

**AM HENDERSON & SONS LIMITED**

**FINANCIAL STATEMENTS**

**FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016**

## **AM HENDERSON & SONS LIMITED**

### **NATURE OF BUSINESS**

The Company is a private company incorporated in Malawi in accordance with the Malawi Companies Act 1984. The main business of the Company is to hold assets.

### **DIRECTORS**

C.K. Dhanuka	Chairman	Full year
M. Dhanuka	Director	Full year
S. Latif (SC)	Director	Full year
P. Singh	Director	Full year
S. Hara	Director	Full year
S. Singh	Director	Full year
R. Sharma	Director	Full year

### **COMPANY SECRETARY**

S.J. Hara

### **REGISTERED OFFICE**

AM Henderson & Sons Limited  
P.O. Box 5247  
Limbe

### **AUDITOR**

PricewaterhouseCoopers Chartered Accountants  
Hannover House  
Corner Independence Drive and Hannover Street  
P O Box 1147  
Blantyre

### **LEGAL ADVISORS**

Wilson & Morgan  
P.O. Box 527  
Whitehall  
6 Victoria Avenue  
Blantyre

### **BANKERS**

National Bank of Malawi

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The financial statements are expressed in Malawi Kwacha ("K").



## INDEPENDENT AUDITOR'S REPORT

to the shareholders of

### AM HENDERSON & SONS LIMITED

#### Report on the audit of the financial statements

##### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of AM Henderson & Sons Limited (the "Company") as at 31 December 2016, and of its financial performance and its cash flows for the fifteen month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Malawi Companies Act (Chapter 46:03).

##### What we have audited

AM Henderson and Sons Limited's financial statements set out on pages 3 to 20 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the fifteen month period then ended;
- the statement of changes in equity for the fifteen month period then ended;
- the statement of cash flows for the fifteen month period 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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

##### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view of the financial position of AM Henderson & Sons Limited as at 31 December 2016, and of its financial performance and its cash flows the fifteen month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Malawi Companies Act (Chapter 46:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

##### Auditor's responsibilities for the audit of the financial statements

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

PricewaterhouseCoopers, Top Floor, Hannover House, Cnr, Independence Drive and Hannover Street  
PO Box 1147, Blantyre, Malawi. T: +265 (0)1 820 322, F: +265 (0) 1 821 215, [www.pwc.com/mw](http://www.pwc.com/mw)

R Mbene – Senior Partner

A list of partners is available for inspection at the partnership principal business address above

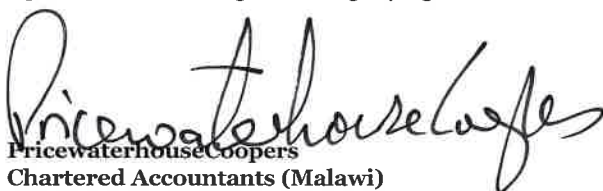
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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

  
**PricewaterhouseCoopers**  
**Chartered Accountants (Malawi)**  
**Blantyre**

**Ranwell Mbene**

Date:.....

*9 May 2017*

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	31 December 2016 K'000	30 September 2015 K'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1 362 458	9 294
Biological assets	7	146 237	-
		<u>1 508 695</u>	<u>9 294</u>
<b>Current assets</b>			
Other receivables	8	14 175	14 175
Amounts due from related parties	9	1 500	-
Cash and cash equivalents	10	-	-
		<u>15 675</u>	<u>14 175</u>
<b>Total assets</b>		<u>1 524 370</u>	<u>23 469</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	214	214
Revaluation reserve		1 353 473	-
Bearer Asset reserve		102 366	-
Accumulated profits		<u>22 946</u>	<u>23 255</u>
<b>Total equity</b>		<u>1 478 999</u>	<u>23 469</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income taxation liability	12	<u>43 871</u>	-
<b>Current liabilities</b>			
Other payables	13	<u>1 500</u>	-
<b>Total liabilities</b>		<u>45 371</u>	-
<b>Total equity and liabilities</b>		<u>1 524 370</u>	<u>23 469</u>

These financial statements were authorised for issue by the Board on 9 May 2017 and are signed on its behalf by:

  
 \_\_\_\_\_  
 DIRECTORS

## AM HENDERSON &amp; SONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016

		15 month period ended 31 December 2016 K'000	12 months ended 30 September 2015 K'000
	Note		
Revenue	14	1 500	-
Administrative expenses	15	( 1 809)	( 309)
Gain arising from changes in fair values of biological	7	146 237	-
<b>Profit/(loss) before income tax</b>		145 928	( 309)
Income tax expense	16	( 43 871)	( 1 335)
<b>Profit/(loss) for the year</b>		102 057	( 1 644)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gain on revaluation of property and equipment	6	1 353 473	-
<b>Items that may be subsequently reclassified to profit or loss</b>			
Other comprehensive income for the year, net of income tax		1 353 473	-
<b>Total comprehensive income/(loss) for the year</b>		<u>1 455 530</u>	<u>( 1 644)</u>

## AM HENDERSON &amp; SONS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016

	Share capital K'000	Revaluation reserve K'000	Bearer assets reserve K'000	Accumulated profits K'000	Total K'000
<b>Period ended 30 September 2015</b>					
<b>1 October 2014</b>	214	-	-	24 899	25 113
<b>Total comprehensive loss for the year</b>	-	-	-	( 1 644)	( 1 644)
Loss for the year	-	-	-	( 1 644)	( 1 644)
Revaluation gain	-	-	-	-	-
Transfer to deferred income tax	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
<b>At 31 September 2015</b>	<u>214</u>	<u>-</u>	<u>-</u>	<u>23 255</u>	<u>23 469</u>
<b>Period ended 31 December 2016</b>					
<b>At 1 October 2015</b>	214	-	-	23 255	23 469
<b>Total comprehensive income for the period</b>	-	1 353 473	102 366	( 309)	1 455 530
Profit for the the fifteen month period	-	-	-	102 057	102 057
Revaluation gain	-	1 353 473	-	-	1 353 473
Transfer of fair value gains	-	-	146 237	( 146 237)	-
Transfer to deferred tax	-	-	( 43 871)	43 871	-
Other comprehensive income for the year	-	-	-	-	-
<b>At 31 December 2016</b>	<u>214</u>	<u>1 353 473</u>	<u>102 366</u>	<u>22 946</u>	<u>1 478 999</u>

**STATEMENT OF CASH FLOW**  
**FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016**

		<b>15 months ended 31 December 2016 K'000</b>	<b>12 months ended 30 September 2015 K'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Loss before income tax		145 928	( 309)
Adjustments for:			
- Fair value gains on biological assets	7	( 146 237)	-
- Depreciation	6	309	309
<b>Changes in working capital</b>			
Increase in amounts due from related parties	9	( 1 500)	-
Increase in trade and other payables	13	1 500	-
<b>Cash generated from operations</b>		-	-
Income tax paid		-	-
<b>Net cash generated from operating activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at beginning of the year		-	-
<b>Cash and cash equivalents at end of the year</b>	10	-	-
<b>Movement in working capital as defined by legislation</b>		29 696	( 14 175)
Excess of current assets over current liabilities at the beginning of the year		14 175	-
Excess of current assets over current liabilities at end of the year		14 175	14 175



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**1 GENERAL INFORMATION**

AM Henderson & Sons Limited (the "Company") incorporated in Malawi, is an asset holding company. The company is a 100% owned subsidiary of Makandi Tea and Coffee Estates Limited.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

**2.1.1 Compliance with IFRS**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and the requirements of the Malawi Companies Act (Chapter 46:03). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the requirements of the Malawi Companies Act (Chapter 46:03).

**2.1.2 Historical cost convention**

The financial statements have been prepared on a historical cost basis as modified by the revaluation of property and equipment and biological assets at fair value.

**2.1.3 Critical accounting estimates and judgements**

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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**2.1.4 Changes in accounting policy and disclosures**

**a) New and amended standards and interpretations, effective for the first time for 31 December 2016 year ends and relevant to the Company.**

Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation.	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants	1 January 2016	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) New and amended standards and interpretations, effective for the first time for 31 December 2016 year ended and that are not currently relevant to the Company (although they may affect future accounting for future transactions).**

Number	Effective date	Executive summary
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.	1 January 2016	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such treatment for such acquisitions.
IFRS 14 – Regulatory deferral accounts	1 January 2016	<p>The IASB has issued IFRS 14, 'Regulatory deferral accounts' specific to first time adopters ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts').</p> <p>Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.</p>

**c) New and amended standards and interpretation issued but not effective for 31 December 2016 year ends that are relevant to the Company but have not been early adopted**

Number	Effective date	Executive summary
IFRS 9 – Financial Instruments (2009 & 2010) – Financial liabilities · Derecognition of financial instruments · Financial assets General hedge accounting	Annual periods beginning on or after (published July 2014)	<p>This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.</p> <p>The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been re profit or loss.</p>
Amendment to IFRS 9 'Financial instruments', - on general hedge accounting	Annual periods beginning on or after	<p>The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.</p> <p>Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:</p> <ul style="list-style-type: none"> <li>· The own credit risk requirements for financial liabilities.</li> <li>· Classification and measurement (C&amp;M) requirements for financial assets.</li> <li>· C&amp;M requirements for financial assets and financial liabilities.</li> <li>· The full current version of IFRS 9 (that is, C&amp;M requirements for financial assets and financial liabilities and hedge accounting).</li> </ul>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) New and amended standards and interpretation issued but not effective for 31 December 2016 year ends that are relevant to the Group but have not been early adopted**

Number	Effective date	Executive summary
Amendment to IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 1 January 2018 (published April 2016)	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	<p>This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use' exemption can only be applied by lessees.</p> <p>For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.</p> <p>At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.</p> <p>IFRS 16 supersedes IAS 17, 'Leases', 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'.</p>
Amendment to IAS 7 – Cash flow statements Statement of cash flows on disclosure initiative	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	<p>In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.</p> <p>The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.</p>
Amendment to IAS 12 – Income taxes Recognition of deferred tax assets for unrealised losses.	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	<p>The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.</p> <p>The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.</p>
IFRIC 22, 'Foreign currency transactions and advance consideration	Annual periods beginning on or after 1 January 2018 (published December 2016)	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) New and amended standards and interpretations issue but not effective for 31 December 2015 year ended and are not relevant to the Company**

Number	Effective date	Executive summary
Amendments to IFRS 2 – 'Share-based payments' Clarifying how to account for certain types of share-based payment transactions.	Annual periods beginning on or after 1 January 2018 (published June 2016)	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
IFRS 4, 'Insurance contracts'  Regarding the implementation of IFRS 9, 'Financial instruments'	Annual periods beginning on or after 1 January 2018 (published September 2016)	These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: <ul style="list-style-type: none"> <li>• Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and</li> <li>• Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.</li> </ul>
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	1 January 2016	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'.  Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.  The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.
IAS 40, 'Investment property' Transfers of investment property	Annual periods beginning on or after 1 January 2018 (published December 2016)	These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

**(e) Improvements to IFRS**

**Annual improvements 2014 - 2016, issued December 2014**

In September 2014, the IASB issued Annual improvements to IFRSs 2012 – 2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for the first time for 31 December 2016 year-ends:

Annual improvements	Effective date	Amendments
Annual improvements 2014	1 January 2016	<ul style="list-style-type: none"> <li>• IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'</li> <li>• IFRS 7 – 'Financial Instruments: Disclosures'</li> <li>• IAS 19 – 'Employee Benefits'</li> <li>• IAS 34 – 'Interim Financial Reporting'</li> </ul>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annual improvements 2014 - 2016, issued December 2016**

The IASB issued annual improvements to IFRSs 2014 - 2016 cycle, which contain three amendments to three standards. The amendments are effective for annual periods beginning on or after 1 January 2017 and 2018.

Annual improvements	Effective date	IFRS
Annual improvements 2014 - 2016	1 January 2017 and 2018	• IFRS 1, 'First time adoption'

**2.2 Foreign currency translation**

**a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the Malawi Kwacha ('K'), which is the Company's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or costs. All other foreign exchange gains or losses are presented in the income statement.

**2.3 Property and equipment**

Land and buildings comprise mainly warehouses, staff houses and offices. All property and equipment is stated at fair value based on valuations by external independent valuers less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ from its carrying amount.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation on all property and equipment is calculated using the straight line method to allocate their revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	10 to 25 years
Plant & Machinery	3 to 10 years
Motor vehicles	2 to 10 years
Furniture and equipment	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amount included in revaluation reserve is transferred to retained earnings.

**2.4 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Prior impairments of non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal at each reporting date.

**2.5 Biological assets**

Biological assets comprise of timber. Timber is measured at its fair value less costs to sell. Costs to sell include the incremental selling costs and dealers and established costs of transport to the market but excludes finance costs and income taxes.

## AM HENDERSON &amp; SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Biological assets**

Cut timber is transferred to inventory at fair value less cost to sell when felled.

The fair value of timber is determined based on the present value of expected net cash flows from the plantations discounted at a current market-determined pre-tax rate adjusted for a long term view. Fair value movements include increased yields as mature, exchange movements and price movements reduced with cost increases expected.

**2.6 Financial assets****2.6.1 Classification**

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables, amounts due from related parties, and cash and cash equivalents in the statement of financial position.

**2.6.2 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially measured at fair value plus incremental direct transaction costs and are subsequently carried at amortised cost using the effective interest method less allowance for impairment.

**2.6.3 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.7 Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services provided in the ordinary course of business. If collection is expected in one year or less (and in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

**2.8 Impairment of financial assets****Assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

**2.9 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

## AM HENDERSON & SONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

##### 2.11 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### 2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (and in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

##### 2.13 Revenue recognition

Revenue comprises rental income from property charged to group company for use of company land for macadamia development.

Rental income from operating leases is recognised on a straight line basis over the lease term.

##### 2.14 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### 2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

##### 2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Company's directors. Dividends declared after the reporting date are disclosed in the notes to the financial statements.

##### 2.17 Comparatives

Where necessary, comparative figures within notes to the financial statements have been restated to conform to changes in presentation in the current year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**3 FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks in the form of market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out under policies approved by the Board of Directors ("the Board"). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

**(a) Market risk**

**i) Price risk**

The Company is not exposed to commodity or equity securities price risks because it had no assets nor obligations that exposed the Company to this risk at the reporting date.

**ii) Cash flow and fair value interest rate risk**

The Company is not exposed to cash flow and fair value interest rate risks because it had no liabilities that exposed the Company to these risks at the reporting date.

**iii) Foreign exchange risk**

The Company is not exposed to foreign exchange risk arising from foreign currency exposures as it does not trade internationally. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge the contract. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding trade receivables. Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits are regularly monitored. Sales to retail customers are settled in cash or using bank transfers. There is no independent credit rating system available in Malawi.

	<b>31 December 2016 K'000</b>	<b>30 September 2015 K'000</b>
The Company's maximum exposure to credit risk by class of financial asset is as follows:		
Trade and other receivables (excluding prepayments)	14 175	14 175
Amounts due from related parties	1 500	-
	<u>15 675</u>	<u>14 175</u>

The fair value of financial assets at 31 December approximates the carrying amount.

There is no significant risk with respect to cash and cash equivalents as the Company holds bank accounts with large financial institutions with sound financial and capital cover.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The Company identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

Surplus cash held by the Company over and above the balance required for working capital management is invested.

The table below analyses the maturity profile of the Company's assets and liabilities based on the remaining period at 31 December to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**3 FINANCIAL RISK MANAGEMENT (continued)**

**3.1 Financial risk factors (continued)**

<b>At 30 September 2015</b>	<b>Up to 1 month K'000</b>	<b>Total K'000</b>
<b>Assets</b>		
Trade and other receivables (excluding prepayments)	14 175	14 175
<b>Total assets</b>	14 175	14 175
<b>Liabilities</b>		
Trade and other payables (excluding statutory liabilities)	-	-
Amounts due to related parties	-	-
Borrowings	-	-
<b>Total liabilities</b>	-	-
<b>Liquidity gap</b>	14 175	14 175
<b>Cumulative liquidity gap</b>	14 175	
<b>At 31 December 2016</b>		
<b>Assets</b>		
Trade and other receivables (excluding prepayments)	14 175	14 175
Amounts due from related parties	1 500	1 500
Cash and cash equivalents	-	-
<b>Total assets</b>	15 675	15 675
<b>Liabilities</b>		
Trade and other payables (excluding statutory liabilities)	1 500	1 500
Amounts due to related parties	-	-
Borrowings	-	-
<b>Total liabilities</b>	1 500	1 500
<b>Liquidity gap</b>	14 175	14 175
<b>Cumulative liquidity gap</b>	14 175	

The Company determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Maturity mismatches across the time buckets are managed through borrowings.

**3.2 Capital risk management**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

	31 December 2016 K'000	30 September 2015 K'000
The gearing ratios at 31 December were as follows:		
Total borrowings	-	-
Less: cash and cash equivalents	-	-
Net debt	-	-
Total equity	1 478 999	23 469
Total capital	-	-
Gearing ratio	0%	0%

**3.3 Fair value of financial assets and liabilities**

**3.3.1 Fair value hierarchy**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

**Quoted market prices - Level 1**

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This level includes listed equity securities traded on the Malawi Stock Exchange.

**Valuation technique using observable inputs - Level 2**

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

**Valuation technique using significant and unobservable inputs - Level 3**

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The Company had no financial assets or liabilities carried at fair value as at 31 December 2016 (September 2015: K nil).

**Comparison of carrying amounts and fair values for assets and liabilities not held at fair value**

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of other financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting on trade and other payables is not significant due to the short term in nature of the financial instruments.

At 31 December 2016 the Company had no financial instruments stated at fair value (September 2015: nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)**

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**Critical accounting estimates and assumptions**

The Company 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 are discussed below.

**(a) Income taxes**

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

**(b) Useful lives of property and equipment**

The Company's management determines the estimated useful lives, residual values and related depreciation charges for its property and equipment. This estimate is based on projected economic life of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

**(c) Going concern**

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for the foreseeable future. The directors have assessed the ability of the Company to continue as a going concern and concluded that the preparation of the financial statements on a going concern basis is still appropriate. However, the directors believe that under the current economic environment, a continuous assessment of the ability of the Company to continue as a going concern will need to be performed to determine continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

	<b>31 December 2016 K'000</b>	<b>30 September 2015 K'000</b>
<b>5 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Assets as per statement of financial position</b>		
<b>Loans and receivables:</b>		
Trade and other receivables (excluding prepayments)	14 175	14 175
Amounts due from related parties	1 500	
	<u>15 675</u>	<u>14 175</u>
<b>Liabilities as per statement of financial position</b>		
<b>Other financial liabilities at amortised cost:</b>		
Trade and other payables (excluding statutory liabilities)	1 500	-

## AM HENDERSON &amp; SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)

## 6 PROPERTY AND EQUIPMENT

	Land and buildings K'000	Plant and equipment K'000	Motor vehicles K'000	Total K'000
<b>Period ended 30 September 2015</b>				
Opening net book amount	8 061	828	714	9 603
Depreciation charge	-	( 166)	( 143)	( 309)
<b>Closing net book amount</b>	<b>8 061</b>	<b>662</b>	<b>571</b>	<b>9 294</b>
<b>At 30 September 2016</b>				
Cost	8 061	15 598	9 507	33 166
Accumulated depreciation	-	( 14 936)	( 8 936)	( 23 872)
<b>Net book amount</b>	<b>8 061</b>	<b>662</b>	<b>571</b>	<b>9 294</b>
<b>Period ended 31 December 2016</b>				
Opening net book amount	8 061	662	571	9 294
Revaluation surplus	1 336 031	13 019	4 423	1 353 473
Depreciation charge	( 95)	( 71)	( 143)	( 309)
<b>Closing net book amount</b>	<b>1 343 997</b>	<b>13 610</b>	<b>4 851</b>	<b>1 362 458</b>
<b>At 31 December 2016</b>				
Cost	1 344 092	28 617	13 930	1 386 639
Accumulated depreciation	( 95)	( 15 007)	( 9 079)	( 24 181)
<b>Net book amount</b>	<b>1 343 997</b>	<b>13 610</b>	<b>4 851</b>	<b>1 362 458</b>

The information required by Section 16 of the Third Schedule of the Malawi Companies Act, (Chapter 46:03) is contained in a register which is open for inspection by the members or their duly authorised agents at the registered offices of the Company.

The Company's property and equipment was valued by an independent external professional valuer.

## 7 BIOLOGICAL ASSETS

	Timber K'000
<b>Period ended 30 September 2015</b>	
<b>Mature plantations</b>	
Carrying amount at 1 January	-
Fair value movement	-
- Physical increase	-
- Exchange rate movement	-
<b>Immature plantations</b>	
Carrying amount at 1 January	-
Additions during the year	-
<b>Carrying amount at 30 September 2015</b>	<b>-</b>

## AM HENDERSON &amp; SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)

## 7 BIOLOGICAL ASSETS

Timber  
K'000

## Period ended 31 December 2016

## Mature plantations

Carrying amount at 1 October

Fair value movement

- Physical increase

- Exchange rate movement

146 237

146 237

## Amortisation

Carrying amount at 1 January

Additions during the year

Reversal of amortisation on revaluation

## Immature plantations

Carrying amount at 1 January

Additions during the year

## Carrying amount at 31 December 2016

146 237

31 December 2016 K'000	30 September 2015 K'000
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## 8 CURRENT INCOME TAX ASSET

Income tax recoverable

14 175

14 175

9 RELATED PARTY BALANCES AND  
TRANSACTIONS

AM Henderson and Sons Limited is a wholly owned subsidiary of Makandi Tea & Coffee Estates Limited and is incorporated in Malawi.

The following transactions were carried out with related parties:

## Rental charges to parent Company

Makandi Tea and Coffee Estates Limited

1 500

The services with the related parties are supplied on terms and conditions stated in signed agreements.

The following year end balances arose from transactions  
with related parties

Amounts due from related parties:

Makandi Tea and Coffee Estates Limited

1 500

Balances are interest free and unsecured with no agreed and formalised terms. The amounts due bear no interest.

## 10 CASH AND CASH EQUIVALENTS

There no cash and cash equivalents at the end of the period.

## 11 SHARE CAPITAL

## Authorised

125 000 Ordinary shares of K2.00 each

250

250

## Issued and fully paid

106 780 Ordinary shares of K2.00 each

214

214

## AM HENDERSON &amp; SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD TO 31 DECEMBER 2016 (CONTINUED)

	2016 K'000	2015 K'000
<b>12 DEFERRED INCOME TAXES</b>		
The analysis of deferred income tax assets and deferred income tax liabilities is as follows:		
Deferred income tax assets:		
-Deferred income tax assets to be recovered after more than 12 months	43 871	-
-Deferred income tax assets to be recovered within 12 months	-	-
	<u>43 871</u>	<u>-</u>
Deferred income tax liabilities:		
-Deferred income tax liabilities to be recovered after more than 12 months	-	-
-Deferred income tax liabilities to be recovered within 12 months	-	-
	<u>-</u>	<u>-</u>
Deferred tax on revaluation of assets has not been computed because the assets were rebased on the date of acquisition and there are no significant differences between the carrying amount and the rebased amounts.		
<b>13 TRADE AND OTHER PAYABLES</b>		
Accruals - Audit fees	<u>1 500</u>	<u>-</u>
Trade and other payables are due within twelve months from the reporting date.		
The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.		
	<b>Fifteen month period ended 31 December</b>	<b>Year ended 30 September</b>
<b>14 REVENUE</b>		
Land rental	<u>1500</u>	<u>-</u>
<b>15 EXPENSES BY CATEGORY</b>		
<b>Administrative expenses</b>		
Auditor's remuneration	1 500	-
Depreciation (note 6)	<u>309</u>	<u>309</u>
	<u>1 809</u>	<u>309</u>
<b>16 TAXATION</b>		
<b>Income tax expense</b>		
Current income tax charge	-	( 1 335)
Deferred income tax charge	<u>( 43 871)</u>	<u>-</u>
	<u>( 43 871)</u>	<u>( 1 335)</u>
<b>Reconciliation of tax charge</b>		
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to the profits as follows:		
Profit/(Loss) before income tax	<u>145 928</u>	<u>( 309)</u>
Tax calculated at 30% (September 2015: 30%)	<u>( 43 778)</u>	<u>( 93)</u>
Tax effects:		
Other	<u>( 93)</u>	<u>( 1 242)</u>
	<u>( 43 871)</u>	<u>( 1 335)</u>
<b>17 COMMITMENTS AND CONTINGENCIES</b>		
The Company had no significant commitments or contingencies at the year end (September 2016: nil).		
<b>18 EVENTS AFTER THE REPORTING DATE</b>		
There has been no significant events subsequent to the reporting date that require disclosure or adjustment to the year end results.		