we are continuously looking for ways to attain business continuity and increased market share. This includes strategic geographical presence hence our audacious expansion that looks at increasing our national footprint. Growing into new regions calls for location specific products and services and our ever-ready staff willingly adapts to serve each demographic in a way that derives the highest value for the customers.

# 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 knowledge to protect our customers' assets. We keep our promises and are passionate about delivering high levels of customer service.

*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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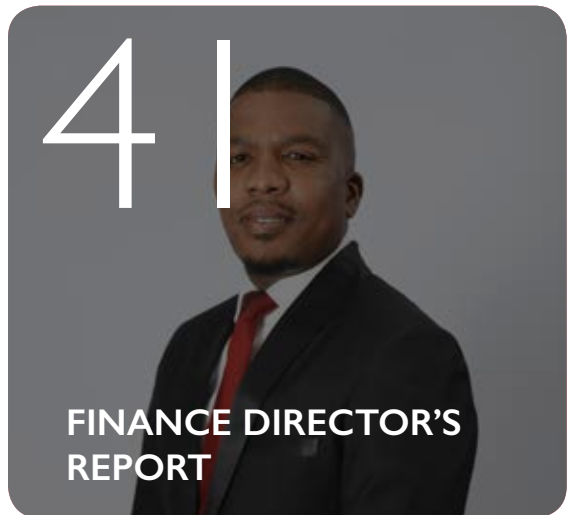
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# Corporate Profile



G4S is a leading business solutions and security services provider with a large footprint across the globe. As part of this renowned international brand, G4S Botswana has a unique opportunity to pair suitable local insights with seasoned international expertise from the G4S global network in our approach to serving business partners.

We develop long-term strategic partnerships with customers in key sectors where we help them deliver their own business objectives through either increasing their revenues, reducing costs, managing risks, protecting critical assets or improving their service delivery to the customers they serve. We tailor make our solutions based on an understanding of the environments in which our customers operate, the pressures they face and benefits they derive from what matters to them most.

G4S Botswana is listed on the Botswana Stock Exchange and has a shareholding partnership with G4S PLC, listed on the London Stock Exchange. G4S PLC holds 70% of the shares while the remaining 30% are held by citizens and local institutions.

G4S Botswana has about 3 032 employees delivering services to clients across the country with offices in Gaborone, Francistown, Selebi-Phikwe, Jwaneng, Lobatse, Palapye, Maun, Orapa, Mahalapye, Mochudi and Kasane.

## OUR CORPORATE PHILOSOPHY

We strive to address the long-term positive demand for security and related services by demonstrating the value driven solutions that we provide for our customers, employees and shareholders.

Our priorities are:

- Profitable Revenue Growth through maintenance and/or expansion of our business revenue streams.
- Cost Containment through operational and financial efficiencies.
- Operational Excellence and Customer Centricity.
- Employee Engagement and building the capacity of our employees

## OUR BUSINESS

G4S operates four business streams which are:

### Manned Security

G4S Manned Security Services are customised to each client's individual needs, using in-situ appropriate combination of manned guarding and security technologies. Site-specific



We tailor make our solutions based on an understanding of the environments in which our customers operate, the pressures they face and benefits they derive from what matters to them most.

and tailor-made procedures are built collaboratively with our clients to ensure rigorous risk assessment by the G4S team and seamless adaptation by the client. This affords us improved performance output and the consequent customer satisfaction. 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. This network and our local proficiency places us ever-increasingly ahead of competitors.

### Electronic Security

This service entails Security Monitoring and Response through our advanced and innovative national control centre in Gaborone. The surveillance caters for 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

### 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 multitude of financial institutions. All movement of cash is

carried out in armoured and smoke box equipped vehicles of the highest calibre to tend to the associated security risk.

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 proof bags, seals, coin boxes
- Deposita – supply and management of Automated Banking Machines.

These solutions are offered in a manner that derives the highest amount of value for the client using industry insights, in-house expertise and leading technological interventions.

### Facilities Management

In the G4S Facilities Management division, we ensure that facilities are both aesthetically appealing and health and safety regulation compliant. G4S Cleaning efficiently offers our clients professional and specialised cleaning services as a component of our comprehensive range of Facilities Management services. Our Facilities Management offering is designed to provide seamless service that is cost effective and valuable to our clientele.

### OUR VALUES

Our values are core to shaping the culture of our organisation and serve as a pillar from which to find guidance, differentiation and sustainability. Integral to our operations, our values aid in attraction and retention of both our employees and our customers. This provides a platform from which to build long-term, mutually beneficial and sustainable growth and partnership.

- We act with integrity and respect: Our business activities and relationships are built on trust and transparency in our pursuit of offering our stakeholders value.
- We are passionate about our safety, security and excellence: The pursuit of excellence is kept alive through insight-driven measures taken to ensure safety and security for both internal and external stakeholders.
- We achieve growth through innovation and teamwork: Investment in innovative infrastructure and technology remains central to our continuous improvement. It is with this investment and the quality of our task force that we achieve valuable contributions that meet and exceed expectations.

We pride ourselves in the value we offer our stakeholders through engaged employees, cost containment, operational excellence, customer centricity and profitable revenue growth. Utilising these strategic levers to drive increased value in our safety and security processes are what have placed us above the rest.



GAONE MACHOLO  
Chairlady

# Chairlady's Report

## Overview

The past year has seen G4S perform profitably with increased efficiencies and a significant reduction in non-profit bearing revenue. We remain grateful for the organisation's performance amidst a tough economic landscape in which GDP was estimated to grow at about 3% indicating that no new money would be likely to enter the economy. It was thus our responsibility to maximize the earning potential of the money in circulation. In the period under review, gross margin dropped by 9% whilst gross profit dropped by 22%.

The various business units underwent restructuring as a means by which to ease out the challenges and impediments the business faced in relation to operational excellence. This has brought significant savings for the organization when reframing administrative expenses.

The COVID-19 pandemic, as known, has completely shifted goal posts and changed the strategic expectations of many organisations, G4S included. As an organisation that leads first with the interests of our internal stakeholders, we were tasked with assessing potential impact on the business. The coronavirus had G4S reiterating our focus on security as well as implementing measures to ensure business continuity and job security while remaining profitable and protecting shareholder value. The decisions and strides taken in 2019 were most certainly offset, but to a limited extent.

When assessing the organisation's performance it is evident that G4S remained prudent to achieve the flat performance limpidity in our cost management. A major cost reduction exercise was undertaken as part of our introduction of increased cost containment measures that are premised to imbed a culture of cost

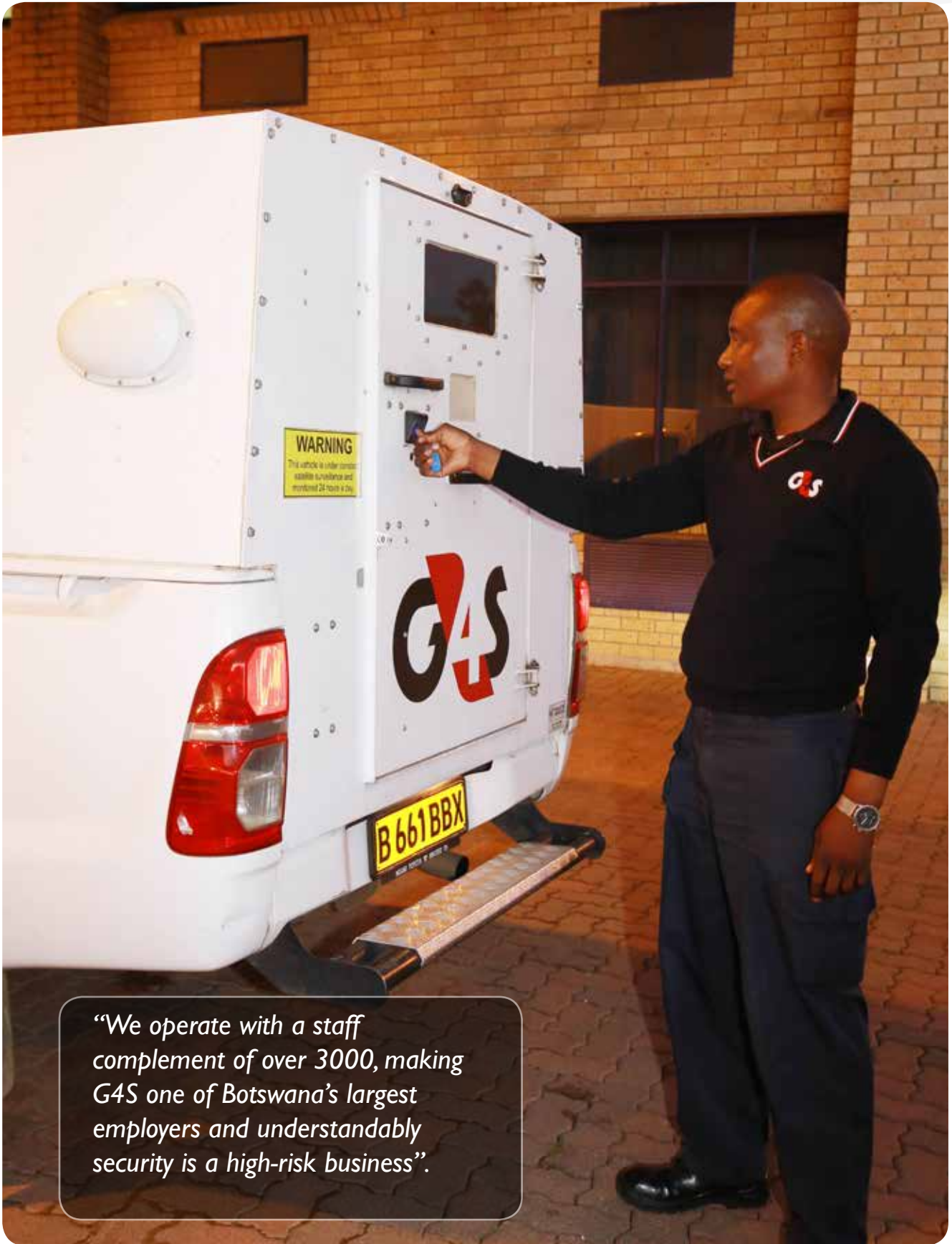
discipline. As a result, we were able to improve revenue in the technology and man guarding business units.

In efforts towards achieving operational excellence, we underwent reviewing of our business units and this resulted in notable improvements in the affected business units, which cements the belief that G4S is well on its way to becoming an organization that operates efficiently and at optimal levels with turnaround times that become industry benchmarks.

This past financial year, we have improved our customer satisfaction rating and have seen improvement in customer sentiment. Through the customer service survey that has been conducted annually over the last two years, we have seen an increase in positive sentiment, thus improving our net promoter score. This means that the efforts made in prioritising customer centricity are beginning to yield good results. An indication of this has been seen in alarm response, having been reduced from 3 minutes to 2 minutes. We believe this is a highlight to our customers and the results of the survey have been shared with the board to communicate the shift in the light in which the customers view G4S.

We operate with a staff complement of over 3000, making G4S one of Botswana's largest employers. Understandably, security is a high-risk business. Every business unit under G4S including man guarding, alarmed response, cash handling and even CCTV monitoring as well as the large number of vehicles that employees drive to undertake their duties present a risk. That being said, we have seen no fatalities from accidents this year and it is imperative to applaud the staff highly for this feat. We are seeing a significant decrease in 'near-misses' indicating the organization-wide commitment to zero harm. I must reiterate how proud I am of the employees of G4S for this incredible achievement.

I look with pride at how our employees serve as unrelenting brand custodians in their dedication to ensuring that G4S is an organization that is highly esteemed. We have seen the employees go beyond the call of duty at the various places where they are stationed including banks, hospitals and malls. Those employed to carry out man guarding duties have increasingly been engaged in more than their assigned tasks and we remain ever grateful that they are led to represent G4S at that level of sacrifice and professionalism by means of ensuring that whatever



*“We operate with a staff complement of over 3000, making G4S one of Botswana’s largest employers and understandably security is a high-risk business”.*

*“As we look forward, it is imperative to note that our future is in digitization and technology”.*



service they provide is exemplary. Over the past year, we have seen a lower turnover rate which is yet another achievement to take pride in. The security sector is usually clad with a high turnover rate but we have seen that over the past two years, a significant decline has been recorded. We believe this is due to the strides being taken in putting to practice the 'engaged employees' strategic pillar. Management has committed to carrying out more staff engagements premised on inclusion by sharing business results, discussing corporate strategy and generally informing staff of organizational activities as a means by which to create a sense of belonging. We believe this is what has contributed significantly to the reduction in turnover which helps with sustainability and continuity of the business – a core focus for G4S.

When it comes to governance, a review has confirmed that G4S is compliant to the King Code III. The Board has also been trained on King Code III and Stock Exchange requirements to ensure that organizational performance is in harmony with governance requirements.

Movements within the organisation have seen my appointment as the new Board Chair effective from September 2019 and that of Tumie Mbaakanyi as

the new chair of the Audit and Risk Committee. We have put into place a Remuneration Committee (REMCO) whose modalities are still under review. G4S' operational and strategic outcomes drive the objectives of REMCO and the committee members have an elaborate comprehension of our business drivers and the direction in which the organisation is headed. The outcomes of REMCO create a balance between short-term rewards and those fixated on longer-term delivery supported by meticulous performance reviews. REMCO will help us to ensure that employees are rewarded aptly as a means by which to align to our corporate value proposition and position G4S as an employer of choice.

As we look forward, it is imperative to note that our future is in digitization and technology. We aim to strengthen our technology business, not at the expense of our other units, rather in an integrated manner that allows for increased cross selling as we drive our digitization strategy. We also look forward to further growing our footprint and improving on the employee value proposition. COVID-19 and the resultant global downturn of the economy has meant that our anticipated actions have been met with increasing uncertainty. To mitigate against this we are putting into action measures that allow us to keep abreast

and on pulse with the changes and trends that emerge. We are doing so to ensure that our business remains agile and nimble in every aspect to remain profitable.

At the helm of it all, the safety of our employees, the satisfaction of our customers, profitability and shareholder value will be at the core.

I'd like to convey my most sincere gratitude to both our investors and customers who have entrusted us with their hard-earned money, their safety and their security. I am grateful, too, to the staff who have tirelessly shown commitment in a tough environment to ensure that this continues to be a reputable business. As the Board Chair, I am most proud of our people – our greatest resource. In each of their respective roles your efforts have brought G4S to profitability. It is the enthusiasm and commitment that ensures that G4S is relevant and offers a consistent wealth of value.

A handwritten signature in black ink, appearing to read 'Gaone Macholo'.

GAONE MACHOLO  
Chairlady



MOKGETHI FREDERICK MAGAPA  
Managing Director

# Managing Director's Report

## OVERALL PERFORMANCE

2019 saw the realisation of a bleak economic forecast, taking into consideration the after effects of mine closures in 2018 and the continued strain that the mining sector, as a key contributor to economic growth, suffered. Although the local economy achieved a 4% growth rate with inflation hovering around 3.2%, economic activity has remained stagnant, driven primarily by the tourism sector. This aforementioned stagnant economic growth has had a detrimental socio-economic effect on Botswana as a steep rise in unemployment was recorded which resulted in a negative impact on affordability of our key consumer products and services.

The macro-economic review of the global industry behaviour and the unfavourable trading conditions saw businesses implement measures introduced to support survival and sustenance rather than expansion and growth due to the global growth rate sitting at a low 1.2%.

Locally, we have seen a rapid upswing in start-up security businesses due to the advent of citizen economic empowerment which has resulted in a notable performance shortfall for G4S. The Company was only able to access 40% of total market share that is not reserved for 100% citizen owned entities. Additional entrants were observed in the Cash In Transit and Cash Management businesses, a development which has incited increased competition and aggressive, albeit unsustainable, pricing models being introduced. The landscape has recorded a sharp decline in corporate

demand for our products and services as businesses endeavour to become increasingly cost efficient, which naturally places downward pressure on pricing.

Gladly, amid unfavourable market conditions, we have noticed that companies are increasingly beginning to view risk and security as an integral cog and strategic lever to be used in their operations with a direct effect on their bottom line. This presents an opportunity for growth and increased integration for our business sector. The act of security being commoditised and viewed solely as a product or service is coming to an end as we approach the dawn of an era where integrated solutions become central to business sustainability. In our approach to offer strategic and value driven solutions to security challenges, we are in an opportune position to pioneer holistic integrated solutions with our key stakeholders.

The business has completed the stabilisation plan initiated in 2018 premised on improving our product and service offering, cost structure, human capital, systems and processes to name a few touchpoints. We however undertook increased capitalisation and investments to steer G4S to profitability. A new 2019-2024 strategic plan has since been actioned that has modelled G4S around increasing efficiencies in these five pillars:

- Engaged Employees
- Cost Containment
- Operational Excellence
- Customer Centricity
- Profitable Revenue Growth

This five-year plan is looking at

raising the 2019 7% year-on-year revenue growth to an eventual 8.5% compounded annual growth rate. The aforementioned lays the foundation for the shifts delved into below.

## REVENUE (PROFITABLE) GROWTH REVIEW:

The overall group revenue, due to the aforementioned stabilisation plan, improved by P300,000 from the previous year which is a significant and commendable feat for a business that had previously recorded recurring decline in revenue. A notable 10% growth has been marked in Manned Security and Electronic Security Services as a result of the focus on operational excellence. From 2017, operational excellence has been championed in service delivery, high calibre security officer appointment as well as in risk assessments and site audits. The operational processes and human capital has seen increased investment as evidenced in the training of manned security supervisors to better control the level of excellence. This has aided G4S in earning significant contracts that have cumulatively attained a 10% year-on-year revenue growth for man guarding. A 7% growth in Electronic Security Services (ESS) profitable revenue was recorded due to improved access control in CCTV, alarms and fire monitoring systems, which called for further investment in technical training. The investment in ESS included improvement of the response fleet as well as footprint expansion in areas including Mahalapye and Mochudi.

The revenue growth for the above-mentioned major service lines was offset by a 6% decline in Cash revenue as a result of retail business closure

**+10%** | Manned  
BWP74.1m | Security Revenue

**+381%** | Manned  
BWP4.98m | Guarding PBT

**+7%** | Electronic  
BWP61.1m | Security Revenue

*Impressively, man guarding recorded a 381% increase in profit before tax (PBT) and is the only business line to have done so.*

and mounting downward pressure on pricing due to new entrants. G4S applied no price increases and struggled with aggressive – unsustainable – pricing regimes implemented by new entrants in an effort to gain market share. This was marked by a 6% decline in growth for both CIT and Cash Processing.

The Facilities Management business unit had been anticipated to record declined revenue as two major contracts had been cancelled, however the lost revenue was stabilised by the reduction in profit losses that came as a result of those two contracts. It is evident that not all revenue is profitable. The cancellation of contracts was felt too in the cleaning business driven by citizen economic empowerment that calls for the contracting of 100% citizen owned businesses in the cleaning space. The G4S cleaning business is 51% citizen owned and 49% owned by G4S PLC.

#### **COST PERFORMANCE**

Increased operational excellence has reduced administrative expenses by 21% year-on-year from the restructuring exercise actioned in 2018 as is evidenced by the P3

million savings. We anticipate further improvement on account of increased cost discipline and a lean overhead structure. The strides towards profitability that were taken due to the cost performance were offset by an increased cost of sales from P122 million to P141 million. The major cost driver being the introduction of the IFRS 16 accounting standard in 2019 that recorded the renewal of 60% of our fleet as a P12 million cost thus the decline on the balance sheet. The once-off costs mentioned above have affected our gross margin and the increased cost of sales. Although the actions are in line with the stabilisation plan we have seen reduced recording of profits before tax. It is noteworthy, however, to mention that losses were cushioned by the savings realised in administrative expenses – what should have been a P24 million loss, is only P11 million.

Impressively, man guarding recorded a 381% increase in profit before tax (PBT) and is the only business line to have done so. The cleaning up of historical debt significantly affected the ESS profit before tax reduction. The effect of the IFRS 16 was felt in this area too as both the Alarm and Cash business rely heavily on a vehicle

fleet, which affects cost of sale of Cash Management and Electronic Security Solutions. The reduction in revenue for the Cleaning business unit caused a decline in profit before tax.

Notwithstanding, the facilities business has experienced a loss in revenue as we continue to restructure the business to return it to profitability.

#### **ENGAGED EMPLOYEES:**

Investing in our employees has remained top priority as we have undertaken initiatives such as training. In the past year, 400 customer facing staff began a skills improvement programme with the intent of having all 3000 trained by the end of a three-year cycle. Our talent management initiatives include enrolling our senior management in a two-year regional leadership programme focused on executive training, with two of our executives currently enrolled. Occupational wellness is paramount to our operations, and as such we have continued to invest in health, safety and environment programmes by developing a robust HSE plan. This plan is run through the HSE office that is headed by the director of Human Resources. The HSE office has also





implemented road safety initiatives targeted at mitigating road accidents – the biggest risk in our business as far as people are concerned. G4S employs over 300 drivers who have undertaken a defensive driving training course aimed at increasing alertness and equipping our staff to better handle their day-to-day tasks. In addition to these employee centred initiatives, a helpline has been established that affords our staff access to counselling sessions to alleviate the emotional challenges that come with the nature of their work. It is evident that we continue to invest in our people to ensure that they are both motivated and engaged so as to serve our clients at the requisite level.

### CUSTOMER CENTRICITY

Continued focus on our customers calls for optimisation of processes and obtaining full automation and digitisation by 2024. Customer centricity calls for ‘voice of the customer’ initiatives that are intended to get a clear understanding of an enquiry, report, complaint or suggestion, in order to respond adequately in terms of processes and procedures matching the customer expectation. Our newly formed

customer service function introduced activities including mystery shopping, net user score and customer surveys. This offers us the opportunity to model new products and services especially in the Alarm Monitoring and Response, Man Guarding and Electronic Security Solutions spaces that have previously not been aptly attended to. The additional investment in these areas has borne fruit as evidenced by increased revenue, improved customer satisfaction and enhanced service levels. We are currently at 73% of the targeted 80% customer satisfaction.

### OPERATIONAL EXCELLENCE

The deploying of an electronic solutions system for guard supervision with which supervisors are monitored has commenced and shall be expanded to include the security officers in this financial year. It is in this area that automation has begun as a means by which to obtain operational excellence as stipulated by the strategy. Investment in a national control centre with the procurement of new computers, consoles and other infrastructure has bred increased focus on the service offering. This has resultantly reduced the response rate in our monitoring and response business. An improvement in

the KPIs for our operations in the CIT, Cash Processing and ATM management business were realised due to investing in our fleet by leasing 40 new vehicles that have greatly impacted returns in our cash operations. Inventory management has seen an improvement which has resulted in the further cutting down of response rates. Another notable move towards operational excellence for G4S, is seen in the consolidation of operations and improvement of premises as a means by which to offer an improved service.

### COST CONTAINMENT

Reviewing our cost of sales has been the most effective means of cost containment. We run an operation that consumes fuel at a high rate due to the nature of our business and have, in the interest of cost containment, fully automated our fuel consumption management system to share, in real time, the fuel usage. This forms a part of our review of major cost drivers and the Service Level Agreements associated with them. Efficiencies have been found in entering into longer-term contracts based on a competitive bidding approach. We have taken an approach of building cost discipline such that each expenditure line is





linked to a revenue generating activity so as to offer customers value. This allows us to improve profitability which is, of course, a primary focus for G4S with regards to our shareholders.

### PROFITABLE REVENUE GROWTH

Adopting profitable revenue, as opposed to any and every revenue, has meant that the business is increasingly particular about the types of contracts to enter into. We have demanded alignment with our customers and serve only those for whom our service is a necessary strategic growth lever and this has shifted conversations from cost to value. Our target market has been refined and the product and service offering that is to be launched in 2020 is strictly aligned. Cash 360 allows us to, collaboratively with the banks, offer our customers real time cash management solutions. This has incited further interest in focusing on integrated, rather than basic, CIT solutions as a means by which to retain competitive advantage. As already

noted above, the cleaning and facilities management business units have been adversely affected by the rise in citizen economic empowerment, this has brought us back to the drawing board to strategise a means of structuring the business to service a larger share of the market.

### COVID-19:

G4S has not been spared from the adverse effects of COVID-19. We have been faced with the inability to train staff due to restrictions as well as a drop in demand due to coronavirus-related losses experienced by our target audience. With the advent of COVID-19, we anticipate a depressed economy starved of diamond sales, PAYE tax income as well as SACU based revenue. To reconcile, G4S has turned to reviewing direct costs to ensure that the limited revenue that is received is not offset by associated escalating costs. G4S sports a strong balance sheet with very minimal borrowing that is matched by high cash

revenues meaning the organisation is very likely to survive the projected two-year economic downturn.

In conclusion, our previous stabilisation period, aimed at optimisation and attaining apt human capital has been proven worthwhile in our review of the 2019 trading conditions. We have a great platform from which to action the 2024 strategy that calls, audaciously, for 8% growth for both the top and bottom line.

It has been challenging to build a sustainable business within this market in a way that serves the shareholder expectation of improved returns. It is on this foot that I step forward to express sincere gratitude to all our employees that include the leadership, board and the Africa regional office for their unrelenting support. Our fervour, apt resourcing, improved processes and systems as well as our clean balance sheet has put us in an opportune position for greatness to come. I would like to send out a specific hearty 'thank you' to our frontline staff as they have proven their commitment to ensuring that the economy is running smoothly given the circumstances.

I must thank you all for a wonderful financial year. Many difficult decisions had to be made, but all of them were made in the name of sustainability. We will continue to manage the business with a forward-looking approach and remain determined to create increased value for all our stakeholders.

**MOKGETHI FREDERICK MAGAPA**  
Managing Director

# Board of Directors



## GAONE MACHOLO

### Chairlady

Gaone Macholo is a seasoned business leader, who has a sound track record in the field of Human Capital Management. In the span of 20 years, she has led teams in the Mining and Banking Industries towards achievement of human capital strategies with notable turnaround in several strategic leverage areas.

Her achievements are, but not limited to introduction of cordial working relations in highly unionised environment, implementation of robust talent management strategies and implementation of competitive rewards.

During her tenor at FNB, she led the organisation to 3rd place in the Southern Africa Region on the Best Company to Work for Competition. She was highly instrumental in leading FNB to become one of the most sort after employer, by introducing unique employee propositions for the varied employee base. She led the introduction of FNB's first leadership conference, a change management tool which accorded people leaders of all levels in the organisation to communicate strategy and find ways of collaborating for the greater performance of the Bank.

Her last engagement at FNB was to develop a transformation strategy that would ensure FNB is well prepared for the Fourth Industrial Revolution (4IR). A strategy that would not only provide for managing the robotic environment but also ensuring alternative skills for those who would not cope in the new era.

Gaone Macholo has served as a Management Representative at the FNB and BCL Board, and was responsible for the Remuneration and Human Resources Committees, respectively. Her other Board responsibilities were to be a Management Representative in the Pension Fund Board of Trustees for the FNB Pension Fund.

Gaone currently serves as Board Chair of G4s and has been in the Board in different capacities. Gaone is a well-established public speaker who has presented several papers at professional conferences in Botswana and South Africa. She continues to engage in public speaking in her private capacity at different forums. Gaone is a strong believer in leadership development and makes every effort to raise good leaders through personal mentorship and creation of appropriate platforms.

Gaone has Degree in Social Sciences from the University of Botswana and a Masters Degree from the University of Massachusetts in the USA.

Gaone is now running her consultancy focusing on human capital management, change management and strategy development.



## 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 DeutschePostDHL 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 number 1 spot 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



**LORATO MOSETLHANYANE**  
Non-executive Board Member

Lorato is a Certified Professional Integral Coach, having successfully completed the Professional Coaching Course (PCC) through the Centre for Coaching, in partnership with the Graduate School of Business at the University of Cape Town and New Ventures West (NVW) based in San Francisco. Since 2013 as a full time Coach, Leadership Trainer & Speaker, Lorato has coached and trained both the young and mature leaders, locally and internationally.

Prior to forming PinnaLead, Lorato worked in the corporate world as an Accountant in different capacities for seventeen (17) years. She left formal employment at the position of Chief Finance Officer for the leading Life Insurance Company in Botswana, having contributed to its growth and success. A believer in continuous self-development and feeding her mind, Lorato reads widely. The writings of John Maxwell awakened a passion in her that saw her embarking on a completely new journey and certifying, as a John Maxwell Certified Coach, after five years of continuous mentoring by the internationally acclaimed leadership guru, John C Maxwell.

Lorato is a Bachelor of Commerce (B.Com) graduate from the University of Botswana and a member of the Association of Certified Chartered Accountants (ACCA). She also holds a Master's in Business Administration (MBA) from Oxford Brookes University in the UK.

Lorato is a certified DISC and Team Dynamics Trainer, An Integrative Enneagram Accredited Practitioner and a Five Lens

of Human Development Team Facilitator. Lorato therefore brings wealth of experience to the G4S board, with a very strong financial background and experience of over seventeen years and maximising the value out of the human capital asset and people skills for over seven years now.

Lorato also serves on the Board of Directors of BancABC Botswana.



**ALBERT EDWARD UECKERMANN**  
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.



**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

# G4S Botswana Share Register


G4S Botswana has 793 Shareholders, with the Company consisting of 80 million shares.  
30% of the shareholding is held by various companies and individuals, with G4S PLC holding 70%

## G4S - SHARE REGISTRAR 31 MAY 2020

80000000

NAME OF UNITHOLDER	NO. OF UNITS	
G4S INTERNATIONAL 105 (UK) LIMITED **	56000000	70.0%
FNB BOTSWANA NOMINEES (PTY) LTD RE:BIFM BPOPF-EQUITY *	3935053	4.9%
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - ALLAN GRAY *	2358100	2.9%
FNB BOTSWANA NOMINEES (PTY) LTD RE:AG BPOPF EQUITY *	1669916	2.1%
FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BPOPF EQUITY *	1473380	1.8%
MOTOR VEHICLE ACCIDENT FUND *	1257300	1.6%
STANBIC NOMINEES BOTSWANA RE BIFM PLEF *	941050	1.2%
STANBIC NOMINEES BOTSWANA RE BIFM MLF *	799433	1.0%
STANBIC NOMINEES BOTSWANA RE AA RE DPF *	671085	0.8%
STANBIC NOMINEES BOTSWANA RE INVESTEC DEBSWANA PENSION FUND *	670497	0.8%
GUARANTEED LOANS INSURANCE FUND *	603150	0.8%
LEBANG MOGAETSHO MPOTOKWANE *	568300	0.7%
SCBN (PTY) LTD RE: IAM 030/30 *	364858	0.5%
STANBIC NOMINEES BOTSWANA RE:IVESTEC BOTSWANA MANGED FUND *	360261	0.5%
ALAN PICKLES *	226960	0.3%
SCBN (PTY) LTD RE: BIFM 028914400011 *	217037	0.3%
JDM INVESTMENTS (PTY) LTD *	215100	0.3%
FNB BOTSWANA NOMINEES (PTY) LTD RE:KGORI CAPITAL NPF *	212911	0.3%
SBB NOMINEES RE:A/C C00062 *	170040	0.2%
STOCKBROKERS BOTSWANA NOMINEES (PTY) LTD RE:A/C C00021 *	170040	0.2%
Other 772 shareholders *	7115529	8.9%

\*\* Non public \* Public



## 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
  - We offer risk management consultancy services which include personal protection, training, mine detection and clearance services
- Security systems
  - We offer comprehensive access control, video analytics, and security & building systems technology integration
- Monitoring and response
  - Fast mobile security patrol and response services
- Secure facilities services
  - We offer an Integrated facilities services for entire sites or estates for commercial customers and governments
- Manned security services
  - We offer trained and vetted security officers
- Cash Solutions
  - 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
  - With the introduction of Deposita devices we offer a unique system that safeguards, collects and processes cash notes within the retail environment.

# The Audit and Risk Committee (ARC) REPORT

## Risk and Audit Committee



### **Boitumelo Mbaakanyi**

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.

*(Full bio on page 21)*



### **Mr Cobus Groenewoud**

Cobus is the Regional Finance Director of G4S's operations in Africa based in Centurion, South Africa. He joined G4S in 2016. In this capacity Mr Groenewoud serves on the boards of a number of operating companies throughout Africa.



### **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



### **Lorato Moselethanyane**

Lorato is a Certified Professional Integral Coach, having successfully completed the Professional Coaching Course (PCC) through the Centre for Coaching, in partnership with the Graduate School of Business at the University of Cape Town and New Ventures West (NVW) based in San Francisco.

*(Full bio on page 21)*

## ROLE OF COMMITTEE

In 2019, the committee continued to oversee the quality and integrity of the company's financial reporting, financial control and compliance processes

### Composition, Quorum and Frequency

- The ARC is chaired by an independent non-executive director and is made up of independent non-executive directors, and an executive director, with the former being in the majority. All members have vast relevant financial management experience, corporate governance and industry experience
- The Managing Director, Finance Director and Risk & Compliance Manager, attend meetings per invitation and are excused, from meetings, accordingly, whenever a subject matter that does not require their presence, is discussed
- Both the Internal Auditor, and External Auditor, attend meetings per invitation, at least twice a year
- Both the induction process, and ongoing development, of all directors, ensure that committee members have knowledge relevant to the sector in which the company operates, at all times
- The committee convenes at least quarterly

## RESPONSIBILITIES

- The ARC oversees the effective governance of the company's financial reporting, and internal controls to ensure the integrity of its financial statements and the adequacy of related disclosures
- It assists the board with its consideration of whether the integrated report of the company is fair, balanced and understandable





- The ARC has oversight of the performance of both the internal audit, and external audit, functions. The ARC has an annual agenda, which includes standing items that are considered regularly as well as adhoc matters that require the committee's attention
- After each ARC meeting, the chairman of the committee reports to the board on the matters which have been discussed and highlights escalated ones

### GOING CONCERN

We have confirmed that G4S Botswana will be able to continue as a going concern, in the foreseeable future, on the following basis;

- not only is the current ratio positive but the company's total assets exceed its total liabilities
- adequacy of cash as evidenced by the available cash, and cash equivalents, and the positive cash flow projections
- there are no material contingent liabilities
- all necessary provisions, regarding the recoverability of debtors, have been made

### CONFIRMATION OF ASSESSMENTS

- The ARC has satisfied itself of the appropriateness, of the expertise and experience, of the Finance Director
- The ARC has satisfied itself of the qualifications, competence

and experience of the Company Secretary

- The ARC has reviewed the appropriateness, and timeliness, of implementation of the amended International Financial Reporting Standards (IFRS) that are relevant to G4S Botswana like; IFRS 16 and related disclosures
- The ARC assessed management's business' continuity model during Covid 19 and is satisfied with the projections of a sustainable business during, and beyond, Covid 19. Our key focus continues to be putting our customers, both internal and external, first during this pandemic

### INTERNAL CONTROLS ENVIRONMENT

- The ARC has confirmed, to the Board, its satisfaction of progress continues to be made in improving the company's risk management, and internal control processes and procedures, and that these are appropriate and effective. However, strengthening of the internal control environment remains a key area of focus for the company
- In order to strengthen the company's internal controls, scheduled regular reporting on same, by management to the ARC, is prevalent. This is done through External Audits, Global Internal Audit (GIA), Reconciliation and Operational Cash Controls (ROCC) etc

- During the year, the internal audit function continued to provide support and guidance to business units to improve awareness of, and compliance with, Group Financial Controls. Going forward, the internal audits will continue to test the operational effectiveness of the company's standards and controls
- During the year, the ARC reviewed PwC's audit plan, including the scope of audit, as well as their reports on external audit findings

### RISK MANAGEMENT

Effective risk management activities, including well designed internal controls, are in place. The engagement of a Risk and Compliance Officer has borne positive outcomes and continues to

### INTEGRATED ANNUAL REPORT

Following review of the audited financials for the year ended 31 December 2019, the committee is of the view that these comply with the requirements of IFRS and present a true, balanced and understandable view of the business and its performance for the year under review

**Boitumelo Mbaakanyi**  
Audit & Risk Chairlady

# Compliance Statement

## OUR GOVERNANCE FRAMEWORK

The Board of Directors 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 BALANCE AND DIVERSITY

The company has long recognized that diversity can enhance decision making and performance and therefore it actively promotes diversity within the organization. The Board promotes diversity in terms of gender, ethnicity, nationality, skills, personal attributes, and experience. Most Board members have international experience, which is very important for a company like G4S, with operations in over 90 countries. The Board also consists of representation from Group platform. Experience of a variety of industries, a mix of both long-serving and new members, gender diversity with varied areas of expertise as well as five nationalities represented, all contribute to greatly enrich debate in the boardroom, and bring fresh perspectives and understanding.

Board Balance	
Non-Executive Directors	60%
Executive Directors	40%
Gender	
Female	60%
Male	40%

## BOARD COMPOSITION

As at the date of this report, the Board comprised of 6 members: the Non-executive Chairman (Ms. Gaone Macholo), two other Non-executive Directors and two Executive Directors. All these directors served throughout the year under review, apart from Mr. Lebang Mpotokwane, a Non-executive Director who retired from the Board as Chairman on 27 June 2019, and Gaone Macholo, who was appointed to the Board as Chairman on 1 September 2019.

## INDEPENDENCE

The Board considers all the Non-executive Directors to be independent and to bring objective oversight and challenge.

## POTENTIAL CONFLICTS

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the company. The company has procedures in place for managing such situations. The affected director will not participate in matters which they have an interest and the Board may impose additional conditions if deemed appropriate. The Board reviews such matters on a regular basis.

## BOARD COMPOSITION, ROLES AND ATTENDANCE (AS AT 31 DECEMBER 2019)

	Meetings Attended		
	Board	Audit & Risk	Remuneration
<b>Chairpersons</b>			
Lebang Mpotokwane	2/2	n/a	n/a
Gaone Susan Macholo	5/6	1/2	n/a
<b>Managing Director</b>			
Mokgethi Magapa	6/6	3/3	n/a
<b>Regional Commercial Director</b>			
Albert Edward Ueckermann	2/6	n/a	n/a
<b>Regional Finance Director</b>			
Jacobus Johannes Groenewoud	1/6	1/3	n/a
<b>Non-Executive Directors</b>			
Boitumelo Mbaakanyi	6/6	3/3	n/a
Lorato Mosetlhanyane	6/6	3/3	n/a

\*There were four scheduled board meetings and two additional meetings during the year. Three Audit & Risk Committee meetings were scheduled during the year.

1. Mr Mpotokwane retired from the Board as chairman on the 27th June 2019.
2. Mrs Macholo was appointed Chairperson of the Board and retired from the Audit & Risk Committee with effect from 1st September 2019. She was unable to attend one board meeting due to prior conflicting engagements.
3. Mr Uekerman was unable to attend four board meetings due to prior conflicting engagements.
4. Mr Groenewoud was appointment as the Audit and Risk Committee Member and Alternate Director to Mr Ueckermann for Board of Director on the 26th September 2019.

## BOARD MEETINGS

Four scheduled Board meetings and three additional meetings took place during the year ended 31 December 2019. At each meeting, the Board receives regular reports and in-depth presentations from line and functional executives. After meetings of the Board committees, the respective Chairpersons report to the Board on the matters considered by each committee.

There are four Board meetings scheduled for 2020 including a two-day board and strategy meeting.

## BOARD DEVELOPMENT PROGRAMME

Our Board development programme focuses on promoting a greater awareness and understanding of our business and wider market issues as well as developing trends or topical issues relevant to their role as director of a BSE Listed company.

February – King III, IFRS 9 & 15 Training

The two-day King III, IFRS 9 & 15 training session was held on the 27th and 28th January 2020. This gave the Board, the Audit & Risk Committee and senior management personnel an opportunity to have an understanding of the new developments on IFRS 9 & 15 and a better understanding of the BSE Code of Corporate Governance and King 3 Code of Governance.

# King III Compliance

## KING III COMPLIANCE CHECKLIST

### Key:

√ = Compliant   □ = Under review   X = Not compliant   P = Partially compliant   n/a = Not applicable

### CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

	Comments	Key
1.1 The board should provide effective leadership based on an ethical foundation.		√
1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen.		√
1.3 The board should ensure that the company's ethics are managed effectively.		√

### CHAPTER 2 : BOARDS AND DIRECTORS

2.1 The board should act as the focal point for and custodian of corporate governance		√
2.2 The board should appreciate that the strategy, risk performance and sustainability are inseparable		√
2.3 The board should provide effective leadership based on ethical foundation		√
2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen		√
2.5 The board should ensure that the company s ethics are managed effectively		√
2.6 The board should ensure that the company has an effective and independent audit committee		√
2.7 The board should be responsible for the governance risk		√
2.8 The board should be responsible for information technology (IT) governance		√
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards		√
2.10 The board should ensure that there is an effective risk –based internal audit		√
2.11 The board should appreciate that stakeholders perceptions affect the company's reputation		√
2.12 The board should ensure the integrity of the company's integrated annual report		√
2.13 The board should report on the effectiveness of the company's system of internal controls		√
2.14 The board and its directors should act in the best interest of the company		√
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act		√
2.16 The board should elect a chairman of the board who is an independent non-executive director.The CEO of the company should not also fulfil the role of chairman of the board		√
2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority		√
2.18 The board should compromise a balance of power, with a majority of non-executive directors.The majority of non-executive directors should be independent		√
2.19 Directors should be appointed through a formal process		√
2.20 The induction of and ongoing training and development of directors should be conducted through formal processes		√
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary		√
2.22 The evaluation of the board, its committees, and the individual directors should be performed every year	Note 1	X

	Comments	Key
2.23 The board should delegate certain functions to well- structured committees but without abdicating its own responsibilities		√
2.24 A governance framework should be agreed between the group and its subsidiary boards	Note 2	X
2.25 Companies should remunerate directors and executives fairly and responsibly		√
2.26 Companies should disclose the remuneration of each individual director and certain senior executives	Note 3	P
2.27 Shareholders should approve the company's remuneration policy		√
<b>CHAPTER 3:AUDIT COMMITTEES</b>		
3.1 The board should ensure that the company has an effective and independent audit committee		√
3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors		√
3.3 The audit committee should be chaired by an independent non-executive director		√
3.4 The audit committee should oversee integrated reporting		√
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities		√
3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function		√
3.7 The audit committee should be responsible for overseeing of internal audit		√
3.8 The audit committee should be an integral component of the risk management process		√
3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process		√
3.10 The audit committee should report to the board and shareholders on how it has discharged its duties		√
<b>CHAPTER 4:THE GOVERNANCE OF RISK</b>		
4.1 The board should be responsible for the governance risk		√
4.2 The board should determine the levels of risk tolerance		√
4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities		√
4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan		√
4.5 The board should ensure that risk easements are performed on a continual basis. Board and audit committee are responsible for risks		√
4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks		√
4.7 The board should ensure that management considers and implements appropriate risk responses		√
4.8 The board should ensure continual risk monitoring by management		√
4.9 The board should receive assurance regarding the effectiveness of the risk management process		√
4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders		√
<b>CHAPTER 5:THE GOVERNANCE OF INFORMATION TECHNOLOGY</b>		
5.1 The board should be responsible for IT governance		√
5.2 IT should be aligned with the performance and sustainability objectives of the company		√
5.3 The board should delegate to management the responsibility for the implementation		√
5.4 The board should monitor and evaluate significant IT investments and expenditure		√
5.5 IT should form an integral part of the company's risk management		√
5.6 The board should ensure that information assets are managed effectively		√
5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities		√
<b>CHAPTER 6: COMPLIANCE WITH LAWS , RULES, CODES AND STANDARDS</b>		
6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards		√

# King III Compliance *continued*

## KING III COMPLIANCE CHECKLIST

	Comments	Key
6.2	The board and its individual directors should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	√
6.3	Compliance risk should form an integral part of the company's risk management process	√
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	√
<b>CHAPTER 7: INTERNAL AUDIT</b>		
7.1	The board should ensure that there is an effective risk-based internal audit	√
7.2	The board should follow a risk-based approach to its plan	√
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of control and risk management	√
7.4	The audit committee should be responsible for overseeing internal audit	√
7.5	Internal audit should be strategically positioned to achieve its objectives	√
<b>CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS</b>		
8.1	The board should appreciate that stakeholders perceptions affect a company's reputation	√
8.2	The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	√
8.3	The board should strive to achieve the appropriate balance between its various stakeholders groupings, in the interests of the company (Fund)	√
8.4	Companies should ensure the equitable treatment of shareholders	√
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	√
8.6	The board should ensure that disputes are resolved as efficiently and expeditiously as possible	√
<b>CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE</b>		
9.1	The board should ensure the integrity of the company's integrated annual report	√
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	√
9.3	Sustainability reporting and disclosure should be independently assured	√

### Notes;

- Note 1 - The evaluation of the board, its committees, and individual directors not conducted annually. Plans are underway to formalise evaluation of the board and its sub-committees but not a formal process.
- Note 2 - A governance framework has not been agreed with the group, however the local board together with senior management are working on agreement with the Group.
- Note 3 - Remuneration for Directors and Senior Executives disclosed as a whole in the Annual Financial Statements.

# Risk Management

## RISK MANAGEMENT

Robust risk management processes and systems are essential to ensure sustainable performance for all our stakeholders, and it is the role of the Audit & Risk Committee to oversee the substantive assessment of the principal risks facing the Company. Throughout 2019 the committee reviewed the principal risks and assessed the processes and controls in place to mitigate those risks.

### Responsibilities

The Audit & Risk Committee advises the Board on the company's overall risk appetite, reviews and approves the company's risk management strategy, advises the board on risk exposures and reviews the level of risk within the Company. The Audit & Risk Committee also assesses the effectiveness of the Company's risk management systems and reports thereon to the Board. The committee's composition ensures that a broad set of skills and experience comes together to consider how the company manages risk in the business.

### Risk governance

As part of its continued focus on risk governance, the Audit & Risk Committee reviewed the governance processes and controls in place, including the risk and control matrix and the assurance resources available, to ensure appropriate risk governance across the Company.

### Principal risks

During the year, the Audit & Risk Committee received regular updates on the progress of mitigating the Company's principal risks.

### Major contracts

Contract risk management continues to remain a key area of focus for the company and the committee, which undertakes a review of a major contract at each of its meetings. Management reports on how such identified risks are mitigated, and on how assurance is obtained that controls are in place and operate effectively. The level of residual risk is also discussed where relevant.

### Laws and Regulations

The Group faces many associated risks, including litigation, class actions, bribery and corruption, obtaining and retaining operating licences, complying with local tax regulations, changes to and application of employment and employee remuneration legislation, complying with human rights legislation and new or changed restrictions on foreign ownership. Furthermore, the company may face new or changing regulations which may require modification of its processes and staff training. Not being compliant with applicable laws and regulations can have far reaching consequences, including higher costs from claims and litigation, loss of management control and damage to the company's reputation.

During the year the committee received regular updates on significant areas of exposure to claims and areas where labour laws and regulations have changed and there is therefore an inherent risk to the judgment made when determining how to ensure compliance with those laws and regulations.

# Executive Committee



**HENNIE SWANEPOEL**  
Operations Director

Hennie is a customer service excellence expert, 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, providing innovative services and solutions, doubling the size of the business within 20 months. 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



**MOKGETHI FREDERICK MAGAPA**  
Managing Director

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).



**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 13 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



**JOHANAH MOTSWAGOLE-KONINGS**  
Human Resources Director

Ms Johannah Motswagole-Konings is the Human Resource Director for G4S Botswana since February 2017. With over 20 years of Human Resource experience from different environments and industries, she brings a wealth of experience and passion for people to the company. Johannah 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.

Johannah 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



**MS. KUTLO BROWN**  
Sales Manager - Cash

Kutlo 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 – Long Term insurance from the Botswana Accountancy College, Accountants (ACCA - UK) and is also an Accounting Technician with the Association of Accounting Technicians (AAT - UK)



**TSHEPISO KABOMO**  
Sales Manager - Manned Security Solutions

Tshepiso has over 14 years of business management experience and rejoined G4S in September 2019 as the Sales Manager (Manned Security) and Bids and Projects Specialist, a position he is currently acting in. He also has experience in the Logistics industry having worked for Botswana Couriers and Sprint Couriers in the 4 years prior to joining G4S. Tshepiso brings in the business and the market analytics to assist the Manned security to serve its clients with an in-depth understanding of the clients and the industry. Tshepiso holds a Bcom Degree in Marketing Management from UNISA, studying at Midrand Graduate Institute in Midrand, Gauteng.



**DINAH MAKHURA**  
Sales Manager: Technology Solutions

Ms. Dinah Makhura joined G4S in October 2019 as a Sales Manager: Technology Solutions. She has over 7 years' experience in the services and ICT industry with a specific focus on project management, service delivery, technology and systems integration, sales, and business development across diverse business sectors. Dinah started her career with Dimension Data Botswana in 2012 where she started as an IT systems engineer and progressed to technical sales and business development as a Business Development Manager prior to joining G4S. She holds a bachelor's degree in Business Information Systems (University of Botswana) and is studying towards a Master of Science in Strategic Management with the University of Derby.

# Strategic and Performance Overview (Key Capital Analysis)

Our strategy addresses the long-term positive demand for security and related services and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders. This section summarises our strategic priorities and how we focus our resources and expertise in areas where we can achieve the best results for customers and sustainable growth and return for investors.

## PEOPLE AND VALUES

We recruit, develop and deploy the best people in the industry

- Embed the right culture; promote our G4S values and sustain strong employee identification with those values
- Embed health and safety behaviors
- Talent acquisition, development and succession planning
- Engage to ensure the best performance
- Incentivize and recognize success

### Key Risks

- Negative impacts on our employees' health and safety
- Our trained and skilled people are hired by competitors or other companies or do not behave in line with the Company's values, resulting in an adverse impact on customer service or those in our care

### KPI

- 100% Reduction in road traffic fatalities since 2018



## CUSTOMER FOCUS AND SERVICE EXCELLENCE

We build long-term customer relationships based upon trust and understanding of customers' businesses and objectives

- Positive demand for manned security services driving revenue growth of 8-10% p.a. in the medium term
- Investment in sales, marketing, account management teams, Salesforce CRM, embed G4S way of selling and contract retention programs

### Key Risks

- Failure to understand customers' changing needs or falling short of customer expectations

### KPI

- BWP 8.8 m Annual contract value of new business won in 2019

## TECHNOLOGY AND INNOVATION

We design, market and deliver innovative, industry-leading technology and services that protect and add value for our customers wherever they operate

- We continue to invest in the resources, skills, and capabilities to develop and deliver technology-enabled security and cash management solutions:
- Secure Solutions – expand and upgrade technology-integration capability
- Cash Solutions – leading bank and retail cash technology

### Key Risks

- Failure to market or deliver our services and technology effectively or failure to deliver adequate value for money



**KPI**

- 8.5% of security revenues were technology-enabled in 2019

**OPERATIONAL EXCELLENCE AND COST LEADERSHIP**

We have safe, secure, reliable and efficient operations

- Operational excellence and efficiency: implement lean, automated processes
- Continue to improve health & safety awareness and performance

**Key Risks**

- Failure to comply with our standards results in harm, loss of

expertise or investment fails to deliver benefit

**KPI**

- Improvement in Manned Guarding Services Adjusted PBIT margin in 2019 compared with 2018

**FINANCIAL AND COMMERCIAL DISCIPLINE**

We manage risk effectively and ensure we provide profitable, cash generative services

- Improved risk management, including contract risk management
- Established and embedded rigorous capital investment

appraisal processes

- Driving improved cash flow
- Capital allocation

**Key Risks**

- Inefficient capital management and failure to comply with the company's risk management standards

**KPI**

Reduction in annual finance costs through alternative use of banks' transactions and settlement modes. Adoption of IFRS16 increased the finance cost in 2019, but going forward this should decline as we manage the fleet usage through optimization of routes with a minimal fleet.

# Corporate Social Investments Report



**Corporate Social Responsibility (CSR)** forms a key part of our business. We are trusted to care for some of the country's most valuable assets and to ensure the safety, protection and welfare of people around, often in difficult or complex environments.

Our CSR approach covers a broad range of areas but we have four material priorities: **Health and Safety, Human Rights, Anti-bribery and Corruption and Community Development.**

## Health and Safety

The safety of our employees and those in our care is one of our corporate values and is a priority for the organisation. G4S recognises and accepts its responsibility to protect the health and safety of its employees and other people affected by its operations by ensuring that reasonable steps are taken to provide and maintain working conditions which are safe and healthy, and which comply with all relevant statutory requirements and codes of practice, within the constraints of the financial and operational business plans.

The company recognises that high standards of health and safety contribute positively to the wellbeing of its staff, the avoidance of injury and the control of financial cost, good corporate governance and the maintenance of legal compliance.

## Human rights

Our respect for human rights is core to the sustainable success of the business and continues to be an important part of our risk assessment and mitigation process. This commitment to equality and fairness for all is of particular significance for a global security company of our scale and diversity. It also sets our expectations for the conduct of all companies in the group, our employees and those with whom we do business.

## Anti-bribery and corruption.

We will continue to develop and encourage a workplace culture in which all employees are clear about the company's standards of ethics and feel confident that they may raise ethical concerns.

## Community Development

G4S has been partnering with the Bhubesi Pride Foundation since 2013, a development through sports initiative, in order to make a sustainable difference to the lives of thousands of children across Africa. The Bhubesi Pride program involves teams of highly qualified coaches and teachers working in nine Africa countries including Botswana, delivering mass participation in sports and educational programs in schools and street communities.

G4S is Bhubesi Pride's lead sponsor and provides in-country support to the project by delivering a range of health, safety, career, life-skills and environmental talks, logistical support, expert security services, legacy projects and distribution of refreshments.

In collaboration with the Botswana Rugby Union and three participating schools, namely Tshwaragano Primary School, Solomon Dihutso Primary School and Therisanyo Primary School, G4S and Bhubesi Pride worked with around 200 children during a week-long session in July 2019. G4S was given the use of the Hogs RFC ground for the day to deliver the rugby coaching and life skills clinic.

G4S continues to take part in partnerships to improve the sustainability of the community by contributing in kind and employee's voluntary participation to the GM Walk in Orapa and Letlhakane for the past 3 years. GM's Walk is an annual 20 km walk held to primarily uplift the socio-economic status of communities within Boteti Sub District. The walk has also seen the construction of eight houses for destitute people at Xere, Khwee, Mokubilo, Musu, Kedia, Mmea, Letlhakane and Mmatshum as well as the construction of a classroom block for pupils with disabilities at Tsienyane Primary School in Rakops.

# 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.

## The Golden Rules of Safety



Always follow your assignment instructions and procedures



Report all incidents, as well as unsafe acts and conditions



Use appropriate Personal Protective Equipment (PPE)



Obtain authorisation before entering a confined space



Treat every firearm as loaded



Check your vehicle before driving



Always wear a seat belt



Do not not speed



Always wear a helmet and high visibility equipment when riding a motorcycle



Do not work or drive under the influence of alcohol or drugs



Take the required breaks when driving



Never use a hand-held mobile telephone whilst driving





**G4S (Botswana) Limited**

## **FINANCIALS**

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**KITSO LEBURU**  
Acting Finance Director



# Finance Director's Report

## BUSINESS OUTLOOK

As the security services industry undergoes rapid transformation and picks up pace towards the widespread use of technology, commoditising the services we offer has become a highlight of our operations. At G4S, we are change leaders on the frontlines of implementing client-focused solutions and establishing shareholder confidence in our brand.

Our 5-year Strategic Focus (2019 to 2024) speaks to five pillars which are: **Employee Engagement, Customer Centricity, Operational Excellence, Cost Containment** and **Profitable Revenue Growth**. Revenue for the business stabilised for the 2019 financial year, with Manned Security Services (MSS) and Electronic Security Solutions (ESS), realising an impressive growth of 10% and 7% respectively. These results have been mainly due to our focus on Operational Excellence, which has resulted in improved Quality of Services (QoS) in these two service lines in 2019.

The backdrop of a harsh economic environment, fuelled largely by aggressive pricing from an ever increasing number of competitors, played its part in undoing gains made and saw a decline in the Cash business due to a decrease in cash in transit (CIT). The Facilities Management service line showed a decrease in revenue due to the cancellation of loss making contracts by G4S. The Cleaning business also showed a major decrease in revenue, driven by the losses of major contracts due to the citizen reservation drive.

## LIQUIDITY/ FINANCIAL POSITION

G4S manages its liquidity on daily trackers, ensuring sufficient funds to cover operational requirements. For the financial year, G4S had no debt either through Group of companies nor through banks, thus a debt ratio of zero.

With the latest management report of Quarter 1, G4S had 1.8 times cash & cash equivalents to the total liabilities.

Total Liabilities/Equity	41,357,159	108,714,367
Total Liabilities/Total Assets	41,357,159	150,071,526
<b>Available Cash:</b>		
Cash at Bank	11,392,798	
Cash available on call with Group	51,569,948	
Overdraft	10,000,000	
	72,962,746	
	1.8X	

## Revenue

0.15 % Neutral

**BWP206.4m**

(2018: BWP206.1m)

## Administrative Expenses

21% Reduction

**BWP39.8m**

(2018: BWP50.1m)

## Manned Guarding PBT

381% Growth

**BWP4.98m**

(2018: BWP1.03m)

## Electronic Security Solutions Revenue

7% Growth

**BWP61.1m**

(2018: BWP57.3m)

## Manned Security Services Revenue

10% Growth

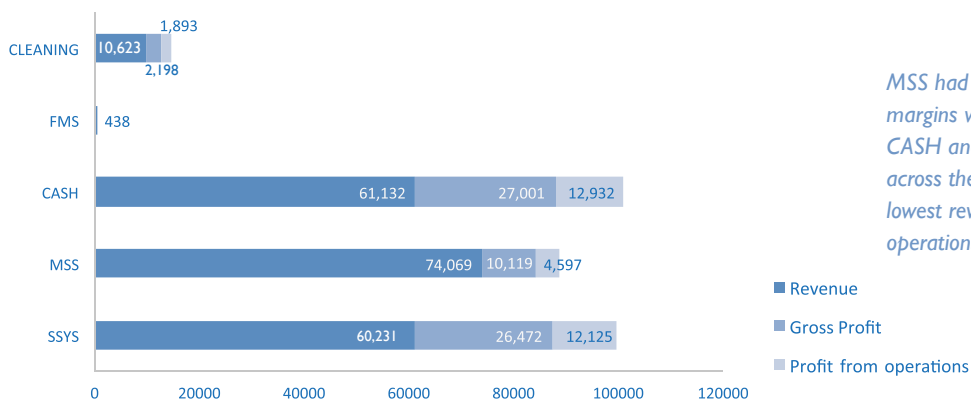
**BWP74.1m**

(2018: BWP67.6m)

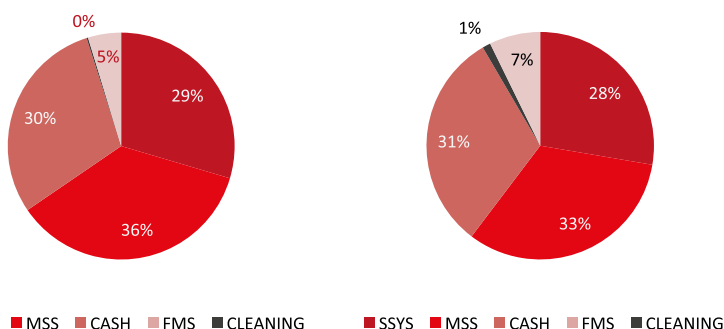
COVID-19, a worldwide virus pandemic that surfaced after the reporting date, has undoubtedly had negative economic disruptions. In response, the Group has compiled cash flow forecasts for the near future and has stress-tested them using a range of possible outcomes for the major impact of the pandemic, based on assessment and available liquid resources, which include:

Cash at bank;

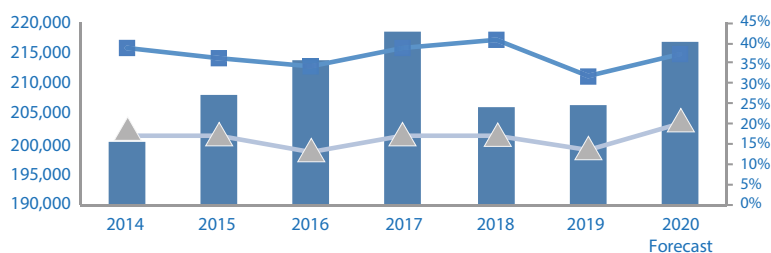
- an unutilized BWP10,000,000 bank overdraft secured with Standard Chartered Bank Botswana Limited; and
- cash invested with G4S PLC Group Treasury, which is callable at the Group's option and – at the date of approving the annual financial statements – exceeded BWP50,000,000.



MSS had the highest revenue for the year, but its margins were squeezed due to market conditions. CASH and ESS had about the same contribution across the variables, while FMS contributed the lowest revenue to both Gross margins and Profit from operations.



Business operations are being focused on the business lines that grow the company and drive the core mandate of the security business. Going forward we will see FMS and Cleaning operating as one centre to streamline and manage efficiency for us to realise growth.



Relatively steady margins over the past 3 years with a dip in the year ending 2019 mainly due to once off operational clean-up adjustments. Our MSS service line showed increase in its PBT mainly due to operational efficiency and great labour management practise last year. The ESS business recorded a major PBT reduction due to the cleaning up of its historically bad debt in the alarm business. Cash business showed a decline in PBT driven by revenue decline. The Cleaning business showed gross margin decline as well as PBT decline, which influenced the group's PBT position.

As we continue to navigate these uncertain waters, we are confident in the consistency of our growth plan and that the investments we have made in training, technology, vehicles and client engagement will keep us on a steady path to prosperity and maintain our position as the leading security services provider in Botswana.



KITSO LEBURU  
Acting Finance Director

# Statement of Directors' Responsibility and Approval

for the year ended 31 December 2019

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 55 - 65.

The Directors have reviewed the Company and Group budget and forecast cash flow for the year to 31 December 2020. 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 2019 and which appear on pages 51 - 98 were authorised for issue by the Board of Directors on 02 May 2020 and were signed on their behalf by:



Chairman



Director



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 2019, 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 ("IFRS").

### **What we have audited**

G4S (Botswana) Limited's consolidated and separate financial statements set out on pages 51 to 98 comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

### *Our audit approach*

#### *Overview*

#### Overall group materiality

P 1,390,000 which represents 5% of consolidated profit before taxation.

#### Group audit scope

The Group consists of the Company and one wholly-owned subsidiary. Full scope audits were performed on both these companies as both are financially significant to the Group.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)

Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena



**Key audit matters**

- *Impairment of Trade Receivables; and*
- *Initial adoption of IFRS 16 (Leases).*

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 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.

<i>Overall group materiality</i>	<i>P 1 390 000.</i>
<i>How we determined it</i>	<i>5% of consolidated profit before taxation.</i>
<i>Rationale for the materiality benchmark applied</i>	<i>We chose consolidated profit before taxation 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 entities in this sector.</i>

**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.

The Group consists of two components, namely the Company and its wholly-owned subsidiary, G4S Facilities Management Botswana (Proprietary) Limited. We performed full scope audits on both components as these are financially significant to the Group. This, together with additional procedures performed on the consolidation, including testing of consolidation journals, intercompany eliminations and goodwill arising on consolidation, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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	How our audit addressed the key audit matter
<p><b>Impairment of Trade Receivables</b></p> <p><i>This key audit matter relates to the consolidated and separate financial statements.</i></p> <p>At 31 December 2019, the Group and Company recognised net trade receivables of P33,837,037 and P32,624,013, respectively. These balances are reported net of impairment of P23,358,170 and P22,305,727, respectively.</p> <p>The Group applies a provisioning matrix as a practical expedient to determine the impairment for trade receivables. Trade receivables have been assessed on a collective basis (for each component) as they possess shared credit risk characteristics and by grouping these based on days past due.</p> <p>Expected loss rates are based on the payment profile of credit sales over the thirty-six months preceding 31 December 2019, as well as corresponding historical credit losses during the period. These rates are then adjusted to reflect current and forward-looking macroeconomic factors, which are likely to impact on customers' ability to settle the outstanding amount.</p> <p>Trade receivables are considered irrecoverable when the customer has not made any payment within 180 days from the date of invoice, made no alternative payment arrangements with the Group and where subsequent external collection efforts (mainly through external debt collection agencies) have failed.</p> <p>In determining the impairment, key judgements were applied by the Group and Company in selecting and applying an appropriate model and in determining the credit losses which are expected to be incurred once it is considered irrecoverable.</p> <p><u>Impairment was considered to be a matter of</u></p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the Group's and Company's impairment model against the requirements of IFRS 9 - <i>Financial Instruments</i> ("IFRS 9") and did not note any inconsistencies.</li> <li>• We tested the mathematical accuracy of the Group's and Company's impairment models and found no exceptions.</li> <li>• We agreed the data utilised in the impairment model at 31 December 2019 to the trade receivables ageing analysis, debt recovery rates achieved through external collection efforts and other information available (such as, correspondence from individual debtors) and found no exceptions.</li> <li>• We challenged assumptions and judgements made in determining the final impairments through discussion with management and our knowledge of the operations as gained through our audit in determining future expected loss rates using forward looking projections. Based on our work performed, we accepted management's assumptions and judgements.</li> <li>• We evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities against the relevant IFRS requirements.</li> </ul>

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>most significance to the year-end audit due the significance of the trade receivable balance, as well as the judgements and estimates applied in determining an appropriate level of impairment.</p> <p>Disclosures with respect to impairment is disclosed in:</p> <ul style="list-style-type: none"> <li>• Note 4 - “Financial instruments and risk management   Credit Risk”; and</li> <li>• Note 22 - “Trade and other receivables”.</li> </ul>	
<p><b>Initial adoption of IFRS 16 - Leases</b></p> <p><i>This key audit matter relates to the consolidated and separate financial statements</i></p> <p>The Group and Company adopted IFRS 16 - Leases (“IFRS 16”) for the first time during the financial year ended 31 December 2019 to recognise, measure, present and disclose leases.</p> <p>In accordance with the requirements of IFRS 16 the Group re-assessed the way in which it accounts for operating leases where it is a lessee.</p> <p>Whereas such leases had previously been accounted for by straight-lining all unavoidable contractual lease payments over the lease term, application of IFRS 16 required the Group and Company to recognise a lease liability reflecting the estimated present value of future lease payments and a right-of-use asset for the majority of such lease agreements.</p> <p>In applying IFRS 16 for the first time, the Group and Company adopted a modified retrospective approach, with the cumulative effect of IFRS 16 being recognised in equity as an adjustment to the opening balance of retained income for the current period. Prior periods have not been restated.</p> <p>At 31 December 2019, the Group and Company recognised right-of-use assets and lease liabilities in the amounts of P17,707,353 and P23,050,915, respectively.</p> <p>In determining the appropriate amounts and balances to apply in the application of IFRS 16, the Group and Company made use of an automated calculation model (the “IFRS 16</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We compared the Group’s and Company’s IFRS 16 written adoption guidance, and how this was applied in the IFRS 16 Model, against the requirements of IFRS 16. We did not note any inconsistencies in this regard.</li> <li>• We tested the completeness of individual lease agreements included in the IFRS 16 Model, by comparing these to <ul style="list-style-type: none"> <li>○ lease contract statements for the current and preceding financial periods obtained from the Group’s and Company’s vehicle lease service provider; and</li> <li>○ transactions included in accounts the Group and Company have historically used to record operating lease payments.</li> </ul> <p>Our procedures identified certain lease agreements, which were excluded from the IFRS 16 Model. These exceptions were satisfactorily addressed by the Group and Company during our audit and have been correctly taken into account in the Group’s and Company’s final accounting for IFRS 16.</p> </li> <li>• We tested observable data inputs included in the IFRS 16 Model to underlying lease agreements on a sample basis and assessed whether such inputs were consistent with the underlying requirements of IFRS 16. <u>Discrepancies noted were appropriately</u></li> </ul>



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Model”).</p> <p>Based on observable data inputs, including:</p> <ul style="list-style-type: none"> <li>• date of inception of each lease;</li> <li>• lease period;</li> <li>• value and timing of lease payments; and</li> <li>• the Group’s estimate of its incremental borrowing rate,</li> </ul> <p>the IFRS 16 Model was used to measure the right-of-use asset and lease liability associated with each lease identified by the Group and Company. Such measurements informed the Group’s and Company’s accounting for IFRS 16 at initial application, during the financial year and at 31 December 2019.</p> <p>The adoption of IFRS 16 was considered to be of most significance to the current year audit due to the first-time adoption of IFRS 16, the relative complexity of measurement calculations included in the IFRS 16 Model and implicit requirement for completeness, accuracy and reasonableness of data input into the IFRS 16 Model.</p> <p>Disclosures with respect to the application of IFRS 16 are disclosed in:</p> <ul style="list-style-type: none"> <li>• Note 2 “Changes in accounting policy”; and</li> <li>• Note 15 “Right-of-use asset”, including lease liabilities.</li> </ul>	<p>addressed by the Group, where necessary and have been correctly taken into account in the Group’s and Company’s final accounting for IFRS 16.</p> <ul style="list-style-type: none"> <li>• We compared the Group’s and Company’s estimate of its incremental borrowing rate as included in the IFRS 16 model to the prevailing prime bank rate and lending rate premiums which, in our experience, are offered in the market for entities like the Group. Based on our work performed we accepted the Group’s and Company’s estimate.</li> <li>• We tested the mathematical accuracy of the IFRS 16 Model and found no exceptions.</li> <li>• We agreed outputs from the IFRS 16 Model to the relevant balances and amounts in the consolidated and separate financial statements without any material exception.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled “G4S (Botswana) Limited Consolidated and Separate Financial Statements for the year ended 31 December 2019”, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “G4S (Botswana) Limited 2019 Annual Report”, which is expected to be made available to us after that date. The 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 IFRS 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 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

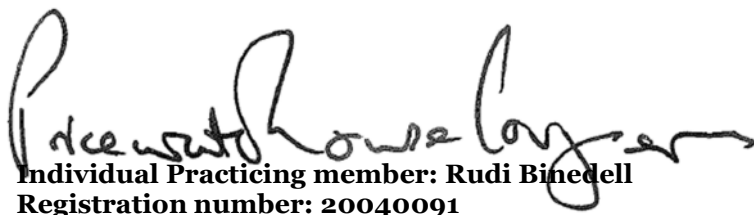


statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



**Individual Practicing member: Rudi Binedell**  
**Registration number: 20040091**

**Gaborone**  
**4 May 2020**

# Consolidated and Separate Statements of Comprehensive Income

for the year ended 31 December 2019

	Note	GROUP		COMPANY	
		2019 Pula	2018 Pula	2019 Pula	2018 Pula
Revenue	5	206 492 032	206 175 249	196 731 913	192 087 652
Cost of goods sold	6	(7 650 368)	(9 958 652)	(6 777 287)	(7 736 203)
Cost of providing services	6	(133 099 325)	(112 067 277)	(126 410 607)	(104 929 490)
<b>Gross profit</b>		<b>65 742 339</b>	<b>84 149 320</b>	<b>63 544 019</b>	<b>79 421 959</b>
Other income	7	895 617	1 696 771	895 617	1 696 771
Administrative expenses	9	(39 813 090)	(50 080 868)	(39 507 443)	(47 721 000)
<b>Operating profit</b>	<b>8</b>	<b>26 824 866</b>	<b>35 765 223</b>	<b>24 932 193</b>	<b>33 397 730</b>
Finance income	10	3 211 493	3 092 871	3 198 794	3 092 836
Finance costs	11	(2 194 840)	(15 275)	(2 194 840)	(15 275)
<b>Profit before taxation</b>		<b>27 841 519</b>	<b>38 842 819</b>	<b>25 936 147</b>	<b>36 475 291</b>
Taxation	12	(7 721 231)	(9 337 146)	(7 037 359)	(8 810 551)
<b>Profit for the year</b>		<b>20 120 288</b>	<b>29 505 673</b>	<b>18 898 788</b>	<b>27 664 740</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>20 120 288</b>	<b>29 505 673</b>	<b>18 898 788</b>	<b>27 664 740</b>
<b>Profit attributable to:</b>					
Owners of the parent of the company		19 778 268	29 100 668	18 898 788	27 664 740
Non-controlling interest		342 020	405 005	-	-
		<b>20 120 288</b>	<b>29 505 673</b>	<b>18 898 788</b>	<b>27 664 740</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		19 778 268	29 100 668	18 898 788	27 664 740
Non-controlling interest		342 020	405 005	-	-
		<b>20 120 288</b>	<b>29 505 673</b>	<b>18 898 788</b>	<b>27 664 740</b>
<b>Earnings per share from continuing operations attributable to the ordinary equity holders of the company</b>					
<b>Per share information</b>					
Basic and diluted earnings per share (thebe)	13	24.72	36.38	23.62	34.58

# Consolidated and Separate Statements of Financial Position

As at 31 December 2019

	Note	GROUP		COMPANY	
		2019 Pula	2018 Pula	2019 Pula	2018 Pula
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	14	12 742 840	12 231 396	12 387 297	11 863 371
Right-of-use assets	15	17 707 353	-	17 707 353	-
Goodwill	16	18 066 102	18 066 102	9 715 123	9 715 123
Investments in subsidiaries	17	-	-	7 444 017	7 444 017
Deferred tax	20	2 359 181	1 445 938	2 166 999	1 283 935
		<b>50 875 476</b>	<b>31 743 436</b>	<b>49 420 789</b>	<b>30 306 446</b>
<b>Current Assets</b>					
Inventories	21	4 451 604	2 231 042	3 959 853	1 371 995
Amounts due from related parties	18	51 148 713	47 827 449	51 148 713	65 810 452
Trade and other receivables	22	34 904 770	31 447 159	33 619 008	29 457 936
Current tax receivable		3 254 748	47 125	2 793 706	-
Cash and cash equivalents	23	18 862 793	35 870 126	17 557 224	16 531 441
		<b>112 622 628</b>	<b>117 422 901</b>	<b>109 078 504</b>	<b>113 171 824</b>
<b>Total Assets</b>		<b>163 498 104</b>	<b>149 166 337</b>	<b>158 499 293</b>	<b>143 478 270</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
<b>Equity Attributable to Equity Holders of Parent</b>					
Stated capital	24	1 804 557	1 804 557	1 804 557	1 804 557
Retained income		100 096 267	105 461 101	94 680 176	100 924 490
		101 900 824	107 265 658	96 484 733	102 729 047
Non-controlling interest		2 355 088	2 013 068	-	-
		<b>104 255 912</b>	<b>109 278 726</b>	<b>96 484 733</b>	<b>102 729 047</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Lease liabilities	15	10 584 455	-	10 584 455	-
Deferred operating lease obligations	19	-	1 966 125	-	1 966 125
		<b>10 584 455</b>	<b>1 966 125</b>	<b>10 584 455</b>	<b>1 966 125</b>
<b>Current Liabilities</b>					
Trade and other payables	26	26 399 672	27 199 001	25 300 151	25 479 538
Amounts due to related parties	25	9 791 605	9 926 289	13 663 494	12 507 364
Lease liabilities	15	12 466 460	-	12 466 460	-
Deferred operating lease obligations	19	-	254 602	-	254 602
Current tax payable		-	541 594	-	541 594
		<b>48 657 737</b>	<b>37 921 486</b>	<b>51 430 105</b>	<b>38 783 098</b>
<b>Total Liabilities</b>		<b>59 242 192</b>	<b>39 887 611</b>	<b>62 014 560</b>	<b>40 749 223</b>
<b>Total Equity and Liabilities</b>		<b>163 498 104</b>	<b>149 166 337</b>	<b>158 499 293</b>	<b>143 478 270</b>

# Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2019

## GROUP

	Stated Capital P	Dividend Reserve P	Retained Income P	Total P	Non controlling interest P	Total Equity P
<b>Balance at 31 December 2017</b>	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)
<b>Balance at 01 January 2018</b>	<b>1 804 557</b>	<b>9 600 000</b>	<b>85 088 433</b>	<b>96 492 990</b>	<b>1 608 063</b>	<b>98 101 053</b>
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)
<b>Balance at 31 December 2018</b>	<b>1 804 557</b>	<b>-</b>	<b>105 461 101</b>	<b>107 265 658</b>	<b>2 013 068</b>	<b>109 278 726</b>
Opening balance as previously reported	1 804 557	-	105 461 101	107 265 658	2 013 068	109 278 726
Adjustments						
IFRS 16 adoption - change in accounting policy	-	-	(4 696 435)	(4 696 435)	-	(4 696 435)
Deferred tax adjustment on adoption of IFRS 16	-	-	1 033 333	1 033 333	-	1 033 333
<b>Balance at 1 January 2019</b>	<b>1 804 557</b>	<b>-</b>	<b>101 797 999</b>	<b>103 602 556</b>	<b>2 013 068</b>	<b>105 615 624</b>
Profit for the year	-	-	19 778 268	19 778 268	342 020	20 120 288
Other comprehensive income	-	-	-	-	-	-
Dividends paid	-	-	(21 480 000)	(21 480 000)	-	(21 480 000)
<b>Balance at 31 December 2019</b>	<b>1 804 557</b>	<b>-</b>	<b>100 096 267</b>	<b>101 900 824</b>	<b>2 355 088</b>	<b>104 255 912</b>

## COMPANY

	Stated Capital P	Dividend Reserve P	Retained Income P	Total P	Non controlling interest P	Total Equity P
<b>Balance at 31 December 2017</b>	1 804 557	9 600 000	84 309 144	95 713 701	-	95 713 701
Adjustments						
Adjustment from the adoption of IFRS 9 net of deferred tax	-	-	(2 321 394)	(2 321 394)	-	(2 321 394)
<b>Balance at 01 January 2018 as restated</b>	<b>1 804 557</b>	<b>9 600 000</b>	<b>81 987 750</b>	<b>93 392 307</b>	<b>-</b>	<b>93 392 307</b>
Profit for the year	-	-	27 664 740	27 664 740	-	27 664 740
Other comprehensive income	-	-	-	-	-	-
Dividends paid	-	(9 600 000)	(8 728 000)	(18 328 000)	-	(18 328 000)
<b>Balance at 31 December 2018</b>	<b>1 804 557</b>	<b>-</b>	<b>100 924 490</b>	<b>102 729 047</b>	<b>-</b>	<b>102 729 047</b>
Opening balance as previously reported	1 804 557	-	100 924 490	102 729 047	-	102 729 047
Adjustments						
IFRS 16 adoption - change in accounting policy	-	-	(4 696 435)	(4 696 435)	-	(4 696 435)
Deferred tax adjustment on adoption of IFRS 16	-	-	1 033 333	1 033 333	-	1 033 333
<b>Balance at 1 January 2019</b>	<b>1 804 557</b>	<b>-</b>	<b>97 261 388</b>	<b>99 065 945</b>	<b>-</b>	<b>99 065 945</b>
Profit for the year	-	-	18 898 788	18 898 788	-	18 898 788
Other comprehensive income	-	-	-	-	-	-
Dividends paid	-	-	(21 480 000)	(21 480 000)	-	(21 480 000)
<b>Balance at 31 December 2019</b>	<b>1 804 557</b>	<b>-</b>	<b>94 680 176</b>	<b>96 484 733</b>	<b>-</b>	<b>96 484 733</b>

# Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2019

	Note	GROUP		COMPANY	
		2019 Pula	2018 Pula	2019 Pula	2018 Pula
<b>Cash flows from operating activities</b>					
Cash flows generated from operations	27	36 366 771	40 315 799	53 181 198	22 706 396
Finance costs		(2 194 840)	(15 275)	(2 194 840)	(15 275)
Taxation paid	29	(11 350 358)	(10 166 606)	(10 222 390)	(9 187 509)
<b>Net cash flows generated from operating activities</b>		<b>22 821 573</b>	<b>30 133 918</b>	<b>40 763 968</b>	<b>13 503 612</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	14	(6 418 492)	(4 156 448)	(6 282 811)	(4 156 448)
Sale of property, plant and equipment		388 468	407 067	356 207	407 067
Interest Income		25 073	29 034	12 374	28 999
<b>Net cash flows utilised in investing activities</b>		<b>(6 004 951)</b>	<b>(3 720 347)</b>	<b>(5 914 230)</b>	<b>(3 720 382)</b>
<b>Cash flows from financing activities</b>					
Payment on lease liabilities		(12 343 955)	-	(12 343 955)	-
Dividends paid	30	(21 480 000)	(18 328 000)	(21 480 000)	(18 328 000)
<b>Net cash flows utilised in financing activities</b>		<b>(33 823 955)</b>	<b>(18 328 000)</b>	<b>(33 823 955)</b>	<b>(18 328 000)</b>
<b>Movement in cash and cash equivalents</b>		<b>(17 007 333)</b>	<b>8 085 571</b>	<b>1 025 783</b>	<b>(8 544 770)</b>
Cash and cash equivalents at the beginning of the year		35 870 126	27 784 555	16 531 441	25 076 211
<b>Total cash and cash equivalents at the end of the year</b>	<b>23</b>	<b>18 862 793</b>	<b>35 870 126</b>	<b>17 557 224</b>	<b>16 531 441</b>

# Significant Accounting Policies

for the year ended 31 December 2019

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

## I. SIGNIFICANT 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 2 May 2020.

### I.1 BASIS OF PREPARATION

The 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.

### I.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based

## Significant Accounting Policies (continued)

for the year ended 31 December 2019

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

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 16) 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 to note 16).

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 spent 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 PROPERTY, PLANT AND EQUIPMENT

Property, 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.



## Significant Accounting Policies (continued)

for the year ended 31 December 2019

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.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of property, 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 & equipment	Straight line	3 - 10 years
Motor vehicles & accessories	Straight line	5 years
Radio and alarm equipment	Straight line	2 - 10 years

The residual values of property, 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 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 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 which are adopted by the group, as applicable, are as follows:

#### 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

#### Financial liabilities:

- Amortised cost; or

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 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 (refer to note 18) 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 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.

## Significant Accounting Policies (continued)

for the year ended 31 December 2019

### 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 (refer to note 10).

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

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

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 considers 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

# Significant Accounting Policies (continued)

for the year ended 31 December 2019

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 (refer to note 8).

## Credit risk

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

## Trade and other receivables

### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (refer to 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.

### 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, and subsequently measured at amortised cost.

The amortised cost is the amount initially recognised on the receivable, 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.

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.

## Significant Accounting Policies (continued)

for the year ended 31 December 2019

### 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.

### Credit risk

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

### Trade and other payables

#### Classification

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (refer to 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 (refer to 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 comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash is measured at fair value.

# Significant Accounting Policies (continued)

for the year ended 31 December 2019

Bank overdrafts are measured at amortised costs, using the effective interest rate method

## 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 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

## Significant Accounting Policies (continued)

for the year ended 31 December 2019

- 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.

#### Termination 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.

### 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.

# Significant Accounting Policies (continued)

for the year ended 31 December 2019

## 1.14 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 (refer to note 32). 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 32.

## 1.15 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.

## 1.16 LEASES (IFRS 16)

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

## Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (refer to note 8) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 15 Leases (group as lessee).

## Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

## Significant Accounting Policies (continued)

for the year ended 31 December 2019

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 11).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over

the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

### 1.17 LEASES (COMPARATIVES UNDER IAS 17)

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 2019

### 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 preacquisition 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.

### 1.19 ROUNDING OFF AMOUNTS

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

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## 2. CHANGES IN ACCOUNTING POLICY

The 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 standard.

### IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application, but instead to apply the requirements of IFRS 16 to contracts that were previously identified as leases under IAS 17 and IFRIC 4 and not to apply the requirements of IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

On transition, for leases previously accounted for under IAS 17, Management opted to use the optional transitional relief which allows both lessees and lessors to rely on the leases previously identified under IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The definition of a lease under IFRS 16 will apply to leases entered into after the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 8.25%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2019:

	Buildings	Motor vehicles	Deferred tax	Total
Right-of-use assets recognised on 1 January 2019	8 891 932	19 585 776	-	28 477 708
Lease liabilities recognised 1 January 2019	(15 140 815)	(20 254 055)	-	(35 394 870)
Deferred lease provision under IAS 17 derecognised at 1 January 2019	2 220 727	-	-	2 220 727
Deferred tax recognised 1 January 2019	-	-	1 033 333	1 033 333
<b>Net amount debited to retained Income at 1 January 2019</b>	<b>(4 028 156)</b>	<b>(668 279)</b>	<b>1 033 333</b>	<b>(3 663 102)</b>

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

for the year ended 31 December 2019

	<b>Recognition adjustments</b>
Operating lease commitments disclosed as at 31 December 2018 and extensions as determined under IFRS 16	21 993 994
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(643 571)
Add/(less): contracts reassessed as lease contracts	14 044 447
	-
<b>Lease liability recognised as at 1 January 2019</b>	<b>35 394 870</b>
<b>Of which are:</b>	
Current lease liabilities	13 627 009
Non-current lease liabilities:	21 767 861
	<b>35 394 870</b>

## 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:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Impact of the Standard/Interpretation</b>
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	No material impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	No material impact
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	No material impact
• Uncertainty over Income Tax Treatments	01 January 2019	No material impact
• IFRS 16 Leases	01 January 2019	The impact of the standard is set out in <a href="#">note 2</a> Change 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 2020 or later periods.

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Impact of the Standard/Interpretation</b>
• Definition of a business - Amendments to IFRS 3: Business Combinations	01 January 2020	No material impact
• Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	01 January 2020	No material impact

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## 4. FINANCIAL INSTRUMENTS 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.

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>Financial assets</b>				
Trade receivables	33 837 037	28 857 282	32 624 013	26 912 752
Other receivables	850 664	1 141 648	777 926	1 096 955
Amounts due from related parties	51 148 713	47 827 449	51 148 713	65 810 452
Cash and cash equivalents	18 862 793	35 870 126	17 557 224	16 531 441
	<b>104 699 207</b>	<b>113 696 505</b>	<b>102 107 876</b>	<b>110 351 600</b>
<b>Financial liabilities</b>				
Trade payables	6 639 846	10 604 492	6 194 193	10 050 595
Other payables	5 685 609	2 463 823	5 677 214	2 283 563
Amounts due to related parties	9 791 605	9 926 289	13 663 494	12 507 364
	<b>22 117 060</b>	<b>22 994 604</b>	<b>25 534 901</b>	<b>24 841 522</b>

### 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.

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

for the year ended 31 December 2019

In doing so the Group and Company have estimated credit losses at write-off to be equal to 41% and 41% of defaulted amounts, respectively.

These have resulted in an impairment loss allowance of P23 358 170 and P22 305 727, respectively for Group and Company. The assessment of expected credit losses for the Group and Company will increase by P485 147 and P468 617, 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 P510 122 and P493 345, 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 during the first 180 days after date of invoice; and
- alternative collection efforts (mainly through external debt collection agencies), initiated once the invoice has been outstanding for more than 180 days, have failed.

On the above basis the expected credit loss for trade receivables as at 31 December 2019 and 31 December 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.

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

		GROUP		COMPANY	
		2019 P	2018 P	2019 P	2018 P
Trade receivables (net of impairment)	Not rated	33 837 037	28 857 282	32 624 013	26 912 752
Other receivables	Not rated	850 664	1 141 648	777 926	1 096 955
Amounts due from related parties	Not rated	51 148 713	47 827 449	51 148 713	65 810 452
Cash and cash equivalents	Not rated	18 862 793	35 870 126	17 557 224	16 531 441
		<b>104 699 207</b>	<b>113 696 505</b>	<b>102 107 876</b>	<b>110 351 600</b>

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:

Fully performing	25 963 368	11 719 230	25 604 977	11 080 863
Past due not impaired	8 941 822	15 676 987	8 269 514	14 217 951
Impaired	22 290 017	22 149 996	21 055 249	20 378 856
	<b>57 195 207</b>	<b>49 546 213</b>	<b>54 929 740</b>	<b>45 677 670</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>Aging of trade receivables</b>				
Fully performing	25 963 368	11 719 230	25 604 977	11 080 863
Past due 31-90 days	4 915 037	7 628 038	4 340 671	6 756 756
Past due 91 -180	4 026 784	8 048 949	3 928 843	7 461 195
Past due more than 180 days	22 290 018	22 149 996	21 055 249	20 378 856
Total gross receivables	57 195 207	49 546 213	54 929 740	45 677 670
<b>Less impairment on receivables:</b>				
Impairment loss allowance	(23 358 170)	(20 688 931)	(22 305 727)	(18 764 918)
<b>Net trade receivables</b>	<b>33 837 037</b>	<b>28 857 282</b>	<b>32 624 013</b>	<b>26 912 752</b>

The impairment accrual consists of all impaired gross trade receivables net of value added tax (VAT) of 12% charged on the trade receivables.

## Movement in impairment allowance:

Opening balance of the year	20 688 931	11 725 547	18 764 918	10 986 082
Amounts recovered	(150 655)	-	-	-
Additional impairment recognised during the year	3 768 233	5 302 939	3 540 809	4 802 690
Provisions reversed on settled trade receivables	(948 339)	-	-	-
Adjustments on application of IFRS 9	-	3 660 445	-	2 976 146
<b>Balance at the end of the year</b>	<b>23 358 170</b>	<b>20 688 931</b>	<b>22 305 727</b>	<b>18 764 918</b>

## 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.

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

for the year ended 31 December 2019

	GROUP		COMPANY		
	2019 P	2018 P	2019 P	2018 P	
<b>GROUP - 2019</b>			<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Contractual cash flows</b>
<b>Non-current liabilities</b>					
Lease liabilities		-	10 584 455		10 584 455
<b>Current liabilities</b>					
Trade payables	26	6 639 846	-		6 639 846
Amounts due to related parties	25	9 791 605	-		9 791 605
Lease liabilities		12 466 460	-		12 466 460
Other payables	26	5 685 609	-		5 685 609
		<b>34 583 520</b>	<b>10 584 455</b>		<b>45 167 975</b>

<b>GROUP - 2018</b>			<b>Within 1 year</b>	<b>Contractual cash flows</b>
<b>Current liabilities</b>				
Trade payables	26	10 604 492		10 604 492
Amounts due to related parties	25	9 926 289		9 926 289
Other payables	26	2 463 823		2 463 823
		<b>22 994 604</b>		<b>22 994 604</b>

<b>COMPANY - 2019</b>			<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Contractual cash flows</b>
<b>Non-current liabilities</b>					
Lease liabilities		-	10 584 455		10 584 455
<b>Current liabilities</b>					
Trade payables	26	6 194 193	-		6 194 193
Amounts due to related parties	25	13 663 494	-		13 663 494
Lease liabilities		12 466 460	-		12 466 460
Other payables	26	5 677 214	-		5 677 214
		<b>38 001 361</b>	<b>10 584 455</b>		<b>48 585 816</b>

<b>COMPANY - 2018</b>			<b>Within 1 year</b>	<b>Contractual cash flows</b>
<b>Current liabilities</b>				
Trade payables	26	10 050 595		10 050 595
Amounts due to related parties	25	12 507 364		12 507 364
Other payables	26	2 283 563		2 283 563
		<b>24 841 522</b>		<b>24 841 522</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>Foreign currency risk</b>				
<b>Exchange rates</b>				
Year end translation rate (ZAR/BW)	1.3179	1.3406	1.3179	1.3406
Year end translation rate (USD/BW)	0.0943	0.0932	0.0943	0.0932
Year end translation rate (NAD/BW)	1.3179	-	1.3179	-
Year end translation rate (GBP/BW)	0.0711	-	0.0711	-

The Group is exposed to currency risk mainly the Namibian Dollar (NAD), British Pound (GBP), 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 NAD at the reporting date were NAD1 45 928: P1 10 726 (2018: Nil), GBP at the reporting date were GBP73: P1 030 (2018: Nil), ZAR at the reporting date were R1 661 347: P1 260 580 (2018: R4 601 981: P3 094 810), payable in USD at the reporting date were USD173 641: P 1 841 953 (2018: USD 362 714: P3 891 794).

A 10 percent strengthening of the Botswana Pula against the Namibia Dollar (NAD) at the reporting date would have increased the company's profit before taxation by P11 073 (2018: PNil). A 10 percent strengthening of the Botswana Pula against the British Pound at the reporting date would have increased the company's profit before taxation by P103 (2018: PNil). 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 P126 058 (2018: P282 899). 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 P184 195 (2018: P 353 799).

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	2019	2019	2018	2018
Increase or decrease in rate by 10%	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
ZAR/BWP	(126 058)	126 058	(292 889)	292 889
USD/BWP	(184 195)	184 195	(353 799)	353 799
GBP/BWP	-103	103	-	-
NAD/BWP	(11 073)	11 073	-	-
	<b>(321 429)</b>	<b>321 429</b>	<b>(646 688)</b>	<b>646 688</b>

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



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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
The gearing ratios at 31 December 2019 and 31 December 2018 were as follows;				
Total borrowings	-	-	-	-
Cash and cash equivalents	23 (18 862 793)	(35 870 126)	(17 557 224)	(16 531 441)
<b>Net debt</b>	<b>(18 862 793)</b>	<b>(35 870 126)</b>	<b>(17 557 224)</b>	<b>(16 531 441)</b>
Equity	104 255 912	109 278 726	96 484 733	102 729 047
Gearing ratio	0.00%	0.00%	0.00%	0.00%

## 5. REVENUE

### Revenue from contracts with customers

Sale of goods	7 567 383	8 218 411	7 567 383	8 218 411
Rendering of services	198 924 649	197 956 838	189 164 530	183 869 241
	206 492 032	206 175 249	196 731 913	192 087 652

### Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

#### Sale of goods

Alarm equipment sales	2 649 756	3 241 052	2 649 756	3 241 052
Cash solutions - seals sales	4 706 243	4 760 067	4 706 243	4 760 067
Cash solutions - zip and key sales	211 384	217 292	211 384	217 292
	<b>7 567 383</b>	<b>8 218 411</b>	<b>7 567 383</b>	<b>8 218 411</b>

#### Rendering of services

Rental services	519 892	1 288 868	-	708 556
Cleaning services	9 240 227	13 833 211	-	325 926
Alarm monitoring and response services	56 410 152	50 998 530	56 410 152	50 998 530
Cash services -deposits, ATM, CIT, courier, courier box and cash centre	56 214 330	59 778 343	56 214 330	59 778 343
Accounting and facility management services	437 603	876 932	437 603	876 932
Casual guarding services	1 476 745	1 375 033	1 476 745	1 375 033
Systems installations services	1 218 089	1 454 237	1 218 089	1 454 237
Systems repairs and maintenance services	815 539	2 140 603	815 539	2 140 603
Guarding statics services	72 592 072	66 211 081	72 592 072	66 211 081
	<b>198 924 649</b>	<b>197 956 838</b>	<b>189 164 530</b>	<b>183 869 241</b>
<b>Total revenue from contracts with customers</b>	<b>206 492 032</b>	<b>206 175 249</b>	<b>196 731 913</b>	<b>192 087 652</b>

### Timing of revenue recognition

#### At a point in time

Sale of goods	(7 567 383)	(8 218 411)	(7 567 383)	(8 218 411)
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#### Over time

Rendering of services	(198 924 649)	(197 956 838)	(189 164 530)	(183 869 241)
<b>Total revenue from contracts with customers</b>	<b>(206 492 032)</b>	<b>(206 175 249)</b>	<b>(196 731 913)</b>	<b>(192 087 652)</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>6. COST OF SALES</b>				
Sale of goods	7 650 368	9 958 652	6 777 287	7 736 203
<b>Rendering of services:</b>				
Rendering of services: Employee costs	92 203 475	83 373 127	86 373 331	75 614 653
Rendering of services: Depreciation/amortisation	15 564 556	5 111 229	15 451 377	4 904 242
Rendering of services: Expenses	25 331 294	23 582 921	24 585 899	24 410 595
	<b>140 749 693</b>	<b>122 025 929</b>	<b>133 187 894</b>	<b>112 665 693</b>

## Rendering of services: Employee costs

Employee costs - salaried staff	92 203 475	83 373 127	86 373 331	75 614 653
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## Rendering of services: Depreciation/amortisation

Property, plant and equipment	4 794 200	5 111 229	4 681 021	4 904 242
Right-of-use assets	10 770 356	-	10 770 356	-
	<b>15 564 556</b>	<b>5 111 229</b>	<b>15 451 377</b>	<b>4 904 242</b>

## Rendering of services: Expenses

Customer claims	751 875	621 901	768 475	257 447
Data, fixed line and mobile costs	1 519 567	873 808	1 524 529	872 562
Fines and penalties	255 846	3 777	255 846	3 777
Goods transportation	464 384	236 634	464 384	236 634
Indirect manufacturing expenses	2 348 548	2 599 687	2 348 548	2 599 687
Insurance vehicles	1 698 620	1 668 159	1 652 089	1 589 830
Lease rentals on operating lease	1 680 036	4 112 569	1 730 005	4 065 398
Motor vehicle expenses	8 474 572	8 310 521	8 396 844	8 105 737
Other expenses - cleaning services	513 202	510 123	-	-
Other expenses - manned security and facility management services	3 051 190	1 531 580	3 051 190	1 531 580
Other expenses - security systems	798 500	32 432	798 500	983 385
Property costs	-	918 017	-	918 017
Purchase cost variance	-	(1 059 908)	-	-
Radio and software licenses	845 167	646 098	871 980	612 273
Training and recruitment costs	247 759	214 279	244 240	214 279
Travel and accommodation expenses	330 934	63 257	310 012	62 890
Uniforms and related equipment	2 351 094	2 299 987	2 169 257	2 357 099
	<b>25 331 294</b>	<b>23 582 921</b>	<b>24 585 899</b>	<b>24 410 595</b>

## 7. OTHER INCOME

Insurance claims received	1 165 435	1 389 669	1 165 435	1 389 669
Profit on disposal of plant and equipment	356 207	332 305	356 207	332 305
Foreign exchange loss	(626 025)	(25 203)	(626 025)	(25 203)
	<b>895 617</b>	<b>1 696 771</b>	<b>895 617</b>	<b>1 696 771</b>

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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P
<b>8. OPERATING PROFIT</b>				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	749 261	738 586	688 499	653 086
<b>Remuneration, other than to employees</b>				
Administrative and managerial services	640 484	609 375	640 484	609 375
Consulting and professional services	2 303 874	1 448 337	2 207 150	1 404 513
Secretarial services	232 821	192 075	232 821	192 075
	<b>3 177 179</b>	<b>2 249 787</b>	<b>3 080 455</b>	<b>2 205 963</b>
<b>Employee costs</b>				
Salaries, wages, bonuses and other benefits	82 130 229	77 796 505	76 083 356	69 290 305
Defined contribution expense	2 852 809	2 937 308	2 843 869	2 898 693
Other benefits	23 722 131	22 114 262	23 621 835	21 853 318
<b>Total employee costs</b>	<b>108 705 169</b>	<b>102 848 075</b>	<b>102 549 060</b>	<b>94 042 316</b>
Employee costs included in cost of rendering services	(92 203 475)	(83 373 127)	(86 373 331)	(75 614 653)
<b>Total employee costs expensed</b>	<b>16 501 694</b>	<b>19 474 948</b>	<b>16 175 729</b>	<b>18 427 663</b>
<b>Average number of persons employed during the year</b>				
Number of employees	2 837	2 658	2 650	2 348
<b>Directors emoluments including administrative expenses and are analysed as follows:</b>				
Non executive directors fees	514 064	411 000	514 064	411 000
Executive directors for management services	3 476 663	4 797 172	3 476 663	4 797 172
	<b>3 990 727</b>	<b>5 208 172</b>	<b>3 990 727</b>	<b>5 208 172</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>9. ADMINISTRATIVE EXPENSES</b>				
Audit fees	749 261	738 586	688 499	653 086
Bad debts	6 960 095	5 302 445	6 736 444	4 802 694
Bank charges	771 231	689 461	743 563	657 123
Cleaning fees	(22 863)	542 232	839 624	527 609
Depreciation	1 238 909	1 033 522	1 236 186	1 030 739
Consulting fees	1 130 984	334 689	1 034 260	290 865
Electricity	793 541	732 232	793 541	732 232
Employee costs	16 501 694	19 474 948	16 175 729	18 427 663
Fines and penalties	248 634	407 880	10 779	465 098
Goods transportation	912 097	235 973	912 097	235 973
Insurance	501 632	527 789	501 632	527 789
Legal and professional fees	1 172 890	1 113 648	1 172 890	1 113 648
Listing fees	133 520	561 219	133 520	561 219
Office expenses	733 033	365 873	730 594	373 628
Premises and motor vehicle	664 007	6 872 173	270 580	6 389 327
Printing and stationery	718 626	1 144 057	718 626	1 143 981
Repairs and maintenance	787 645	291 757	557 195	291 757
Restructuring costs	-	3 163 867	-	3 107 638
Royalties	1 976 174	2 174 477	1 976 174	2 174 477
Secretarial fees	232 821	192 075	232 821	192 075
Security	777 992	334 861	777 992	334 861
Telephone and fax	1 941 944	1 277 028	1 951 425	1 164 365
Other expenses	889 223	2 570 076	1 313 272	2 523 153
	<b>39 813 090</b>	<b>50 080 868</b>	<b>39 507 443</b>	<b>47 721 000</b>

## 10. FINANCE INCOME

### Income from investments Investments in financial assets:

Interest received - bank	25 073	29 034	12 374	28 999
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### Loans to related companies

Interest received - related party	3 186 420	3 063 837	3 186 420	3 063 837
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<b>Total interest income</b>	<b>3 211 493</b>	<b>3 092 871</b>	<b>3 198 794</b>	<b>3 092 836</b>
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## 11. FINANCE COSTS

Interest on lease liabilities	2 141 967	-	2 141 967	-
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Bank overdraft	-	15 275	-	15 275
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Other interest paid	52 873	-	52 873	-
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<b>Total finance costs</b>	<b>2 194 840</b>	<b>15 275</b>	<b>2 194 840</b>	<b>15 275</b>
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# Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P
<b>12. TAXATION</b>				
<b>Major components of the tax expense</b>				
<b>Current</b>				
Basic company tax	7 142 088	8 736 768	6 887 090	8 234 399
Basic company tax - recognised in current tax for prior periods	459 053	-	-	-
	<b>7 601 141</b>	<b>8 736 768</b>	<b>6 887 090</b>	<b>8 234 399</b>
<b>Deferred</b>				
Originating and reversing temporary differences	(901 321)	600 378	(1 104 672)	576 152
Originating and reversing temporary differences from prior periods adjusted in the current year	1 021 411	-	1 254 941	-
	<b>120 090</b>	<b>600 378</b>	<b>150 269</b>	<b>576 152</b>
	<b>7 721 231</b>	<b>9 337 146</b>	<b>7 037 359</b>	<b>8 810 551</b>
<b>Reconciliation of the tax expense</b>				
Reconciliation between accounting profit and tax expense.				
<b>Accounting profit</b>	<b>27 841 519</b>	<b>38 842 819</b>	<b>25 936 147</b>	<b>36 475 291</b>
Tax at the applicable tax rate of 22% (2018: 22%)	6 125 134	8 545 420	5 705 952	8 024 564
<b>Tax effect of adjustments on taxable income</b>				
Tax penalties	110 986	108 061	58 658	102 322
Corporate social responsibilities	17 808	42 337	17 808	42 337
Note staining penalties	-	40 171	-	40 171
Other	-	21 474	-	21 474
Income not subject to tax	-	(35 849)	-	(35 849)
Prior years tax charge recognised in current year	1 480 464	-	1 254 941	-
Tax effect on variance in opening and closing prepaid revenue	-	537 402	-	537 402
Tax effect on variance in opening and closing prepaid expenses	-	113 388	-	113 388
Other tax charges	(13 161)	(35 258)	-	(35 258)
	<b>7 721 231</b>	<b>9 337 146</b>	<b>7 037 359</b>	<b>8 810 551</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P
<b>13. EARNINGS PER SHARE</b>				
<b>Earnings per share calculation</b>				
Profit or loss for the year attributable to owners of the parent company	19 778 268	29 100 668	18 898 788	27 664 740
Weighted average number of ordinary shares at 31 December	80 000 000	80 000 000	80 000 000	80 000 000
<b>Earnings per share (thebe)</b>	<b>24.72</b>	<b>36.38</b>	<b>23.62</b>	<b>34.58</b>
<b>Weighted average number of shares</b>				
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
<b>Dividends per share</b>				
Interim Dividend				
For the current financial year (declared and paid in the current year)	10 840 000	9 600 000	10 840 000	9 600 000
Normal - Paid 26.85 thebe gross of tax (2018: 12.00 thebe gross of tax)				
Final Dividend				
For the preceding financial year (declared and paid in the current year)	10 640 000	10 637 300	10 640 000	10 637 300
Proposed - Paid Nil thebe gross of tax (2018: 10.30 thebe gross of tax)				
	<b>21 480 000</b>	<b>20 237 300</b>	<b>21 480 000</b>	<b>20 237 300</b>
Issued shares at 31 December	80 000 000	80 000 000	80 000 000	80 000 000

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

for the year ended 31 December 2019

## 14. PROPERTY, PLANT AND EQUIPMENT

### Reconciliation of property, plant and equipment

GROUP - 2019	Buildings	Furniture and fixtures	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
<b>Opening balance</b>						
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)
<b>Net book value at 01 January 2019</b>	<b>-</b>	<b>692 193</b>	<b>5 927 357</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>12 231 396</b>
Additions	553 521	748 206	589 350	4 527 415	-	6 418 492
Disposals and scrappings - cost	-	(48 859)	(5 703 248)	-	-	(5 752 107)
Disposals and scrappings - accumulated depreciation and impairment	-	16 598	5 703 248	-	-	5 719 846
Other changes	-	480 404	(141 466)	(180 616)	-	158 322
Depreciation	(28 010)	(323 042)	(2 619 199)	(2 582 320)	(480 538)	(6 033 109)
<b>Net book value at 31 December 2019</b>	<b>525 511</b>	<b>1 565 500</b>	<b>3 756 042</b>	<b>5 753 393</b>	<b>1 142 394</b>	<b>12 742 840</b>

### Made up as follows:

Cost	553 521	16 089 504	32 550 818	41 004 688	4 524 035	94 722 566
Accumulated depreciation	(28 010)	(14 524 004)	(28 794 776)	(35 251 295)	(3 381 641)	(81 979 726)
	<b>525 511</b>	<b>1 565 500</b>	<b>3 756 042</b>	<b>5 753 393</b>	<b>1 142 394</b>	<b>12 742 840</b>

### Reconciliation of property, plant and equipment

GROUP - 2018	Furniture and fixtures	Motor vehicles	Radio and alarm equipment	Leasehold improvements	Total
<b>Opening balance</b>					
Cost	14 409 586	38 066 813	35 960 798	4 524 035	92 961 232
Accumulated depreciation	(13 910 790)	(30 951 260)	(31 391 227)	(2 413 494)	(78 666 771)
<b>Net book value at 01 January 2018</b>	<b>498 796</b>	<b>7 115 553</b>	<b>4 569 571</b>	<b>2 110 541</b>	<b>14 294 461</b>
Additions	439 602	1 686 937	2 029 909	-	4 156 448
Disposals and scrappings - cost	(2 364)	(211 062)	-	-	(213 426)
Disposals and scrappings - accumulated depreciation and impairment	131	138 533	-	-	138 664
Depreciation	(243 972)	(2 802 604)	(2 610 566)	(487 609)	(6 144 751)
<b>Net book value at 31 December 2018</b>	<b>692 193</b>	<b>5 927 357</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>12 231 396</b>

### Made up as follows:

Cost or revaluation	15 421 738	37 664 714	36 477 273	4 524 035	94 087 760
Accumulated depreciation and impairment	(14 729 545)	(31 737 357)	(32 488 359)	(2 901 103)	(81 856 364)
	<b>692 193</b>	<b>5 927 357</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>12 231 396</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## Reconciliation of property, plant and equipment

COMPANY - 2019	Buildings	Furniture and fixtures	Motor vehicles	IT equipment	Leasehold improve ments	Total
<b>Opening balance</b>						
Cost	-	12 571 616	36 799 901	36 477 273	4 524 035	90 372 825
Accumulated depreciation and impairment	-	(12 179 193)	(30 940 799)	(32 488 359)	(2 901 103)	(78 509 454)
<b>Net book value at 01 January 2019</b>	<b>-</b>	<b>392 423</b>	<b>5 859 102</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>11 863 371</b>
Additions	553 521	612 525	589 350	4 527 415	-	6 282 811
Disposals and scrappings - cost	-	-	(5 589 117)	-	-	(5 589 117)
Disposals and scrappings - accumulated depreciation	-	-	-	-	-	-
Other changes	-	480 404	(141 466)	(180 616)	-	158 322
Depreciation	(28 010)	(206 273)	(2 620 066)	(2 582 320)	(480 538)	(5 917 207)
<b>Net book value at 31 December 2019</b>	<b>525 511</b>	<b>1 279 079</b>	<b>3 686 920</b>	<b>5 753 393</b>	<b>1 142 394</b>	<b>12 387 297</b>
<b>Made up as follows:</b>						
Cost or revaluation	553 521	13 184 141	31 800 134	41 004 688	4 524 035	91 066 519
Accumulated depreciation and impairment	(28 010)	(11 905 062)	(28 113 214)	(35 251 295)	(3 381 641)	(78 679 222)
	<b>525 511</b>	<b>1 279 079</b>	<b>3 686 920</b>	<b>5 753 393</b>	<b>1 142 394</b>	<b>12 387 297</b>

## Reconciliation of property, plant and equipment

COMPANY - 2018	Furniture and fixtures	Motor vehicles	Radio and alarm equipment	Leasehold improve ments	Total
<b>Opening balance</b>					
Cost	12 134 378	35 324 027	34 447 364	4 524 035	86 429 804
Accumulated depreciation and impairment	(11 646 663)	(28 316 634)	(30 336 348)	(2 413 493)	(72 713 138)
<b>Net book value at 01 January 2018</b>	<b>487 715</b>	<b>7 007 393</b>	<b>4 111 016</b>	<b>2 110 542</b>	<b>13 716 666</b>
Additions	439 602	1 686 937	2 029 909	-	4 156 448
Disposals and scrappings - cost	(2 364)	(211 062)	-	-	(213 426)
Disposals and scrappings - accumulated depreciation and impairment	131	138 533	-	-	138 664
Depreciation	(532 661)	(2 762 699)	(2 152 011)	(487 610)	(5 934 981)
<b>Net book value at 31 December 2018</b>	<b>392 423</b>	<b>5 859 102</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>11 863 371</b>
<b>Made up as follows:</b>					
Cost	12 571 616	36 799 900	36 477 273	4 524 035	90 372 824
Accumulated depreciation	(12 179 193)	(30 940 798)	(32 488 359)	(2 901 103)	(78 509 453)
	<b>392 423</b>	<b>5 859 102</b>	<b>3 988 914</b>	<b>1 622 932</b>	<b>11 863 371</b>



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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P

## 15. RIGHT-OF-USE ASSET

Details pertaining to leasing arrangements, where the group is lessee are presented below:

### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	5 541 036	-	5 541 036	-
Motor vehicles	12 166 317	-	12 166 317	-
	<b>17 707 353</b>	-	<b>17 707 353</b>	-

### Additions to right-of-use assets

Buildings	8 891 932	-	8 891 932	-
Motor vehicles	19 585 776	-	19 585 776	-
	<b>28 477 708</b>	-	<b>28 477 708</b>	-

### Amortisation recognised on right-of-use assets

Amortisation recognised on each class of right-of-use assets, is presented below. It includes amortisation which has been expensed in the total amortisation charge in profit or loss (note 8), as well as amortisation which has been capitalised to the cost of other assets.

Buildings	3 350 896	-	3 350 896	-
Motor vehicles	7 419 460	-	7 419 460	-
	<b>10 770 356</b>	-	<b>10 770 356</b>	-

### Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	13 800 712	-	13 800 172	-
Two to five years	11 860 300	-	11 860 300	-
	25 661 012	-	25 660 472	-
Less finance charges component	(2 610 095)	-	(2 610 095)	-
	<b>23 050 917</b>	-	<b>23 050 377</b>	-
Non-current liabilities	10 584 455	-	10 584 455	-
Current liabilities	12 466 460	-	12 466 460	-
	<b>23 050 915</b>	-	<b>23 050 915</b>	-

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## 16. GOODWILL

### GROUP

	2019		2018			
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	18 066 102	-	18 066 102	18 066 102	-	18 066 102

### COMPANY

	2019		2018			
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	9 715 123	-	9 715 123	9 715 123	-	9 715 123

### Reconciliation of goodwill

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P
At the beginning of the year	18 066 102	18 066 102	9 715 123	9 715 123
<b>Closing net book balance</b>	<b>18 066 102</b>	<b>18 066 102</b>	<b>9 715 123</b>	<b>9 715 123</b>

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	
	2019	2018	2019	2018
	P	P	P	P
<b>Impairment test of goodwill</b>				
<b>For the purpose of impairment testing, goodwill is attached to the following:</b>				
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	-	-
	<b>18 066 102</b>	<b>18 066 102</b>	<b>9 715 123</b>	<b>9 715 123</b>

The Group did not identify any impairment for either the Manned Security division and for its subsidiary G4S Facilities Management Botswana (Pty) Ltd (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.

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

for the year ended 31 December 2019

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

GROUP	2019		2018	
	Manned Security	G4S Facilities Management	Manned Security	G4S Facilities Management
Discount rate	14.73%	14.73%	14.64%	14.64%
Long term growth rate	2.50%	2.50%	2.50%	2.50%

COMPANY	2019	2018
Discount rate	14.73%	14.64%
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).

GROUP	2019		2018	
	Manned Security	G4S Facilities Management	Manned Security	G4S Facilities Management
Discount rate	39.67 %	39.67 %	33.00%	32.00 %
Long term growth rate	(78.75)%	(78.75)%	1.00 %	1.00 %
Budgeted cash flow (% of base value)	35.50 %	35.50 %	-	-

COMPANY	2019	2018
	Manned Security	Manned Security
Discount rate	39.67 %	33.00%
Long term growth rate	(78.75)%	1.00%
Budgeted cash flow (% of base value)	35.50%	- %

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

## 17. INVESTMENT IN SUBSIDIARY

The company has one subsidiary, G4S Facilities Management Botswana (Pty) Ltd, that is material to the Group in 2019. The company holds majority of voting rights in the subsidiary (72%).

COMPANY	Equity shares 2019	Equity shares 2018	% holding 2019	% holding 2018	Carrying amount 2019 P	Carrying amount 2018 P
G4S Facilities Management Botswana (Proprietary) Limited	305	305	72.00 %	72.00 %	7 444 017	7 444 017

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## Subsidiary with material non-controlling interests

The company has one subsidiary, G4S Facilities Management Botswana (Pty) Ltd, that is material to the Group in 2019 and 2018. 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	
		2019	2018
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) Ltd.

## Summarised statement of financial position

	G4S Facilities Management Botswana (Pty) Ltd	
	2019	2018
	P	P
<b>Assets</b>		
Non-current assets	547 725	530 028
Current assets	7 407 846	25 018 497
<b>Total assets</b>	<b>7 955 571</b>	<b>25 548 525</b>
<b>Liabilities</b>		
Non-current liabilities	-	-
Current liabilities	1 099 521	19 919 717
<b>Total liabilities</b>	<b>1 099 521</b>	<b>19 919 717</b>
<b>Total net assets</b>	<b>6 856 050</b>	<b>5 628 808</b>

Carrying amount of non-controlling interest 2 355 088 2 013 068

## Non-controlling interest per statement of financial position

## Summarised statement of profit or loss and other comprehensive income

	G4S Facilities Management Botswana (Pty) Ltd	
	2019	2018
	P	P
<b>Revenue</b>	10 622 605	15 038 550
Other income and expenses	(8 717 234)	(12 671 022)
<b>Profit before tax</b>	<b>1 905 371</b>	<b>2 367 528</b>
Tax expense	(683 872)	(526 595)
<b>Profit</b>	<b>1 221 499</b>	<b>1 840 933</b>
<b>Total comprehensive income</b>	<b>1 221 499</b>	<b>1 840 933</b>

Profit allocated to non-controlling interest 342 020 405 005

## Total profit allocated to non-controlling interest

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

for the year ended 31 December 2019

## Summarised statement of cash flows

		G4S Facilities Management Botswana (Pty) Ltd	
		2019	2018
		P	P
Cash generated from operating activities		1 331 423	16 630 341
Cash used in investing activities	(1 381 535)	-	-
(17 983 003)	- Cash used in financing activities	(18 033 115)	16 630 341
	- Net (decrease) / increase in cash and cash equivalents		

## 18. AMOUNTS DUE FROM RELATED PARTIES

		GROUP		COMPANY	
		2019	2018	2019	2018
		P	P	P	P
	Basis of accounting				
G4S plc	Amortised cost	50 908 908	47 722 488	50 908 908	47 722 488
G4S Facilities Management Botswana (Pty) Ltd	Amortised cost	-	-	-	17 983 003
G4S Cash Solutions (SA) (Pty) Ltd	Amortised cost	233 017	87 929	233 017	87 929
G4S Corporate Services Ltd	Amortised cost	-	17 032	-	17 032
G4S International Logistics (South Africa) (Pty) Ltd	Amortised cost	6 788	-	6 788	-
		<b>51 148 713</b>	<b>47 827 449</b>	<b>51 148 713</b>	<b>65 810 452</b>

The amount due from G4S plc. bears interest at an average of per annum 7.4% (2018: 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 consistently in the current and prior financial period.

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.

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## 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."

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 - 2019

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Amortised cost
<b>Amounts due from related parties</b>						
G4S plc	N/a	N/a	Performing	Lifetime ECL	50 908 908	50 908 908
G4S Cash Solutions (SA) (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	233 017	233 017
G4S International Logistics (South Africa) (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	6 788	6 788
					<b>51 148 713</b>	<b>51 148 713</b>

### GROUP - 2018

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Amortised cost
<b>Amounts due from related parties</b>						
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
					<b>47 827 449</b>	<b>47 827 449</b>

### COMPANY - 2019

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Amortised cost
<b>Amounts due from related parties</b>						
G4S plc	N/a	N/a	Performing	Lifetime ECL	50 908 908	50 908 908
G4S Cash Solutions (SA) (Pty) Ltd	N/a	N/a	Performing	Lifetime ECL	233 017	233 017
G4S International Logistics (South Africa) (Pty) Ltd				Lifetime ECL	6 788	6 788
					<b>51 148 713</b>	<b>51 148 713</b>

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

for the year ended 31 December 2019

## COMPANY - 2018

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Basis of loss allowance	Amortised cost
<b>Loans to fellow subsidiaries</b>						
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				Lifetime ECL	17 032	17 032
					<b>65 810 452</b>	<b>65 810 452</b>

## 19. DEFERRED OPERATING LEASE OBLIGATIONS

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
Non-current liabilities	-	(1 966 125)	-	(1 966 125)
Current liabilities	-	(254 602)	-	(254 602)
	-	<b>(2 220 727)</b>	-	<b>(2 220 727)</b>

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;

- Estate Property Investment (Pty) Ltd 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 Ltd 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 Nil (2018: P 2 220 727) and has been recognised as liability in view of the adjustment to straight line rentals over the period of leases.

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P

## 20. DEFERRED TAX

### Deferred tax liability

Accelerated capital allowances	-	(394 143)	-	(386 824)
Prepayments	(47 755)	(145 180)	(47 755)	(145 180)
Right-of-use assets	(266 953)	-	(266 953)	-
<b>Total deferred tax liability</b>	<b>(314 708)</b>	<b>(539 323)</b>	<b>(314 708)</b>	<b>(532 004)</b>

### Deferred tax asset

Operating lease accrual	-	488 560	-	488 560
General provision - trade receivables	2 265 468	685 749	2 094 465	667 082
Unrealised exchange differences and deferred income	211 057	5 545	211 057	5 545
Provision for loss allowances (IFRS9 initial adjustment)	-	805 407	-	654 752
Accelerated capital allowances	197 364	-	176 185	-
<b>Total deferred tax asset</b>	<b>2 673 889</b>	<b>1 985 261</b>	<b>2 481 707</b>	<b>1 815 939</b>

Deferred tax liability	(314 708)	(539 323)	(314 708)	(532 004)
Deferred tax asset	2 673 889	1 985 261	2 481 707	1 815 939
<b>Total net deferred tax asset</b>	<b>2 359 181</b>	<b>1 445 938</b>	<b>2 166 999</b>	<b>1 283 935</b>

### Reconciliation of deferred tax asset / (liability)

At beginning of year	1 445 938	1 240 909	1 283 935	1 205 334
Charge to the income statement	(120 090)	(600 378)	(150 269)	(576 151)
Charge to statement of changes in equity (note 2)	1 033 333	805 407	1 033 333	654 752
	<b>2 359 181</b>	<b>1 445 938</b>	<b>2 166 999</b>	<b>1 283 935</b>

### 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.

## 21. INVENTORIES

Security alarms, fire alarms and equipment	2 342 007	1 330 526	2 342 007	1 330 526
Other inventory	2 109 597	900 516	1 617 846	41 469
	<b>4 451 604</b>	<b>2 231 042</b>	<b>3 959 853</b>	<b>1 371 995</b>

Amount of inventories recognised as an expense in profit or loss	6 777 287	7 736 203	6 777 287	7 736 203
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# Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>22. TRADE AND OTHER RECEIVABLES</b>				
<b>Financial instruments:</b>				
Trade receivables	57 195 207	49 546 213	54 929 740	45 677 670
Less: impairment	(23 358 170)	(20 688 931)	(22 305 727)	(18 764 918)
Trade receivables at amortised cost	33 837 037	28 857 282	32 624 013	26 912 752
Other receivable	850 664	1 141 648	777 926	1 096 955
<b>Non-financial instruments:</b>				
Prepayments	217 069	1 448 229	217 069	1 448 229
<b>Total trade and other receivables</b>	<b>34 904 770</b>	<b>31 447 159</b>	<b>33 619 008</b>	<b>29 457 936</b>

## 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 36 months before 31 December 2019 and 37 before 31 December 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 (2018: 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.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows. Refer to note 4 (financial instruments and risk management) for details of credit risk management trade receivables.

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

## GROUP

	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate (average):</b>				
Current 12.3% (2018: 14%)	25 963 368	3 195 325	11 719 230	1 666 380
31 - 60 days past due: 18.3% (2018: 21%)	2 408 695	441 421	4 360 174	928 836
61 - 90 days past due: 30.2% (2018: 35%)	2 506 342	757 598	3 267 864	1 083 700
91 - 180 days past due: 38.6% (2018: 35%)	4 026 784	1 552 399	8 048 949	2 815 051
181 - 365 days past due: 62.1% (2018: 68%)	6 709 161	4 166 380	8 326 407	5 644 738
More than 365 days past due: 85.0% (2018: 62%)	15 580 857	13 245 047	13 823 589	8 550 226
<b>Total</b>	<b>57 195 207</b>	<b>23 358 170</b>	<b>49 546 213</b>	<b>20 688 931</b>

## COMPANY

	2019	2019	2018	2018
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate (average):</b>				
Current 12.3% (2018: 14.5%)	25 604 977	3 136 833	11 080 863	1 606 477
31 - 60 days past due: 18.3% (2018: 21.42%)	2 265 784	415 231	4 041 463	865 542
61 - 90 days past due: 30.2% (2018: 33.76%)	2 074 884	627 181	2 715 293	916 577
91 - 180 days past due: 38.4% (2018: 35.11%)	3 928 843	1 507 512	7 461 195	2 619 736
181 - 365 days past due: 62.1% (2018: 66.78%)	6 621 128	4 111 712	7 758 351	5 179 197
More than 365 days past due: 86.7% (2018: 60.04%)	14 434 124	12 507 258	12 620 505	7 577 389
<b>Total</b>	<b>54 929 740</b>	<b>22 305 727</b>	<b>45 677 670</b>	<b>18 764 918</b>

## Reconciliation of impairment loss allowances

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

<b>Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement</b>	-	(11 725 547)	-	(10 986 082)
Adjustments upon application of IFRS 9 (Amounts restated through opening retained earnings)	-	(3 660 939)	-	(2 976 146)
<b>Opening balance as at 1 January in accordance with IFRS 9</b>	<b>(20 688 931)</b>	<b>(15 386 486)</b>	<b>(18 764 918)</b>	<b>(13 962 228)</b>
Amounts recovered	150 655	-	-	-
Provision raised on new trade receivables	(3 768 233)	(5 302 445)	(3 540 809)	(4 802 690)
Provisions reversed on settled trade receivables	948 339	-	-	-
<b>Closing balance</b>	<b>(23 358 170)</b>	<b>(20 688 931)</b>	<b>(22 305 727)</b>	<b>(18 764 918)</b>

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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>23. CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents consist of:				
Cash at bank and in hand	4 068 419	23 607 881	2 834 090	4 431 201
Deposits at call	14 794 374	12 262 245	14 723 134	12 100 240
	<b>18 862 793</b>	<b>35 870 126</b>	<b>17 557 224</b>	<b>16 531 441</b>

## 24. STATED CAPITAL

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. AMOUNTS DUE TO RELATED PARTIES

G4S Facilities Management Botswana (Pty) Ltd	-	-	3 871 889	-
G4S International Logistics (South Africa) (Pty) Ltd	-	99 579	-	99 579
G4S Africa (Pty) Ltd	4 862	26 578	4 862	26 578
Indo British Garments (South Africa) (Pty) Ltd	100 487	1 261 122	100 487	1 261 122
G4S International Employment Services Ltd	-	205 868	-	205 868
G4S Facilities Management Botswana (Pty) Ltd	-	-	-	2 581 075
Deposita Systems (Pty) Ltd	1 270 156	2 049 371	1 270 156	2 049 371
G4S plc - royalty & dividends payable	7 834 091	6 283 771	7 834 091	6 283 771
G4S plc	495 700	-	495 700	-
G4S Corporate Services Ltd	86 309	-	86 309	-
	<b>9 791 605</b>	<b>9 926 289</b>	<b>13 663 494</b>	<b>12 507 364</b>

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

## 26. TRADE AND OTHER PAYABLES

### Financial instruments:

Trade payables	6 639 846	10 604 492	6 194 193	10 050 595
Payroll accruals	11 601 220	10 138 963	11 601 220	10 138 963
Advances from customers	79 559	-	79 559	-
Other payables and accruals	5 685 609	2 463 823	5 677 214	2 283 563

### Non-financial instruments:

Payroll accruals and provisions	1 959 995	2 022 803	1 351 007	1 263 116
Value added tax	433 443	1 968 920	396 958	1 743 301
	<b>26 399 672</b>	<b>27 199 001</b>	<b>25 300 151</b>	<b>25 479 538</b>

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

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>27. CASH GENERATED FROM OPERATIONS</b>				
Profit before taxation	27 841 519	38 842 819	25 936 147	36 475 291
<b>Adjustments for:</b>				
Depreciation and amortisation	16 803 465	6 144 751	16 687 563	5 934 981
Gains on disposal of property, plant and equipment	(356 207)	(332 305)	(356 207)	(332 305)
Finance income	(3 211 493)	(3 092 871)	(3 198 794)	(3 092 836)
Finance costs	2 194 840	15 275	2 194 840	15 275
Movements in operating lease liability	- 476 939	-	476 939	<b>Changes in</b>
<b>working capital:</b>				
(Increase)/decrease in net amounts due from related parties	(269 533)	6 524 919	19 004 289	(6 457 742)
Inventories	(2 220 562)	1 714 086	(2 587 858)	1 748 860
Trade and other receivables	(3 457 611)	(8 612 777)	(4 161 072)	(11 118 062)
Trade and other payables	(957 647)	(1 365 037)	(337 710)	(944 005)
	<b>36 366 771</b>	<b>40 315 799</b>	<b>53 181 198</b>	<b>22 706 396</b>

## 28. COMMITMENTS

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

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

### Minimum lease payments due

- Due in one year	-	5 081 246	-	5 081 246
- Due in second to third year	-	9 939 641	-	9 939 641
- Due after 3 years	-	4 712 380	-	4 712 380
	-	<b>19 733 267</b>	-	<b>19 733 267</b>

### Capital commitments

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

## 29. TAX PAID

Amounts payable at the beginning of year	(494 469)	(1 924 307)	(541 594)	(1 494 704)
Taxation per profit or loss (excluding deferred taxation)	(7 601 141)	(8 736 768)	(6 887 090)	(8 234 399)
Amounts payable at end of year	(3 254 748)	494 469	(2 793 706)	541 594
	<b>(11 350 358)</b>	<b>(10 166 606)</b>	<b>(10 222 390)</b>	<b>(9 187 509)</b>

## 30. DIVIDENDS PAID

Balance at beginning of the year	-	(9 600 000)	-	(9 600 000)
Dividends	(21 480 000)	(8 728 000)	(21 480 000)	(8 728 000)
	<b>(21 480 000)</b>	<b>(18 328 000)</b>	<b>(21 480 000)</b>	<b>(18 328 000)</b>

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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>31. RELATED PARTIES</b>				
<b>Relationships</b>				
Holding company		G4S International 105 (UK) Limited		
Ultimate Holding Company		G4S plc		
Fellow subsidiary		G4S Service & Supply (Pty) Ltd		
		G4S Corporate Services Ltd		
		G4S Africa (Pty) Ltd		
		Indo British Garment Corporate (Pty) Ltd		
		G4S Cash South Africa (Pty) Ltd		
		G4S Cash Deposita (Pty) Ltd		
Subsidiary		G4S Facilities Management Botswana (Pty) Ltd		

## Related party balances

### Amounts due from related parties (Note 18)

G4S plc	50 908 908	47 722 488	50 908 908	47 722 488
G4S Facilities Management Botswana (Pty) Ltd	-	-	-	17 983 003
G4S Cash Solutions (SA) (Pty) Ltd	233 017	87 929	233 017	87 929
G4S Corporate Services Ltd	-	17 032	-	17 032
G4S International Logistics (South Africa) (Pty) Ltd	6 788	-	6 788	-
	<b>51 148 713</b>	<b>47 827 449</b>	<b>51 148 713</b>	<b>65 810 452</b>

### Amounts due to related parties (Note 25)

G4S Africa (Pty) Ltd	4 862)	26 578)	(4 862)	(26 578)
Indo British Garments (South Africa) (Pty) Ltd	(100 487)	(1 261 122)	(100 487)	(1 261 122)
G4S International Employment Services Ltd	-	(205 868)	-	(205 868)
G4S Facilities Management Botswana (Pty) Ltd	-	-	-	(2 581 075)
Deposita Systems (Pty) Ltd	(1 270 156)	(2 049 371)	(1 270 156)	(2 049 371)
G4S International Logistics (South Africa) (Pty) Ltd	-	(99 579)	-	(99 579)
G4S plc	(7 834 091)	(6 283 771)	(7 834 091)	(6 283 771)
G4S plc	(495 700)	-	(495 700)	-
G4S Corporate Services Ltd	(86 309)	-	(86 309)	-
G4S Facilities Management Botswana (Pty) Ltd	-	-	(3 871 889)	-
	<b>(9 791 605)</b>	<b>(9 926 289)</b>	<b>(13 663 494)</b>	<b>(12 507 364)</b>

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 P	2018 P	2019 P	2018 P
<b>Related party transactions</b>				
<b>Interest received from related parties</b>				
G4S plc	3 186 420	3 063 837	3 186 420	3 063 837
<b>Purchases from related parties</b>				
Deposita Systems (Pty) Ltd	-	(403 185)	(396 917)	(403 185)
Indo British Garments (South Africa) (Pty) Ltd	(3 795 524)	(4 383 214)	(3 795 524)	(4 383 214)
G4S Cash Solutions (SA) (Pty) Ltd	-	(2 246 194)	-	(2 246 194)
G4S Facilities Management (Pty) Ltd	-	-	(862 487)	(16 778 969)
G4S Cash 360 International FZCO	-	-	(7 421 826)	-
<b>Salaries</b>				
G4S International Employment Services Ltd	-	(739 027)	-	(739 027)
<b>Management fees</b>				
G4S Corporate Services Ltd	(17 031)	(501 793)	(17 031)	(501 793)
G4S plc	(3 457 124)	-	(3 457 124)	-
G4S Corporate Services Ltd	(494 387)	-	(494 387)	-
G4S Africa (Pty) Ltd	(960 001)	-	(960 001)	-
<b>Global Licences</b>				
G4S Corporate Services Ltd	-	(92 219)	-	(92 219)
<b>Global Insurance</b>				
G4S Corporate Services Ltd	-	(114 959)	-	(114 959)
<b>Sales to related parties</b>				
G4S Cash Solutions (SA) (Pty) Ltd	2 624 979	-	2 624 979	-
G4S International Logistics (South Africa) (Pty) Ltd	256 796	-	256 796	-
<b>Royalty fees received from/ paid to related parties</b>				
G4S plc	(1 976 174)	(2 174 477)	(1 976 174)	(2 174 477)
<b>Dividends paid to related parties</b>				
G4S International 105 (UK) Ltd	(13 012 720)	(12 188 120)	(13 012 720)	(12 188 120)

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

for the year ended 31 December 2019

## 32. SEGMENTAL REPORTING

<b>GROUP Business Segments - 2019</b>	<b>Security Systems P</b>	<b>Manned Security P</b>	<b>Cash Solutions P</b>	<b>Facilities Management P</b>	<b>Cleaning Services P</b>	<b>Total Segments P</b>
Sale of goods	2 854 383	-	4 713 113	-	-	7 567 496
Rendering of services	58 239 152	74 068 818	56 418 843	437 604	10 622 606	199 787 023
Total revenue	61 093 535	74 068 818	61 131 956	437 604	10 622 606	207 354 519
Inter-segment	(862 487)	-	-	-	-	(862 487)
<b>Total revenue</b>	<b>60 231 048</b>	<b>74 068 818</b>	<b>61 131 956</b>	<b>437 604</b>	<b>10 622 606</b>	<b>206 492 032</b>
Profit before tax	12 436 404	4 974 869	13 243 778	(4 718 903)	1 905 371	27 841 519
Depreciation - owned assets	658 539	992 409	4 139 729	126 530	115 902	6 033 109
Depreciation - leased assets	5 617 218	3 251 559	1 320 889	580 689	-	10 770 355
Finance income	993 360	1 204 334	993 985	7 115	12 699	3 211 493
Finance cost	(681 590)	(826 349)	(682 019)	(4 882)	-	(2 194 840)
Total assets	48 194 505	57 706 379	48 224 813	345 210	9 077 197	163 548 104
Total liabilities	(18 051 781)	(21 235 881)	(18 063 134)	(129 302)	(1 762 094)	(59 242 192)

<b>COMPANY Business Segments - 2019</b>	<b>Security Systems P</b>	<b>Manned Security P</b>	<b>Cash Solutions P</b>	<b>Facilities Management P</b>	<b>Cleaning Services P</b>	<b>Total Segments P</b>
Sale of goods	4 683 383	-	4 713 113	-	-	9 396 496
Rendering of services	56 410 152	74 068 818	56 418 843	437 604	-	187 335 417
<b>Total revenue</b>	<b>61 093 535</b>	<b>74 068 818</b>	<b>61 131 956</b>	<b>437 604</b>	<b>-</b>	<b>196 731 913</b>
Profit before tax	12 436 403	4 974 869	13 243 778	(4 718 903)	-	25 936 147
Depreciation - owned assets	658 539	992 409	4 139 729	126 530	-	5 917 207
Depreciation - leased assets	5 617 218	3 251 559	1 320 889	580 689	-	10 770 355
Finance income	993 360	1 204 334	993 985	7 115	-	3 198 794
Finance cost	(681 590)	(826 349)	(682 019)	(4 882)	-	(2 194 840)
Total assets	50 233 701	57 706 379	50 264 003	345 210	-	158 549 293
Total liabilities	(20 319 013)	(21 235 881)	(20 330 364)	(129 302)	-	(62 014 560)

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

<b>GROUP Business Segments - 2018</b>	<b>Security Systems P</b>	<b>Manned Security P</b>	<b>Cash Solutions P</b>	<b>Facilities Management P</b>	<b>Cleaning Services P</b>	<b>Total Segments P</b>
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)
<b>Total revenue</b>	<b>56 385 354</b>	<b>67 587 114</b>	<b>64 755 700</b>	<b>2 408 530</b>	<b>15 038 551</b>	<b>206 175 249</b>
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 cost	(6 720)	(3 819)	(4 583)	(153)	-	(15 275)
Total assets	44 869 096	35 228 027	42 273 632	1 409 121	25 286 461	149 066 337
Total liabilities	(1 477 016)	(11 056 829)	(13 268 195)	(442 273)	(13 643 298)	(39 887 611)

<b>COMPANY Business Segments - 2018</b>	<b>Security Systems P</b>	<b>Manned Security P</b>	<b>Cash Solutions P</b>	<b>Facilities Management P</b>	<b>Cleaning Services P</b>	<b>Total Segments P</b>
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
<b>Total revenue</b>	<b>57 336 307</b>	<b>67 587 114</b>	<b>64 755 701</b>	<b>2 408 530</b>	<b>-</b>	<b>192 087 652</b>
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 cost	(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
Total liabilities	(15 981 926)	(11 056 829)	(13 268 195)	(442 273)	-	(40 749 223)



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

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	P	P	P	P
Reconciliation of information on reportable segments to IFRS measures.				
<b>Revenue</b>				
Total revenue for reporting segments	207 354 518	207 126 202	196 731 912	192 087 652
Elimination of inter-segment revenue	(862 487)	(950 935)	-	-
	<b>206 492 031</b>	<b>206 175 267</b>	<b>196 731 912</b>	<b>192 087 652</b>
<b>Profit before tax</b>				
Total profits before tax for reporting segments	27 841 519	38 842 819	25 936 147	36 475 291
<b>Consolidated profit from continuing operations</b>	<b>27 841 519</b>	<b>38 842 819</b>	<b>25 936 147</b>	<b>36 475 291</b>
<b>Assets</b>				
Total assets for reportable segments	163 498 104	149 166 337	158 499 293	143 478 270
<b>Consolidated assets</b>	<b>163 498 104</b>	<b>149 166 337</b>	<b>158 499 293</b>	<b>143 478 270</b>
<b>Liabilities</b>				
Total liabilities for reportable segments	(59 242 192)	39 887 611	62 014 560	40 749 223
<b>Total consolidated liabilities</b>	<b>(59 242 192)</b>	<b>39 887 611</b>	<b>62 014 560</b>	<b>40 749 223</b>

### 33. CONTINGENCIES

There are no contingent liabilities and assets as at the end of 31 December 2019.

### 34. EVENTS AFTER THE REPORTING PERIOD

Following a number of such cases in neighbouring countries, Botswana recorded its first positive cases of COVID-19 infection on 30 March 2020. Until this date, which is subsequent to the financial year-end but prior to approval of the financial statements, the country had seen enforcement of a number of "social distancing" measures.

These had not impacted significantly on the country's overall business environment.

However, the State of Emergency and measures to enforce extreme "social distancing" with effect from midnight on 2 April 2020 have had and will continue to have significant consequences for the Botswana economy. Similar measures applied by governments globally, including restrictions on travel, trade and stay-at-home orders will have a significant and currently unquantifiable impact on the global, regional and domestic economies.

While the private security services industry is allowed to continue operation under the State of Emergency regulations, the wide-ranging impact of the economic ramifications of this pandemic on its customers, employees and suppliers means that the Group's business will be significantly impacted.

The Group has used its best endeavours to analyse and estimate the impact of this set of circumstances on its business operations, using currently available information.

# Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2019

In doing so it has determined that potential areas of greatest impact from the COVID-19 pandemic on its business will be with respect to:

- Reduced demand for asset-in-transit and cleaning services during period of limited economic activity allowed under the State of Emergency as many customers would not be operating as per normal;
- Ongoing reduced demand for services from customers operating in industries most heavily impacted by the restrictions on travel and even “softer social distancing”, such as travel, leisure, hotelling and conferencing;
- Reduced ability to afford services, especially from individual and SMMEs customers resulting in termination of services and increased uncollectable debt; and
- Meeting significant costs of the Group’s business establishment, including manpower costs and vital costs to prioritise the health and safety of its workforce.

The Group has identified a number of measures available to it to limit the negative impact of these matters on its business, including:

- Cost saving measures, which can be implemented to reduce variable costs and increase efficiency;
- Financial aid offered by the Government of Botswana, including a three month wage subsidy; and
- Business growth opportunities arising from the increased need for the Group’s hygiene services and manned security arising from the public health situation, as well as other new business gains made prior to declaration of the State of Emergency.

The Group has compiled cash flow forecasts for the foreseeable future and has stressed-tested these using a range of possible outcomes for the major impact factors identified above.

Based on these forecasts, and after considering available liquid resources, which include

- cash at bank;
- an unutilised BWPI0,000,000 bank overdraft secured with Standard Chartered Bank Botswana Limited; and
- cash invested with G4S plc Group Treasury, which is callable at the Group’s option and – at the date of approving the annual financial statements – exceeded BVVP50,000,000

The Group concluded that - while the COVID-19 pandemic and related economic disruption will undoubtedly result in business disruption and contraction of the overall business – it has sufficient liquid resources available to sustain itself as a going concern for a period of no less than twelve months from the date of approval of these annual financial statements.

In recognition of the unprecedented volatility and unpredictability of the current situation, the Group’s Board Directors and Executive Management recognise that this assessment may change in the short-term. Accordingly, they will continue to monitor actively global, regional and domestic developments to ensure that the Group safeguards the interests of all its stakeholders in a responsible and calculated manner.



# Notice of Annual General Meeting

for the year ended 31 December 2019

## G4S (BOTSWANA) LIMITED

### NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of Shareholders of G4S (Botswana) Limited will be held on 29 July 2020 via the Zoom video conferencing platform, at 13:00Hours, 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 2019, together with the Report of the Auditors thereon.
3. To consider and ratify the distribution of dividend declared for the year ended 31 December 2019 as follows:
  - 3.1. Gross Dividend declared in 26 September 2019 – P13.55 per share
4. To consider and approve the remuneration paid to Non-Executive Directors for the year ended 31 December 2019
5. To approve the remuneration paid to the auditors for the year ended 31 December 2019
6. 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

7. 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 2019.

#### 8. Any Other Business

- To answer any questions raised by shareholders in respect of the affairs and the business of the company.
9. 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) Ltd  
Acumen Park  
Plot 50370, Fairgrounds Office Park  
P.O. Box 1157  
Gaborone

3rd July 2020



**GAONE MACHOLO**  
Chairlady of the Board of Directors



**MOKGETHI FREDERICK MAGAPA**  
Managing Director

# Proxy Form

## 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 on 29 July 2020 via the Zoom video conferencing platform, at 13:00Hours.

I/We .....

(Name in block letters)

Of (Address).....

Hereby appoint I.....

or failing him/her;.....

or failing him/her;.....

The chairman of the meeting

As my /our proxy to act for me/us at the 2020 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 5	Agenda No 6			
Special resolution 1	Agenda No 7			

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 below.

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, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A

## Proxy Form

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.





**G4S (Botswana) Limited**

G4S (Botswana) Limited  
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Gaborone, Botswana

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