FSG Limited
Plot 69124, Kgomokasitwa Road
Gaborone West Industrial

Private Bag BO 211, Gaborone
www.fsg.co.bw

FSG Limited 2014 Annual Report

FSG LIMITED

2014 Annual Report

CONTENTS

DETAILS	PAGE

FSG

GROUP MISSION, VISION AND VALUES

Group Mission

To provide funeral products and related services to the community, in a caring, professional, dignified and compassionate manner, delivering maximum value to our customers through innovative products and solutions and to be the leading funeral service provider in our chosen markets.

Group Vision

To be recognised as the premier funeral service provider of choice in Southern Africa through the provision of exceptional customer service, innovative products and solutions and thereby building and enhancing our relationship with our customers to the benefit of our stakeholders, employees, and the community at large.

Group Values

- Respect
- Innovation
- Honesty
- Integrity
- Passion
- Compassion
- Dignity
- Empathy

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GROUP CORPORATE INFORMATION

Incorporated in the Republic of Botswana
Registration number: CO 2003/5108
Date of incorporation: 07 August 2003
Date of listing on Botswana Stock Exchange: 06 October 2008

Registered Office:
Plot 69124, Phase 4
Gaborone West Industrial
Gaborone, Botswana

Independent Auditors:
KPMG
P O Box 1519
Gaborone, Botswana

Company Secretaries:
Corporate Services (Proprietary) Limited
P O Box 406, Gaborone, Botswana

Transfer Secretaries:
DPS Consulting (Proprietary) Limited
P O Box 294, Gaborone, Botswana

Bankers:
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Bank Gaborone Limited

Legal Advisors:
Bookbinder Business Law, Attorneys
Private Bag 382, Gaborone, Botswana

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GROUP STRUCTURE

FSG Limited

- 100% — **FSG Manufacturing (Proprietary) Limited**
  - **Office:**
    - Gaborone
- 100% — **FSG Services (Proprietary) Limited**
  - **Offices:**
    - Gaborone
    - Lobatse
    - Kanye
    - Molepolole
    - Pilane
    - Mahalapye
    - Thamaga
    - Francistown
    - Serowe
    - Selebi-Phikwe
    - Tonota
    - Masunga
    - Tutume
    - Maun
    - Gumare
    - Shakawe
    - Kasane
    - Kgagodi
    - Palapye
- 100% — **FSG Private Cemeteries (Proprietary) Limited**
  - **Offices:**
    - Gaborone
    - Francistown
- 100% — **FSG Assurance (Proprietary) Limited**
  - **Offices:**
    - Gaborone
    - Lobatse
    - Kanye
    - Molepolole
    - Pilane
    - Mahalapye
    - Thamaga
    - Francistown
    - Serowe
    - Selebi-Phikwe
    - Tonota
    - Masunga
    - Tutume
    - Maun
    - Gumare
    - Shakawe
    - Kasane
    - Kgagodi
    - Palapye
    - Ramotswa
- 100% — **FSG Properties (Proprietary) Limited**
  - **Office:**
    - Gaborone
- 100% — **FSG Enterprise (Proprietary) Limited**
  - **Office:**
    - Gaborone
- **FSG Investments (Proprietary) Limited**
  - 100% — **Botswana Funeral Services Group (Proprietary) Limited (Incorporated in South Africa)**
    - **Office:**
      - Johannesburg
  - 70% — **FSG (Zambia) Limited (incorporated in Zambia)**
    - **Offices:**
      - Lusaka
      - Ndola

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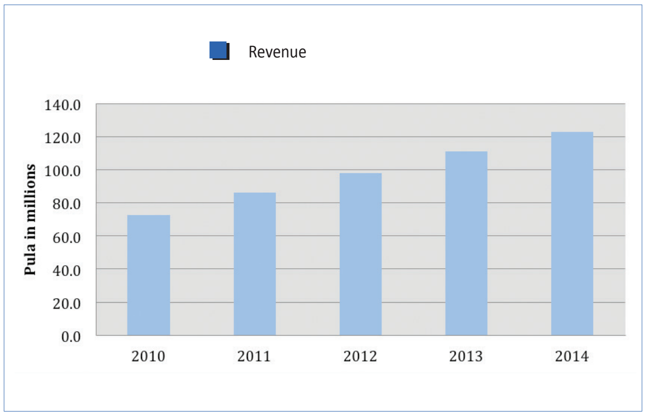
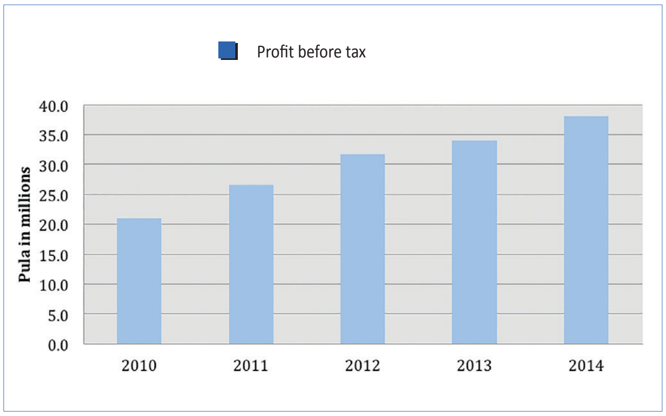
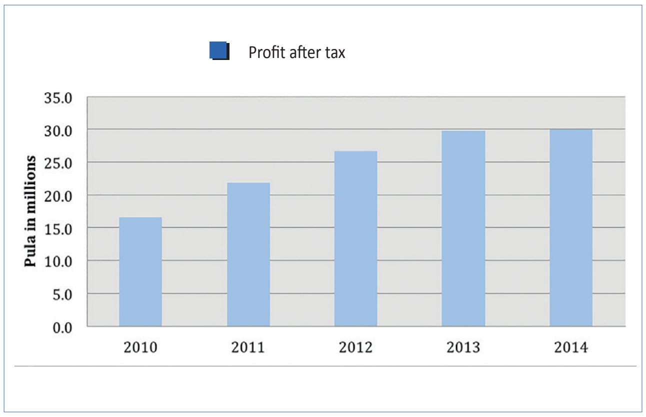
GROUP PERFORMANCE

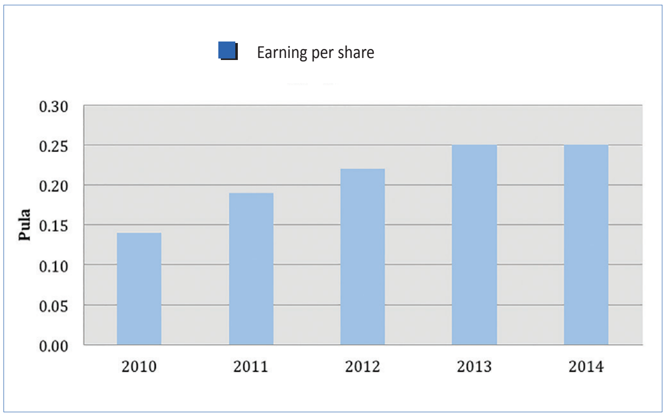
FIVE-YEAR KEY PERFORMANCE HIGHLIGHTS

	2010	2011	2012	2013	2014
Revenue (Pula in millions)	72.6	86.3	97.9	111.2	123.0
Profit before tax (Pula in millions)	21.0	26.6	31.7	34.0	38.0
Profit after tax (Pula in millions)	16.6	21.8	26.6	29.7	30.0
Earnings per share (Pula)	0.14	0.19	0.22	0.25	0.25









STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FIVE YEARS ENDING 31 DECEMBER OF EACH YEAR

	2010	2011	2012	2013	2014
	Pula	Pula	Pula	Pula	Pula
Revenue	72,596,876	86,306,707	97,904,372	111,241,786	122,993,896
Cost of sales	(13,645,791)	(14,133,615)	(17,364,999)	(17,637,134)	(21,677,448)
Gross profit	58,951,085	72,173,092	80,539,373	93,604,652	101,316,448
Other operating income	143,755	851,243	1,265,476	1,122,399	107,786
Marketing and administration expenses	(38,732,271)	(47,228,982)	(51,713,642)	(63,411,715)	(65,270,810)
Operating profit	20,362,569	25,795,353	30,091,207	31,315,336	36,153,424
Finance income	869,462	1,104,096	1,735,581	2,935,556	2,953,275
Finance costs	(241,653)	(244,212)	(123,074)	(223,248)	(848,375)
Profit before tax	20,990,378	26,655,237	31,703,714	34,027,644	38,258,324
Income tax	(4,407,246)	(4,779,613)	(5,079,207)	(4,294,665)	(8,225,743)
Profit for the year	16,583,132	21,875,624	26,624,507	29,732,979	30,032,581
Other comprehensive income (loss)					
Gain on revaluation of property, plant and equipment	6,963,511	11,637,508	8,552,871	2,171,081	1,518,725
Loss on partial disposal of subsidiary	(236,806)	-	-	-	-
Exchange difference on translating foreign operations	289,765	176,893	224,685	142,375	(1,088,156)
Available-for-sale financial assets - net change in fair value	-	-	-	-	20,141
Income tax on components of other comprehensive income	(1,795,275)	(1,613,727)	(1,922,711)	(413,863)	(42,459)
	5,221,195	10,200,674	6,854,845	1,899,593	408,251
Total comprehensive income for the year	21,804,327	32,076,298	33,479,352	31,632,572	30,440,832
Profit attributable to:					
Owners of the company	17,171,771	22,405,979	26,758,184	30,145,197	30,656,533
Non-controlling interests	(588,639)	(530,355)	(133,677)	(412,218)	(623,952)
	16,583,132	21,875,624	26,624,507	29,732,979	30,032,581
Total comprehensive income attributable to:					
Owners of the company	21,989,433	32,505,963	33,539,960	31,959,972	30,987,473
Non-controlling interests	(185,106)	(429,665)	(60,608)	(327,400)	(546,641)
	21,804,327	32,076,298	33,479,352	31,632,572	30,440,832
Earnings per share					
Basic (Pula per share)	0.14	0.19	0.22	0.25	0.25
Diluted (Pula per share)	0.14	0.19	0.22	0.25	0.25

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STATEMENT OF FINANCIAL POSITION FOR FIVE YEARS
AS AT 31 DECEMBER OF EACH YEAR

	2010	2011	2012	2013	2014
ASSETS	Pula	Pula	Pula	Pula	Pula
Non-current assets					
Property, plant and equipment	86,359,529	102,592,599	104,464,439	115,451,734	118,697,667
Goodwill	26,708,295	26,797,269	26,822,003	26,822,003	26,822,003
Deferred tax assets	382	271,101	675,019	2,030,843	2,949,894
Financial investments	-	-	-	-	5,035,788
Inventories	3,409,973	3,380,330	3,343,188	3,301,402	3,269,617
Total non-current assets	116,478,179	133,041,299	135,304,649	147,605,982	156,774,969
Current assets					
Inventories	5,448,860	7,918,537	7,415,067	11,261,384	10,456,152
Trade and other receivables	1,700,261	3,327,858	3,452,342	5,012,200	4,955,218
Current tax assets	8,991	87,335	104,824	1,640,605	2,189,703
Cash and cash equivalents	18,956,099	25,479,450	50,864,812	50,857,246	67,669,249
Total current assets	26,114,211	36,813,180	61,837,045	68,771,435	85,270,322
Total assets	142,592,390	169,854,479	197,141,694	216,377,417	242,045,291
EQUITY AND LIABILITIES					
Equity					
Stated capital	68,301,000	68,301,000	69,525,100	69,525,100	69,525,100
Reserves	16,822,207	26,713,884	31,640,508	32,821,901	31,770,569
Retained earnings	35,649,720	49,316,766	65,827,534	83,449,207	100,078,362
Equity attributable to owners of the company	120,772,927	144,331,650	166,993,142	185,796,208	201,374,031
Non-controlling interests	718,739	289,074	228,466	(98,934)	(645,575)
Total Equity	121,491,666	144,620,724	167,221,608	185,697,274	200,728,456
Non-current liabilities					
Interest-bearing borrowings	-	-	-	-	6,204,466
Deferred tax liabilities	7,467,235	7,666,417	9,612,595	7,403,897	8,470,061
	7,467,235	7,666,417	9,612,595	7,403,897	14,674,527
Current liabilites					
Trade and other payables	11,364,960	14,092,077	17,648,573	21,304,499	22,508,408
Current portion of interest-bearing borrowings	-	-	-	-	1,490,165
Bank overdraft	-	735,240	781,904	372,357	122,861
Current tax liabilities	2,268,529	2,740,021	1,877,014	1,599,390	2,520,874
Total current liabilities	13,633,489	17,567,338	20,307,491	23,276,246	26,642,308
Total liabilities	21,100,724	25,233,755	29,920,086	30,680,143	41,316,835
Total equity and liabilities	142,592,390	169,854,479	197,141,694	216,377,417	242,045,291

BOARD OF DIRECTORS

Daniel Neo Moroka (Independent and Non-executive) (Motswana)

Daniel Moroka is a Biologist by profession and has vast experience in Wildlife Biology. He is also a qualified banker with extensive experience in the banking industry. He served as Agricultural Advisor to Barclays Bank of Botswana and was also involved in retail and corporate banking. He has been appointed Resident Director and Chief Executive Officer of De Beers Botswana. His responsibilities include strategic direction including administration, legal and tax matters for all De Beers entities in Botswana. He sits on the main De Beers Group Executive Committee and on the Boards of Debswana Diamond Company and Diamond Trading Company Botswana. He was elected as Member of Parliament for Kgalagadi South and was Minister of Trade and Industry from end of 2004 to 2009. He also sits on the Board of Barclays Bank of Botswana. His past Board directorships include, among others, National Development Bank, Bank of Botswana, BP Mozambique, BP Zambia, BP Southern Africa, Botswana Meat Commission, the Debswana Diamond Mining Company and Sefalana Holding Company Limited. He was the winner of the inaugural Bank of Botswana "Banker of the Year" Award.

Milivoje Nikolic – Group Managing Director (Executive) (Serbian)

Milivoje Nikolic, ("Mike") a Mechanical Engineer, is the Group's Managing Director. Mike together with his wife Lynette are the founder shareholders and promoters. They first established Lyn's Funeral Parlour ("Lyn's") in 1993 and thereafter expanded to Northern Botswana through the vehicle of Kagiso Funeral Parlour. Over the last twenty - two years Mike has successfully made Lyn's into a household name, the service provider of choice for funeral services throughout Botswana.

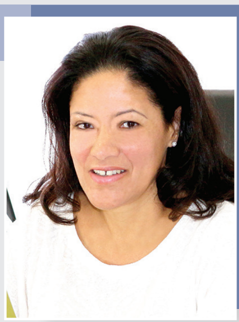
John Burbidge – Independent and Non - executive) (British)

John Burbidge, a Chartered Accountant (UK), is a former Chief Executive Officer of Botswana Insurance Holdings Limited and executive director of the African Life Group responsible for international operations. He has over thirty one years experience in the financial services industry. He is also the Chairman of Letshego Holdings Limited and a director of African Reinsurance Corporation. He is the Chairman of the Audit & Risk Committee.

BOARD OF DIRECTORS (continued)

Catherine Lesetedi-Letegele (Non-executive) (Motswana)

Catherine Lesetedi - Letegele is the CEO of Botswana Life Insurance Limited, appointed in July 2010. She is a seasoned insurance professional with over 20 years' experience in the life industry. She first joined the BIHL Group in June of 1992 as a Supervisor and was promoted to Assistant Manager in 1998 and then became a Divisional Manager in 2000. She left BLIL and joined AON Botswana as Senior Accounts Executive in October 2004, she was later promoted to the position of General Manager Life and Employee Benefits, in August 2006. Ms. Lesetedi-Letegele then returned to Botswana Life Insurance Limited in 2007 and assumed the role of Head of High Value Corporate Business until March 2010 when she was appointed Acting CEO of BLIL. She currently sits on the Board of FMRE a re-insurance company. She is also the President of the Insurance Council of Botswana. She has a BA in Statistics and Demography from the University of Botswana as well as professional qualification in Advanced Insurance Practice from UNISA. She is also an Associate of the Insurance Institute of South Africa (AIISA). She has an MDP from the Graduate School of Business, UCT and a Certificate program in Executive Leadership, through Cornell University in New York City, USA.



Lynette Sybil Nikolic (Non-executive) (Motswana)

Lynette Nikolic is one of the founding shareholders and promoters of the Group. Prior to this, she was Assistant to the Group Company Secretary with Botswana Development Corporation Limited. Lynette has been a director since inception and a key force behind the Group's development. For the last ten years she has served the Group as a non-executive director.

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CHAIRMAN'S REPORT

I have great pleasure to present my report for the year ended 31 December 2014 to the shareholders of FSG Limited.

The economic environment

During 2014, the economy of Botswana witnessed stable growth in mining and non-mining sectors and inflation was well controlled. The government continued to pursue low debt levels as part of its fiscal policy and economic stability as part of the monetary policy. Employment generation, infrastructure development and economic reforms continued to be key guiding factors. Economic growth and diversification of income streams remain priority for the country.

Financial performance

The Group's performance during the year has been very encouraging, in terms of revenue and profitability. As compared with 2013, revenue grew by 11%, profit before tax grew by 12%. The strategy to continuously modernize infrastructure and invest in opening of new branches has contributed to the growth and profitability. The Group will continue to look for new opportunities in Zambia. In April 2015, the Group acquired a chain of funeral homes based in North West and Limpopo provinces in South Africa. It is expected that this investment will contribute positively to the company's performance in future. Other opportunities for regional expansion are being continuously explored.

Corporate Governance

It is the continuous endeavor of the Board and management to ensure that best global practice of corporate governance is always followed. The Board is assisted by the Audit and Risk Committee, Remuneration Committee and Investment Committee, in discharging its functions. A comprehensive section on corporate governance is provided elsewhere in this Annual Report.

Social Responsibility

The management is aware of its obligation to make tangible contribution to the welfare and development of the community and the nation. During the year, the management and staff of the Group participated in various programs, including providing assistance in rural housing programs that assisted local communities.

Acknowledgement

I would like to acknowledge and thank my colleagues on the Board for their efforts, vision and guidance during the year. I would also like to thank our former Board member Mrs Kate Maphage for her contribution to the success of the Group. I would also commend the management and staff for their effort and dedication without which the excellent performance of the Group would not have been achieved.

Daniel Neo Moroka
CHAIRMAN

GROUP MANAGING DIRECTOR'S REPORT

I have the pleasure to present my seventh report to shareholders since the company was listed on the Botswana Stock Exchange in 2008.

Financial performance

Our financial performance in the year 2014 has been very satisfying. The Group revenue grew by 11% and profit before tax by 12% as compared with the prior year. Administration expenses were well-managed which led to better profitability. Income from package scheme also grew by 20% over 2013.

Review of operations

Botswana:

Mortality rates have improved consistently over the last two years which has resulted in a gradual decline in the number of funerals serviced. Decreasing disposable income led to a reduction in average spending per funeral and a declining persistency in the payment of monthly funeral insurance premium. The weakening Pula has led to increased cost of imports and made the manufacturing of caskets in Botswana, for supply to Zambia and South Africa, uncompetitive. The sale of graves in Phomolong Memorial park did not see any significant growth due to reduced customer spending.

The Group continued to be the market leader in Botswana and the strategy of investment in new branches and infrastructure to provide exceptional service to its customers, contributed to improved performance in revenue and profitability. A new branch in Palapye commenced operations and a satellite branch was established in Ramotswa which feeds into the Gaborone branch. The expansion of the mobile fleet led to increased sales and more convenient payment mechanism for customers in rural areas. This recent initiative has proved to be an excellent innovation in improving customer service. The re-structuring of the Group in the prior year led to significant improvement in managing the key drivers of the different operations and control over costs.

Zambia:

Although there has been very good growth in revenue, the performance of Zambia operations continued to incur loss largely due to the depreciation in Kwacha due to economic factors. Efforts have been made during the year to reduce the exposure by leveraging the operations locally. We are confident that Zambia operations will improve going forward. Progress has been made for opening of a branch in Kitwe.

South Africa:

The Group acquired a chain of funeral homes in South Africa in April 2015. This acquisition enables the Group to have presence in South African market and expand regionally. We are aware that we are entering a highly competitive market and of the challenges we shall face to make this operation profitable.

Acknowledgments

I would like to express my gratitude to the Board of directors for their advice and support during the year. I would also like to thank our former Board member Mrs Kate Maphage, for her support and advice. I would also like to welcome our new Board member, Mr. Victor Senye and look forward to his contribution to the development of the Group. I once again acknowledge the assistance and support received from Botswana Life Insurance Limited throughout our association.

I wish to thank management and staff for their hard work, dedication and commitment throughout the year in ensuring that our valued customers receive personal, caring, compassionate and dignified service. We shall continue to focus on our customers' needs.

I am confident of continued success and look forward to the challenges and opportunities in the year ahead.

Milivoje Nikolic
GROUP MANAGING DIRECTOR

FSG

CORPORATE GOVERNANCE

Approach to governance

FSG Limited is committed to the principles of transparency, accountability, integrity and best practices in the conduct of its business as set out in the Botswana Stock Exchange Code of Best Practice on corporate governance. The Board of Directors is cognisant of this responsibility and is aware that the Board is ultimately responsible and accountable for the management and the conduct of the business of the Group.

The Directors are satisfied that the Group has adopted the best practices in the conduct of its business and the Board members continually endeavor to ensure that the Group's policies on corporate governance continue to match global best practices.

Whilst the executive Directors are responsible for the day-to-day management of the Group, the Board recognises that delegation of authority to Management and/or committees of the Directors do not, in any manner, dissipate or mitigate the responsibility of the Board collectively and that of individual Directors' of their responsibilities.

The Board is responsible for ensuring that in managing the affairs of the Group they act independently and in a manner that they reasonably believe to be in the best interest of the business of the Group and that of its stakeholders and in compliance with all applicable laws and regulations. This will involve establishing strategies, effective decision-making, establishing internal controls and systems, compliance checking, effective reporting and performance evaluation.

Directorate

The Constitution of the company provides for a minimum of four directors. The current Board of directors comprises five directors; two independent non-executive, two non-executive, and one executive director.

The Chairperson of the Board is an independent non-executive Director. There is a clear distinction in the role and responsibility between the Chairperson and the Group Managing Director.

The Board meets at least four times a year and is responsible for establishing strategies, guiding corporate strategy, taking decisions on business development, assessing and reviewing performance, authorizing capital expenditure for business expansion and ensuring compliance with laws and regulations.

Each year one-third of the directors retire by rotation and are eligible for re-election subject to the approval of the shareholders of the company.

Company secretary and professional advice

All directors have unlimited access to the services of the Company Secretaries who are responsible to the Board for ensuring that proper Board procedures are followed.

All directors are entitled to seek independent professional advice concerning the affairs of the company at the company's expense.

Annual financial statements

The Directors are responsible for monitoring the preparation of the annual financial statements, and are also responsible for the approval of these financial statements, thereby ensuring that they fairly present the affairs of the Group and the company for the financial year under review.

The external auditors are responsible for expressing an opinion on the financial statements based on their audit.

The annual financial statements set out in this report have been prepared by Management in accordance with International Financial Reporting Standards.

Board Committees

To assist the Board in discharging its responsibilities, the following Board committees were formed during the later half of 2008, namely:

- The Audit and Risk Committee;
- The Remuneration Committee; and
- The Investment Committee

Each committee of the Board is constituted with a Charter which determines its membership, purpose, scope of its mandate, powers and authority.

Audit and Risk Committee

The Audit and Risk Committee comprises:

Chairperson:	John Burbidge
Members:	Lynette Sybil Nikolic
	Catherine Lesetedi-Letegele

The external auditors have free access to the Chairman of the committee and are permanent invitees to the meetings and deliberations of the Committee. The Committee has unrestricted access to the Group's accounting records.

The function of the Committee is to assist the Board in discharging its functions under the Companies Act and Common Law. In particular it monitors financial controls, accounting systems, reviews accounting policies, and recommends the approval of the annual financial statements to the Board of Directors.

The Committee monitors the company's risk profile and makes appropriate recommendations. The Committee also monitors the ethical conduct of the Group, its executives and senior officials.

Human Resources Committee

The Human Resources Committee comprises:

Chairperson:	Catherine Lesetedi-Letegele
Members:	Lynette Sybil Nikolic

The Committee approves the remuneration of the Directors, executives and employees and seeks to provide appropriate and fair rewards and incentives. Executive directors play no part in decisions regarding their own remuneration.

CORPORATE GOVERNANCE (continued)

Investment Committee

The Investment Committee was established during the year and comprises:

Chairperson:	Daniel Neo Moroka
Members:	John Burbidge
	Milivoje Nikolic

The Committee reviews new projects and investment proposals for recommendation to the Board.

Internal control

The Board of Directors and management are responsible for implementing appropriate internal control systems. Internal control comprises methods and procedures designed by Management to assist in achieving the objectives of safeguarding assets, detecting and preventing fraud and error, and ensuring the accuracy and completeness of accounting records. These systems assist in reducing, but do not eliminate, the possibility of fraud and error.

To fulfill its responsibilities, management maintains adequate accounting records and has developed, and continues to maintain a system of internal controls. The Directors report that the Company's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements. These controls adequately safeguard, verify and maintain accountability of assets and are implemented by trained and skilled personnel.

Nothing has come to the attention of the company's Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Succession planning

The Group is committed to ensuring that its staff and management are given the necessary training to enable them to develop their skills and to progress to higher positions within the Group.

FSG

MAJOR SHAREHOLDERS

No.	Shareholder	Number of shares held	% of total shares in issue
1.	Flip Coin (Proprietary) Limited	42,306,000	34.9
2.	Botswana Life Insurance Limited	41,065,377	33.9
3.	FNB Nominees Re:AG BPOPF	16,059,520	13.3
4.	Tebelelo Seretse	5,465,200	4.5
5.	SCBN (Proprietary) Limited	4,141,426	3.4
6.	Stanbic Nominies Botswana	3,684,850	3.0
	Total	112,721,373	
	Percent of total shares in issue	93.3	

Group and Company Annual Financial Statements

For the year ended
31 December 2014

FSG

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2014

Contents

FSG

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2014

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of FSG Limited, comprising the statements of financial position at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Companies Act of Botswana (Companies Act, 2003), to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the annual financial statements and consolidated annual financial statements fairly present the state of affairs of the company and group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS.

The directors are responsible for such internal control as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

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

The directors have made an assessment of the ability of the company and its subsidiaries to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

The auditor is responsible for reporting whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

The annual financial statements have been examined by the company's external auditors and their report is presented on page 21.

DIRECTORS' APPROVAL OF THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

Against this background, the directors accept responsibility for the group annual financial statements and the annual financial statements of the company on pages 22 to 59 which were approved on 05 March 2015 and signed on behalf of the Board by:

Daniel Neo Moroka
Chairman of the Board

Milivoje Nikolic
Group Managing Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FSG LIMITED

We have audited the consolidated and separate financial statements of FSG Limited, which comprise the statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information, as set out on pages 22 to 59.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give true and fair view of the consolidated and separate financial position of FSG Limited as at 31 December 2014, and its consolidated and separate financial performance and cosolidated and separate its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG
Certified Auditors
Practicing Member: AG Devlin (19960060:23)

Gaborone
31 March 2015

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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
		31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Notes	Pula	Pula	Pula	Pula
Revenue	5	122,993,896	111,241,786	13,733,458	13,296,250
Cost of sales		(21,677,448)	(17,637,134)	-	-
Gross profit		101,316,448	93,604,652	13,733,458	13,296,250
Other operating income		107,786	1,122,399	50,400	65,000
Marketing expenses		(717,203)	(1,027,224)	-	-
Administration expenses		(64,553,607)	(62,384,491)	(114,051)	(101,951)
Operating profit		36,153,424	31,315,336	13,669,807	13,259,299
Finance income	7	2,953,275	2,935,556	502,046	1,369,153
Finance costs	8	(848,375)	(223,248)	(1,092,702)	-
Net finance income		2,104,900	2,712,308	(590,656)	1,369,153
Profit before tax	10	38,258,324	34,027,644	13,079,151	14,628,452
Income tax expense	9	(8,225,743)	(4,294,665)	(101,770)	(313,330)
Profit for the year		30,032,581	29,732,979	12,977,381	14,315,122
Other comprehensive income					
Items that will never be re-classified to profit or loss					
Gain on revaluation of property, plant and equipment		1,518,725	2,171,081	-	
Related tax		(277,423)	(382,542)		
		1,241,302	1,788,539	-	-
Items that are or may be re-classified to profit or loss				-	-
Available-for-sale financial assets - net change in fair value		20,141	-	20,141	-
Exchange difference on translating foreign operations		(1,088,156)	142,375	-	
Related tax		234,964	(31,321)	(4,431)	-
		(833,051)	111,054	15,710	-
Other comprehensive income for the period		408,251	1,899,593	15,710	-
					-
Total comprehensive income for the period		30,440,832	31,632,572	12,993,091	14,315,122
Profit attributable to:					
Owners of the company		30,656,533	30,145,197		
Non-controlling interests		(623,952)	(412,218)		
		30,032,581	29,732,979		
Total comprehensive income attributable to :					
Owners of the company		30,987,473	31,959,972		
Non-controlling interests		(546,641)	(327,400)		
		30,440,832	31,632,572		
Earnings per share					
Basic (Pula per share)	11	0.25	0.25		
Diluted (Pula per share)	11	0.25	0.25		

FSG

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		GROUP		COMPANY	
		31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
ASSETS	**Notes**	**Pula**	**Pula**	**Pula**	**Pula**
Non-current assets					
Property, plant and equipment	12	118,697,667	115,451,734	-	-
Goodwill	13	26,822,003	26,822,003	-	-
Deferred tax assets	9	2,949,894	2,030,843	-	-
Investment in subsidiaries	14	-	-	65,314,685	65,314,685
Financial investments	14	5,035,788	-	5,035,788	-
Inventories	15	3,269,617	3,301,402	-	-
Total non-current assets		156,774,969	147,605,982	70,350,473	65,314,685
Current assets					
Inventories	15	10,456,152	11,261,384	-	-
Trade and other receivables	16	4,955,218	5,012,200	-	140
Current tax assets		2,189,703	1,640,605	4,895	89,791
Cash and cash equivalents		67,669,249	50,857,246	10,202,614	9,900,183
Total current assets		85,270,322	68,771,435	10,207,509	9,990,114
Total assets		242,045,291	216,377,417	80,557,982	75,304,799
EQUITY AND LIABILITIES					
Equity					
Stated capital	17	69,525,100	69,525,100	69,525,100	69,525,100
Reserves		31,770,569	32,821,901	(349,812)	(365,522)
Retained earnings		100,078,362	83,449,207	(1,154,343)	1,582,026
Equity attributable to owners of the company		201,374,031	185,796,208	68,020,945	70,741,604
Non-controlling interests		(645,575)	(98,934)	-	-
Total Equity		200,728,456	185,697,274	68,020,945	70,741,604
Non-current liabilities					
Interest-bearing borrowings	18	6,204,466	-	-	-
Deferred tax liabilities	9	8,470,061	7,403,897	4,431	-
		14,674,527	7,403,897	4,431	-
Current liabilities					
Trade and other payables	19	22,508,408	21,304,499	12,221,191	4,369,448
Current portion of interest-bearing borrowings	18	1,490,165	-	-	-
Bank overdraft	20	122,861	372,357	-	25,159
Current tax liabilities		2,520,874	1,599,390	311,415	168,588
Total current liabilities		26,642,308	23,276,246	12,532,606	4,563,195
Total liabilities		41,316,835	30,680,143	12,537,037	4,563,195
Total equity and liabilities		242,045,291	216,377,417	80,557,982	75,304,799

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP	Stated capital	Revaluation reserve	Available for sale reserve	Reserve arising on partial disposal of subsidiary	Foreign currency translation reserve	Total reserves	Retained earnings	Attributable to owners of the company	Non - controlling interests	Total
	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula
Balance at 01 January 2013	69,525,100	32,019,810	-	(236,806)	(142,496)	31,640,508	65,827,534	166,993,142	228,466	167,221,608
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	30,145,197	30,145,197	(412,218)	29,732,979
Other comprehensive income	-	1,703,721	-	-	111,054	1,814,775	-	1,814,775	84,818	1,899,593
Total comprehensive income	-	1,703,721	-	-	111,054	1,814,775	30,145,197	31,959,972	(327,400)	31,632,572
Transfer to retained earnings										
Transfer to retained earnings on disposal of revalued property, plant and equipment	-	(633,382)	-	-	-	(633,382)	633,382	-	-	-
Transfer from deferred tax to retained earnings on disposal of revalued property, plant and equipment	-	-	-	-	-	-	139,344	139,344	-	139,344
Total transfer to retained earnings	-	(633,382)	-	-	-	(633,382)	772,726	139,344	-	139,344
Transactions with owners of the company										
Dividends declared and paid	-	-	-	-	-	-	(13,296,250)	(13,296,250)	-	(13,296,250)
Total transactions with owners of the company	-	-	-	-	-	-	(13,296,250)	(13,296,250)	-	(13,296,250)
Balance at 31 December 2013	69,525,100	33,090,149	-	(236,806)	(31,442)	32,821,901	83,449,207	185,796,208	(98,934)	185,697,274
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	30,656,533	30,656,533	(623,952)	30,032,581
Other comprehensive income	-	1,163,991	20,141	-	(853,192)	330,940	-	330,940	77,311	408,251
Total comprehensive income	-	1,163,991	20,141	-	(853,192)	330,940	30,656,533	30,987,473	(546,641)	30,440,832
Transfer to retained earnings										
Transfer to retained earnings on disposal of revalued property, plant and equipment	-	(1,382,272)	-	-	-	(1,382,272)	1,382,272	-	-	-
Transfer from deferred tax to retained earnings on disposal of revalued property, plant and equipment	-	-	-	-	-	-	304,100	304,100	-	304,100
Total transfer to retained earnings	-	(1,382,272)	-	-	-	(1,382,272)	1,686,372	304,100	-	304,100
Transactions with owners of the company										
Dividends declared and paid	-	-	-	-	-	-	(15,713,750)	(15,713,750)	-	(15,713,750)
Balance at 31 December 2014	69,525,100	32,871,868	20,141	(236,806)	(884,634)	31,770,569	100,078,362	201,374,031	(645,575)	200,728,456

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

COMPANY	Stated capital	Revaluation capital	Available-for-sale reserve	Reserve arising on partial disposal of subsidiary	Foreign currency translation reserve	Total reserves	Retained earnings	Attibutable to owners of the company	Non - controlling interests	Total
	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula	Pula
Balance at 1 January 2013	69,525,100	-	-	(365,522)	-	(365,522)	563,154	69,722,732	-	69,722,732
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	14,315,122	14,315,122	-	14,315,122
Transactions with owners of the company										
Dividends declared and paid	-	-	-	-	-	-	(13,296,250)	(13,296,250)	-	(13,296,250)
Balance at 31 December 2013	69,525,100	-	-	(365,522)	-	(365,522)	1,582,026	70,741,604	-	70,741,604
Total comprehensive income									-	
Profit for the period	-	-	-	-	-	-	12,977,381	12,977,381	-	12,977,381
Other comprehensive income	-	-	15,710	-	-	15,710	-	15,710	-	15,710
Transactions with owners of the company										
Dividends declared and paid	-	-	-	-	-	-	(15,713,750)	(15,713,750)	-	(15,713,750)
Balance at 31 December 2014	69,525,100	-	15,710	(365,522)	-	(349,812)	(1,154,343)	68,020,945	-	68,020,945

FSG

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Cash flows from operating activities				
Profit for the year	30,032,581	29,732,979	12,977,381	14,315,122
Adjustments for:				
Finance income	(2,953,275)	(2,935,556)	(502,046)	(1,369,153)
Finance costs	848,375	223,248	1,092,702	-
Dividends received	-	-	(233,458)	(13,296,250)
Depreciation of property, plant and equipment	5,232,295	4,725,224	-	-
Loss on disposal of property, plant and equipment	929,531	171,975	-	-
Income tax expense	8,225,743	4,294,665	101,770	313,330
Operating income / (expense) before working capital changes	42,315,250	36,212,535	13,436,349	(36,951)
Change in inventories	1,166,772	(3,610,800)	-	-
Change in trade and other receivables	390,746	(1,548,315)	140	200
Change in trade and other payables	1,087,193	3,479,818	7,851,743	(16,628,765)
Cash generated from / (used in) operating activities	44,959,961	34,533,238	21,288,232	(16,665,516)
Income tax (paid) / refunded	(8,596,699)	(10,012,319)	125,954	(183,788)
Net cash generated from / (used in) operating activities	36,363,262	24,520,919	21,414,186	(16,849,304)
Cash flows from investing activities				
Purchase of property, plant and equipment	(9,250,287)	(14,200,823)	-	-
Investment in available-for-sale financial assets	(5,015,648)	-	(5,015,648)	-
Finance income received	2,953,275	2,935,556	502,046	1,369,153
Subscription of shares in subsidiaries	-	-	-	(200)
Dividends received	-	-	233,458	13,296,250
Proceeds on disposal of property, plant and equipment	725,719	687,615	-	-
Net cash (used in)/generated from investing activities	(10,586,941)	(10,577,652)	(4,280,144)	14,665,203
Cash flows from financing activities				
Proceeds from Interest-bearing borrowings	8,923,077	-	-	-
Repayment of Interest-bearing borrowings	(1,242,532)	-	-	-
Finance costs paid	(848,375)	(223,248)	(1,092,702)	-
Dividends paid	(15,713,750)	(13,296,250)	(15,713,750)	(13,296,250)
Net cash used in financing activities	(8,881,580)	(13,519,498)	(16,806,452)	(13,296,250)
Net movement in cash and cash equivalents	16,894,741	423,769	327,590	(15,480,351)
Exchange difference on the balance of cash held in foreign currencies	166,758	(21,788)	-	-
Cash and cash equivalents at the beginning of the year	50,484,889	50,082,908	9,875,024	25,355,375
Cash and cash equivalents at the end of the year	67,546,388	50,484,889	10,202,614	9,875,024
Represented by:				
Cash on hand (Petty cash)	1,830	100	-	-
Bank balances	67,667,419	50,857,146	10,202,614	9,900,183
Bank overdraft	(122,861)	(372,357)	-	(25,159)
	67,546,388	50,484,889	10,202,614	9,875,024

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2014

1. General information

FSG Limited ("the Company") is a public Company incorporated in Botswana. The addresses of its registered office and principal place of business are disclosed in the introduction to the Annual Report.

The Company through its subsidiaries (all collectively, "the Group"), namely, FSG Manufacturing (Proprietary) Limited (previously, M & N Coffin and Casket Manufacturers (Proprietary) Limited), FSG Services (Proprietary) Limited (previously, Kagiso Funeral Parlour (Proprietary) Limited), FSG Properties (Proprietary) Limited (previously, Imperial Funeral Parlour (Proprietary) Limited), FSG Assurance (Proprietary) Limited, FSG Investments (Proprietary) Limited, FSG (Zambia) Limited (a Company registered in Zambia), Botswana Funeral Services Group (Proprietary) Limited (a Company registered in South Africa), carries on the principal business activity of manufacturing and retail of coffins and caskets, provision of funeral related services and provision of funeral insurance in partnership with Botswana Life Insurance Limited. The Company has another wholly owned subsidiary namely, FSG Private Cemeteries (Proprietary) Limited (previously, Private Cemeteries (Proprietary) Limited) that is engaged in the business of establishing and managing private cemeteries in Botswana.

These consolidated and separate financial statements are presented in Botswana Pula, which is also the functional currency. All amounts have been rounded to the nearest Pula, unless otherwise indicated

2. Adoption of new and revised International Financial Reporting Standards (IFRS's)

2.1 Standards and interpretations effective in the current period

The new standards or interpretations that have been adopted in the current year are:

New/Revised International Financial Reporting Standards	Effective Date
Amendment to IAS 32 – Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	Annual periods beginning on or after 1 January 2014
Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	Annual periods beginning on or after 1 January 2014
Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	Annual periods beginning on or after 1 January 2014
Amendments to IFRS 10, IFRS 12, and IAS 27 – Investment Entities	Annual periods beginning on or after 1 January 2014
IFRIC 21 – Levies	Annual periods beginning on or after 1 January 2014

The adoption of these standards and interpretations had no significant impact on these annual financial statements.

FSG

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

2.2 Standards and interpretations in issue not yet adopted

New/Revised International Financial Reporting Standards	Effective Date
IAS 19 – Defined Benefits Plans: Employee Contributions	Annual periods beginning on or after 1 July 2014
Annual improvements to IFRS's 2010-2012 Cycle – various standards	Annual periods beginning on or after 1 July 2014
Annual improvements to IFRS's 2011-2013 Cycle – various standards	Annual periods beginning on or after 1 July 2014
IFRS 9 - Financial Instruments : (Classification and measurement)	Annual periods beginning on or after 1 January 2018
IFRS 14 – Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016
Accounting for Acquisitions of Interest in Joint Operations (Amendments to IFRS 11)	Annual periods beginning on or after 1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Annual periods beginning on or after 1 January 2016
IFRS 15 Revenue from contracts with customers	Annual periods beginning on or after 1 January 2017
Annual Improvements to IFRS 2012-2014 Cycle – various standards	Annual periods beginning on or after 1 July 2015

The management is of the view that adoption of these standards and interpretations which are not yet effective is unlikely to have any significant impact on these annual financial statements except for IFRS 9 and IFRS 15 which are currently being evaluated by the group. The evaluation will be completed and the standards will be implemented by the effective date.

3. Significant accounting policies

3.1 Statement of compliance
The group and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3.2 Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for revaluation of certain non-current assets and available-for-sale financial assets which are measured at fair value. The principal accounting policies are set out below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

3. Significant accounting policies (continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (collectively referred to as the "Group"). The Group controls an entity when it 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 over the entity.

The results of subsidiaries acquired during the year are included in the consolidated financial statement from the effective date the Group obtains control until the date on which the control ceases.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration is recognised in profit or loss. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

3. Significant accounting policies (continued)

3.5 Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

3.6.1 Sale of goods

Revenue from the sale of coffins and caskets is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.6.2 Rendering of service

- Revenue from rendering of services is exclusive of value added tax and discounts granted and are recognised in profit and loss when the following conditions have been satisfied:
- The amount of revenue can be measured reliably;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.6.3 Income from package scheme

The Group through its operating subsidiaries acts as an authorised agent for the provision of funeral policies. The profit share comprises gross premiums less claims, administration fee, provision for claims not yet reported refundable by the insurer and other directly attributable expenses. Commission earned as agents for the provision of these funeral policies is recognised as revenue on the effective commencement or renewal date of the policies. Administration fee and share of profit is recognised on a monthly basis.

3.6.4 Dividend income

Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established.

3.7 Finance income and finance costs

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

3. Significant accounting policies (continued)

3.8 Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

3.8.1 Current tax
The current tax payable is based on taxable profit for the year. Taxable profit differs from profit reported in the statement of comprehensive income, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

3.8.2 Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.9 Property, plant and equipment
Land and buildings and motor vehicles held for use in the production or supply of goods or services, or for administrative purposes, are initially measured at cost and subsequent measurement is at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Other assets held for use in the production or supply of goods or services, or for administrative purposes, measured at cost and subsequent measurement is at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings and motor vehicles is recognised in other comprehensive income and accumulated in equity under the heading revaluation reserve except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any revaluation decrease is recognised in profit or loss except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Upon disposal of any item of property, plant and equipment that is stated at revalued amounts, the revaluation surplus in respect of that item of property, plant and equipment included in revaluation reserve is transferred to retained earnings through the statement of changes in equity. Any corresponding deferred tax in respect of that item of property, plant and equipment is also similarly transferred to retained earnings.

Properties in the course of construction, production, rental, or for purposes not yet determined are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs is capitalized in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method

3. Significant accounting policies (continued)

3.9 Property, plant and equipment (continued)

are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated. The estimated useful lives used for arriving at depreciation rates are:

- Building: 40 years;
- Motor vehicles: 6 years;
- Plant and machinery: 5 years;
- Furniture and fittings: 5 years; and
- Office machines: 4 years

3.10 Private cemeteries
The cost of developing infrastructure on private cemeteries is classified as property, plant and equipment, and accounted for as set out in note 3.9. The cost of land and other cost directly related to the development of the graves is classified as inventories and accounted for as set out in note 3.12.

3.11 Impairment of tangible assets
At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that a revaluation surplus exists.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 Inventories
Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made for slow moving or obsolete items.

3.13 Financial Instruments
<u>Financial assets</u>
The Group's financial assets are financial investments, loans and receivables including cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised on the date that they have originated and are initially measured at fair value plus transaction costs.

<u>Effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points

3. Significant accounting policies (continued)

3.13 Financial Instruments (continued)
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 asset, or, where appropriate, a shorter period.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale
Available-for-sale assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates, commodity prices or equity prices.

Available-for-sale are initially recognised on trade-date (the date on which the Group commits to purchase or sell the asset).

Available-for-sale financial-assets are subsequently carried at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the available for sale reserve in equity until the asset is sold, or is impaired, when the cumulative gain or loss is transferred to profit or loss. Available-for-sale assets include investment securities.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group in terms that the Group would not consider otherwise.

Financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Collective assessment is carried out by grouping together assets with similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.
Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Group has retained control, the assets continue to be recognised to the extent of the Group's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Financial liabilities
The Group's financial liabilities are borrowings and trade and other payables.

3. Significant accounting policies (continued)

3.13 Financial Instruments (continued)

Financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.14 Employee benefits

Short term employee benefits

Employee entitlements to annual leave, bonuses, medical aid, housing benefit and severance benefit are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by the employee up to the reporting date.

Severance benefits

Employees who are not members of an approved pension scheme or an in-service gratuity are entitled to severance benefits as regulated by the Botswana Employment Act. An accrual is recognised for the estimated liability for services rendered by employees up to the reporting date.

3.15 Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and reclassified to profit or loss on disposal of the net investment.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Botswana Pula using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange difference are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

3. Significant accounting policies (continued)

3.16 Leases

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

Finance leases

Finance leases are recognised as liabilities in the statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.
The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. There are no finance leases at reporting date.

Operating Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies that are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Revaluation of Property, plant and equipment

Revaluation of property - Note 12 describes the valuation method adopted by the directors to determine the fair value of investment property at 31 December 2014. In making its judgement, the directors considered the revaluation on an open market basis prepared by the independent valuers, escalation factor on leases, the self repairing element of certain leases and benchmark yields. The rentals were discounted over the period of the relevant leases and capitalised.

Residual values and useful lives

Residual values and useful lives of property, plant and equipment are based on current estimates of the values of these assets at the end of their useful lives.

Impairment loss on receivables

The Group reviews its receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group assesses whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a portfolio of receivables. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Current /non-current classification split for inventories

The split of inventories, being graves in Phomolong Memorial Park, into current and non-current categories is based on current estimates of number of graves expected to be sold in the next financial year.

Impairment of goodwill

The Group makes an annual assessment of the impairment of goodwill, based on discounted cash flows of estimated future earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
5 Revenue				
Sale of goods and services				
Revenue from sale of goods	72,845,808	67,454,876	-	-
Revenue from rendering of services	7,239,862	6,832,765	-	-
Income from package scheme				
Commission earned	12,562,807	9,961,210	-	-
Administration fees earned	10,269,247	6,707,310	-	-
Share of profit	20,076,172	20,285,625	-	-
Dividends				
Dividends from subsidairies	-	-	13,500,000	13,296,250
Dividends from quoted shares	-	-	233,458	-
	122,993,896	111,241,786	13,733,458	13,296,250
Revenue analysed by nature of customers				
Non-package scheme customers	51,246,016	54,695,268	-	-
Package scheme customers	28,839,654	19,592,373	-	-
Sale of goods and services	80,085,670	74,287,641	-	-
Income from package scheme	42,908,226	36,954,145	-	-
	122,993,896	111,241,786	-	-

6 Operating segments

The Group has three reportable operating segments which are reported to the Group's Managing Director (Chief operating decision-maker) for purpose of resource allocation and assessment.

The segments are identified based on geographical location as follows:

- Botswana
- Zambia
- South Africa

For each of the above segments, the Group's Managing Director reviews internal management reports on at least a quarterly basis.

There are varying levels of integration between the reportable segments. This integration includes transfer of raw materials. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reporting segment is included below. Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes such information is the most relevant in evaluating their results.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

6 Operating segments (continued)

Information about operating segments:

	Botswana	Zambia	South Africa	Inter-segment eliminations	Total
	Pula	Pula	Pula	Pula	Pula
31 DECEMBER 2014					
Revenue from external customers	108,206,681	14,787,215	-	-	122,993,896
Inter-segment revenues	2,039,892	-	-	(2,039,892)	-
Finance income	3,395,546	88,693	248	(531,212)	2,953,275
Finance costs	(163,033)	(1,163,711)	(52,844)	531,213	(848,375)
Depreciation	(4,347,379)	(884,916)	-	-	(5,232,295)
Income tax	(8,921,638)	1,082,368	35,306	(421,779)	(8,225,743)
Reportable segment profit after tax	31,407,763	(2,079,839)	(90,786)	795,443	30,032,581
Reportable segment assets	235,280,600	12,478,535	636,146	(6,349,990)	242,045,291
Additions to segment non-current assets	8,785,941	464,346	-	-	9,250,287
Reportable segment liabilities	(31,526,331)	(14,545,233)	(1,067,560)	5,822,289	(41,316,835)
31 DECEMBER 2013					
Revenue from external customers	98,305,346	12,936,440	-	-	111,241,786
Inter-segment revenues	3,429,841	-	-	(3,429,841)	-
Finance income	3,286,782	15,976	268	(367,469)	2,935,556
Finance costs	(223,248)	(320,876)	(46,593)	367,469	(223,248)
Depreciation	(3,650,413)	(1,074,811)	-	-	(4,725,224)
Income tax	(5,396,832)	821,576	65,291	215,300	(4,294,665)
Reportable segment profit after tax	31,648,149	(1,374,057)	(176,324)	(364,789)	29,732,979
Reportable segment assets	214,610,330	12,368,670	603,890	(11,205,473)	216,377,417
Additions to segment non-current assets	11,287,260	2,913,563	-	-	14,200,823
Reportable segment liabilities	(28,226,509)	(12,583,851)	(947,887)	11,078,104	(30,680,143)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2013 Pula	31 DEC 2013 Pula
7 Finance income				
Interest income:				
Bank deposits	2,953,275	2,935,556	502,046	1,369,153
8 Finance costs				
Interest on bank overdrafts and loans	767,508	125,200	-	-
Interest paid to Botswana Unified Revenue Service	80,867	98,048	-	-
Interest paid to related companies	-	-	1,092,702	-
	848,375	223,248	1,092,702	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

		GROUP		COMPANY	
		31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
9	Income tax	Pula	Pula	Pula	Pula
9.1	Income tax recognised in profit or loss				
	Tax on manufacturing income	921,052	363,390	-	-
	Tax on non-manufacturing income	8,006,283	7,852,894	101,770	313,330
	Current taxation	8,927,335	8,216,284	101,770	313,330
	Deferred tax arising from origination and reversal of temporary differences.	(701,592)	(1,757,187)	-	-
	Prior year over provision on deferred tax	-	(2,164,432)	-	-
	Income tax expense	8,225,743	4,294,665	101,770	313,330
	Taxation reconciliation:				
	The charge for the period can be reconciled to the accounting profit as follows:				
	Profit before tax	38,258,324	34,027,644	13,079,151	14,628,452
	Tax on manufacturing income	951,279	389,833	-	-
	Tax on non-manufacturing income	7,075,306	6,068,557	2,877,413	3,218,259
		8,026,585	6,458,390	2,877,413	3,218,259
	Effect of income not taxable	(51,360)	-	(3,021,359)	(2,925,175)
	Prior year over provision on deferred tax	-	(2,164,432)	-	-
	Effect of expenses not deductible in determining taxable profit	250,518	707	245,716	20,246
	Income tax expense	8,225,743	4,294,665	101,770	313,330
9.2	Deferred tax balances				
	Balance at the beginning of the year	5,373,054	8,937,576	-	-
	Movement through other comprehensive income	42,459	413,863	4,431	-
	Transfer to retained earnings on disposal of revalued property, plant and equipment.	(304,100)	(139,344)	-	-
	Deferred tax arising on temporary differences charged to income	(701,592)	(3,921,619)	-	-
	Foreign currency exchange difference	1,110,346	82,578	-	-
	Balance at the end of the year	5,520,167	5,373,054	4,431	-
	Disclosed as under:				
	Deferred tax asset	2,949,894	2,030,843	-	-
	Deferred tax liabilities	(8,470,061)	(7,403,897)	(4,431)	-
		(5,520,167)	(5,373,054)	(4,431)	-
	Analysis of deferred taxation by type of temporary difference:				
	Capital allowances	(846,678)	(1,870,383)	-	-
	Tax loss	(2,949,894)	(2,030,843)	(4,431)	-
	Revaluation of property, plant and equipment	9,316,739	9,274,280	-	-
		5,520,167	5,373,054	(4,431)	-

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
10 Profit before tax				
Profit before tax is stated after taking into account the following:				
Audit fees - Audit services	468,788	434,306	10,000	20,000
Depreciation of property, plant and equipment	5,232,295	4,725,224	-	-
Directors' remuneration - managerial services	3,506,429	3,518,165	-	-
- fees for services as directors	604,018	779,669	-	-
Foreign exchange loss (gain)	1,085,126	(484,598)	-	-
Employee remuneration and benefits	26,884,046	25,528,654	-	-
Operating lease expenses	1,217,709	2,421,897	-	-
Loss on disposal of property, plant and equipment	929,531	171,975	-	-
Employee remuneration and benefits	26,884,046	25,528,654	-	-
- Salaries and wages	25,316,922	23,672,233	-	-
- Staff rent	1,080,000	1,254,000	-	-
- Staff welfare	487,124	602,421	-	-

	GROUP	
	31 DEC 2014 Pula	31 DEC 2013 Pula
11 Earnings per share		
Basic earnings (Pula per share)	0.25	0.25
Diluted earnings (Pula per share)	0.25	0.25
11.1 Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the year attributable to owners of the company	30,656,533	30,145,197
Shares at the beginning of the year (number)	120,875,000	120,875,000
Shares at the end of the year (number)	120,875,000	120,875,000
Weighted average number of ordinary shares for the purposes of basic earnings per share	120,875,000	120,875,000
11.2 Diluted earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:		
Shares at the beginning and end of the year (number)	120,875,000	120,875,000
Weighted average number of ordinary shares	120,875,000	120,875,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

12 Property, plant and equipment

Group	Leasehold Land and buildings	Capital work-in-progress	Motor vehicles	Plant and machinery	Furniture and fittings	Office machines	Total
	Pula	Pula	Pula	Pula	Pula	Pula	Pula
Cost or valuation							
Balance at 1 January 2013	75,312,246	2,998,678	17,802,147	6,512,091	2,182,293	6,679,740	111,487,195
Revaluation	47,167	-	(936,331)	-	-	-	(889,164)
Additions	4,317,382	626,758	5,755,313	1,533,909	920,446	1,047,015	14,200,823
Disposals	-	-	(859,590)	-	-	-	(859,590)
Effect of movements in exchange rate	-	-	137,736	209,975	-	-	347,711
Balance at 31 December 2013	79,676,795	3,625,436	21,899,275	8,255,975	3,102,739	7,726,755	124,286,975
Revaluation	(759,031)	-	(1,454,547)	-	-	-	(2,213,578)
Additions	604,542	2,279,327	4,202,540	517,068	595,610	1,051,200	9,250,287
Transfers	5,540,563	(5,540,563)	-	-	-	-	-
Disposals	-	-	(1,655,250)	-	-	-	(1,655,250)
Effect of movements in exchange rate	(137,213)	-	(793,644)	(381,061)	-	-	(1,311,918)
Balance at 31 December 2014	84,925,656	364,200	22,198,374	8,391,982	3,698,349	8,777,955	128,356,516
Accumulated depreciation							
Balance at 1 January 2013	92,130	-	-	2,851,424	1,247,165	2,832,037	7,022,756
Revaluation	(1,281,804)	-	(1,778,441)	-	-	-	(3,060,245)
Depreciation for the year	1,189,674	-	2,308,200	816,018	110,562	300,770	4,725,224
Effect of movements in exchange rate	-	-	17,665	129,831	-	-	147,496
Balance at 31 December 2013	-	-	547,424	3,797,273	1,357,727	3,132,807	8,835,231
Depreciation on revalued assets	(1,285,481)	-	(2,446,782)	-	-	-	(3,732,263)
Charge for the year	1,285,481	-	2,412,081	621,825	201,158	711,750	5,232,295
Effect of movements in exchange rate	-	-	(512,723)	(184,565)	-	20,874	(676,414)
Balance at 31 December 2014	-	-	-	4,234,533	1,558,885	3,865,431	9,658,849
Carrying amount							
As at 31 December 2012	75,220,116	2,998,678	17,802,147	3,660,667	935,128	3,847,703	104,464,439
As at 31 December 2013	79,676,795	3,625,436	21,351,851	4,458,703	1,745,012	4,593,948	115,451,734
As at 31 December 2014	84,925,656	364,200	22,198,374	4,157,449	2,139,464	4,912,524	118,697,667

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

12 Property, plant and equipment (continued)

The following are the details of land and buildings together with open market values as at valuation date:

Area	Plot No	Type	Period	Commencement	2014	2013
Gaborone	22150 & 22151 (Consolidated as Plot 69124, Gaborone West)	Leasehold	50 years	19-Sep-1991 & 12-May-1999	26,000,000	26,000,000
Gaborone	17848	Leasehold	50 years	3/Feb/1984	3,500,000	2,800,000
Kanye	Tribal Lot 1554	Leasehold	50 years	11/Jan/2001	1,485,000	1,470,000
Mahalapye	Tribal lot 4959	Leasehold	50 years	27/May/1998	1,980,000	1,960,000
Molepolole	Tribal Lot 62 & 63	Leasehold	50 years	18/Sep/2002	1,485,000	1,470,000
Thamaga	Tribal Lot	Leasehold	50 years	1/Jul/2003	1,386,000	1,372,000
Masunga	Tribal Lot	Leasehold	50 years	1/Apr/1990	792,000	784,000
Tutume	Tribal Lot	Leasehold	50 years	1/Jul/1989	891,000	882,000
Francistown	Plot 6183	Leasehold	25 years	1/Feb/1998	3,000,000	3,000,000
Selebi-Phikwe	Tribal Lot 4240	Leasehold	50 years	18/Dec/1987	1,386,000	1,372,000
Serowe	Tribal Lot 2400	Leasehold	50 years	16/Sep/2003	138,600	137,200
Serowe	Tribal Lot 164	Leasehold	50 years	1/Jan/1986	2,079,000	2,058,000
Palapye	Tribal Lot 404	Leasehold	50 years	1/Sep/1989	4,587,923	529,200
Gumare	Tribal Lot	Leasehold	50 years	26/Sep/2001	366,300	362,600
Letlhakeng	Tribal Lot	Leasehold	50 years	-	29,700	29,400
Tsamaya Tati	Tribal Lot	Leasehold	50 years	1/Jan/1995	289,296	285,246
Shakawe	Tribal Lot	Leasehold	50 years	1/Oct/1995	366,300	362,600
Maun	Tribal Lot 522	Leasehold	50 years	22/Aug/2000	1,188,000	1,176,000
Tonota	Tribal Lot	Leasehold	50 years	1/Nov/2000	1,000,000	548,800
Kang	Lot 163	Leasehold	50 years	16/Aug/1996	75,000	75,000
Pilane	Plot 30	Leasehold	50 years	1/Oct/1977	3,465,000	3,430,000
Gaborone	Plot 68327	Freehold	50 years	Freehold	20,500,000	20,500,000
Francistown	Portion 2 of Farm 369-NQ	Leasehold	50 years	1/Jul/2011	8,000,000	8,000,000
Kitwe	Plot No.40 , Nkana West, Kitwe	Leasehold	99 years	1/Jul/2013	935,537	1,072,749
					84,925,656	79,676,795

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

12 Property, plant and equipment (continued)

Assets pledged as security

Leasehold land and building, being Plot 69124, Gaborone West has been mortgaged to the value of P10,000,000 (2013: P10,000,000) to secure an overdraft facility of P5,140,000 for the company with First National Bank of Botswana Limited. The re-valued carrying amount of this asset is P 26,000,000.

Valuation

The Group's land and buildings and motor vehicles are revalued by an independent professional valuer every year.

Land and buildings were last valued at the end of December 2014 based on an independent valuation performed by Apex Properties (Proprietary) Limited, in accordance with generally accepted valuation standards. Apex properties (Pty) limited is one of the leading property valuation, investment and management consultants registered in Botswana. The method that is adapted is investment method whereby the subject propety is compared with rentals of comparable properties and the adjustments made for points of differences.

Motor vehicles were last valued at the end of December 2014 based on an independent valuation performed by Savvy Holdings (Proprietary) Limited, in accordance with generally accepted valuation standards that are acceptable in Southern African region and adapted to Botswana conditions. The valuator is a registered member of Botswana Institute of Loss Adjustors and has over twenty-eight years of experience in the motor industry.

The directors have no reason to believe there has been any material change to these values as at the reporting date.

Had the Group's leasehold land and buildings and motor vehicles been measured on historical cost basis, their carrying amount would have been as follows:

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Leasehold land and buildings	55,689,083	46,625,723	-	-
Motor vehicles	13,272,227	7,942,330	-	-

FSG

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

		GROUP		COMPANY	
		31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
13	**Goodwill**				
	Carrying amount	26,822,003	26,822,003	-	-
	Goodwill arose on :				
	Acquisition of FSG Manufacturing (Proprietary) Limited and FSG Services (Proprietary) Limited on 1st January 2004 by FSG Limited	26,012,840	26,012,840	-	-
	Acquisition of FSG (Zambia) Limited on 1st April 2007 by FSG Limited	809,163	809,163	-	-
		26,822,003	26,822,003	-	-
13.1	*Annual test for impairment*				
	During the year, the Group assessed the recoverable amount of goodwill, based on discounted cash flows of estimated future earnings and determined that goodwill was not impaired and accordingly no provision for impairment losses has been recognised.				
	Goodwill has been allocated for impairment to the three individual cash generating units as follows:				
	FSG Manufacturing (Proprietary) Limited	15,859,897	15,859,897	-	-
	FSG Services (Proprietary) Limited	10,152,943	10,152,943	-	-
	FSG (Zambia) Limited	809,163	809,163	-	-
		26,822,003	26,822,003	-	-

The recoverable amount for FSG Manufacturing (Proprietary) Limited and FSG Services (Proprietary) Limited is determined based on value in use and calculated using the discounted cash flow projection using an average 5% growth rate of income for a five-year period and an average cost of capital of 10.5% (2013: 10%) .

The recoverable amount for FSG (Zambia) Limited is determined based on discounted cash flow projection using an average 25% growth rate of income for a five-year period and an average cost of capital of 10% (2013: 10%).

		GROUP		COMPANY	
		Percentage holding		Carrying amount	
		31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
		%	%	Pula	Pula
14	**Investments**				
14.1	**Investments in subsidiaries**				
	FSG Manufacturing (Proprietary) Limited	100	100	26,730,128	26,730,128
	FSG Services (Proprietary) Limited	100	100	13,453,972	13,453,972
	FSG (Zambia) Limited	70	70	3,879,204	3,879,204
	FSG Private Cemeteries (Proprietary) Limited	100	100	21,250,000	21,250,000
	FSG Properties (Proprietary) Limited	100	100	1,000	1,000
	FSG Assurance (Proprietary) Limited	100	100	100	100
	FSG Investments (Proprietary) Limited	100	100	100	100
	Botswana Funeral Services Group (Proprietary) Limited	100	100	181	181
				65,314,685	65,314,685

		GROUP		COMPANY	
		31 DEC 2013	31 DEC 2012	31 DEC 2013	31 DEC 2012
		Pula	Pula	Pula	Pula
14.2	**Financial investments**				
	Investment in equity instruments - listed	5,035,788	-	5,035,788	-
				-	-
				-	-
15	**Inventories**				
	Raw materials	1,054,321	935,735	-	-
	Work in progress	19,145	26,621	-	-
	Finished goods	12,452,665	13,343,065	-	-
	Consumables	199,638	257,365	-	-
		13,725,769	14,562,786	-	-
	Less: inventories classified as non-current	(3,269,617)	(3,301,402)	-	-
		10,456,152	11,261,384	-	-

The investments consist of 175,176 shares of Botswana Insurance Holdings Limited, 239,867 shares of Barclays Bank of Botswana and 823,516 shares of Letshego Holdings Limited. The quoted price per share at 31st December 2014 was P11.51, P3.43 and P2.66 respectively. Fair value gain of P20,141 was recognised in the current year .

The non-current portion of inventories relates to the cost of graves that are not expected to be sold within the following financial year. The classification is based on current estimate of number of graves expected to be sold in the next financial year.

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
16 Trade and other receivables				
Trade receivables	1,387,902	1,900,002	-	-
Allowance for doubtful debts	(210,014)	(496,928)	-	-
	1,177,888	1,403,074	-	-
Other receivables	3,777,330	3,609,126	-	140
	4,955,218	5,012,200	-	140

Credit policy

The Group primarily trades on cash basis and extends credit terms to government departments and limited private customers where the average credit period is 60 days (2013: 60). No interest is charged on outstanding balances due from third parties. Amounts due from related parties accrues interest at 10% per annum (2013: 11%).

Allowance for doubtful debts

The allowance for doubtful debts is made based on estimated irrecoverable amounts determined by reference to past default experience. In assessing the trade receivables for impairment, the Group considers the change in the quality of the trade receivable from the date the credit was granted up to the reporting date. The movement in the allowance during the year is as follows:

Movement in allowance for doubtful debts				
Opening balance	496,928	496,928	-	-
Recovered during the year	(127,296)	-	-	-
Raised during the year	-	-	-	-
Written off during the year	(159,618)	-	-	-
Closing balance	210,014	496,928	-	-

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired				
61-90 days	-	106,097	-	-
91-120 days	2,060	51,557	-	-
above 120 days	177,477	597,237	-	-
Total	179,537	754,891	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
17 Stated capital				
120,875,000 (2013: 120,875,000) Ordinary shares of no par value	69,525,100	69,525,100	69,525,100	69,525,100
	Ordinary Shares		Ordinary Shares	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
In issue at 1st January	120,875,000	120,875,000	120,875,000	120,875,000
In issue at 31st December - fully paid	120,875,000	120,875,000	120,875,000	120,875,000
18 Secured bank loans				
Secured bank loans	7,694,631	-	-	-
Less: Current portion of secured bank loans	(1,490,165)	-	-	-
	6,204,466	-	-	-

The Group has two secured bank loans availed from Standard Chartered Bank Zambia Limited for Zambia Kwacha 4,500,000, which bear an interest rate of prime plus 3.25% currently, 15.75%, repayable over a period of 60 months from January 2014, and Zambia Kwacha 1,300,000, which bears an interest rate of prime plus 3.25% currently, 15.75%, repayable over a period of 60 months from October 2014, respectively.

These loans are secured by a bank guarantee for United States Dollars One million issued by Standard Chartered Bank Botswana Limited in favor of Standard Chartered Bank Zambia Limited on the basis of pledge over a fixed deposit of Pula Ten million placed by FSG Limited with Standard Chartered Bank Botswana Limited.

	GROUP 31 DEC 2014	GROUP 31 DEC 2013	COMPANY 31 DEC 2014	COMPANY 31 DEC 2013
19 Trade and other payables				
Trade payables	3,251,094	4,149,456	-	-
Accruals and other liabilities	12,962,999	11,044,663	329,783	238,932
Related party payables (note 21)	6,294,315	6,110,380	11,891,408	4,130,516
	22,508,408	21,304,499	12,221,191	4,369,448

The average credit period is 60 days (2013: 60 days). No interest is incurred on outstanding balances due to third parties. Amounts due to subsidiaries accrues interest at 10% per annum (2013: 10%).

	GROUP 31 DEC 2014	GROUP 31 DEC 2013	COMPANY 31 DEC 2014	COMPANY 31 DEC 2013
20 Bank overdraft	122,861	372,357	-	25,159

The Group has an overdraft facility of P5,140,000 (2013:P5,140,000) with First National Bank of Botswana Limited secured by first Mortgage Bond over leasehold Land and Building, being Lot 69124, Gaborone.

FSG

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

21 Related party transactions

FSG Limited, FSG Manufacturing (Proprietary) Limited (previously, M & N Coffin and Casket Manufacturers (Proprietary) Limited), FSG Services (Proprietary) Limited (previously, Kagiso Funeral Parlour (Proprietary) Limited), FSG Properties (Proprietary) Limited (previously, Imperial Funeral Parlour (Proprietary) Limited), FSG Assurance (Proprietary) Limited, FSG Private Cemeteries (Proprietary) Limited (previously, Private Cemeteries (Proprietary) Limited), FSG Investments (Proprietary) Limited, FSG Zambia Limited (a company incorporated in Zambia) and Botswana Funeral Services Group (Proprietary) Limited (a company incorporated in South Africa) are under common control or ownership of the directors and shareholders. All transactions with related company are carried out at arms-length. Effective 01 January 2010, 30% of the shares held by FSG Limited in FSG (Zambia) Limited is held by Combined Consortium Limited a company incorporated in Zambia which is wholly owned by Zambian nationals.

Botswana Life Insurance Limited holds 33.97% (2013: 33.97%) of the equity of the company. The company acts as independent agent of Botswana Life Insurance Limited and operates the "Funeral Package Scheme" on behalf of Botswana Life Insurance Limited.

Transactions with related parties during the year were as follows:

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Dividend received included in revenue				
FSG Manufacturing (Proprietary) Limited	-	-	9,750,000	6,648,125
FSG Services (Proprietary) Limited	-	-	3,750,000	6,648,125
	-	-	13,500,000	13,296,250
Botswana Life Insurance Limited - Funeral package scheme				
Commission received	11,467,798	9,961,210	-	-
Administration fees received	9,174,238	6,707,310	-	-
Share of profit	19,367,638	18,697,462	-	-
	40,009,674	35,365,982	-	-
Share of profit is calculated based on the terms and conditions of the arrangement with Botswana Life Insurance Limited				
Management fees received included in other income				
FSG Manufacturing (Proprietary) Limited	-	-	-	240,000
Transactions with other related parties are as follows:				
Directors' remuneration - management services	3,506,429	3,518,165	-	-
Rental paid to companies under the control of certain shareholders/ directors	900,000	960,000	-	-
Balances with related parties as at 31 December were as follows:				
Amounts included in trade and other payables				
FSG Assurance (Proprietary) Limited	-	-	11,891,408	4,130,516
Combined Consortium Limited	213,196	244,465	-	-
Botswana Life Insurance Limited	6,081,119	5,865,915	-	-
	6,294,315	6,110,380	11,891,408	4,130,516

Note: The above payables have no fixed terms of repayment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
22 Operating lease commitments				
The company as lessee				
Operating leases relate to funeral homes and collection pay-points with lease terms of up to three years and are based on market-related rentals. These leases do not contain any option to purchase the leased asset at the expiry of the lease period.				
The future minimum lease payments under non-cancellable rental operating leases are as follows:				
Up to one year	1,995,997	1,488,148	-	-
Between two and five years	6,063,519	2,258,114	-	-
	8,059,516	3,746,262	-	-

23 Contingent liabilities

Bank guarantees

First National Bank of Botswana Limited, on the instruction of the Group, has issued the following bank guarantees which were outstanding as at 31 December 2014:

-for the sum of P67,000 (2013: P67,000) in favour of Botswana Unified Revenue Service as security towards operating a deferred VAT account.

-for a total sum of P48,000 (2013: P48,000) in favour of Botswana Power Corporation, in lieu of security deposit for supply of power.

24 Financial risk management

Transactions in financial instruments result in the Group assuming financial risks. These include market risk, credit risk, foreign currency risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

Capital management:

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary share shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year.

Capital risk:

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimization of equity and debt balances. The Group's overall strategy remained unchanged from 2013.

Market risk:

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates.

Interest rate risk:

Fluctuation in interest rates impact on the value of short-term cash investments, giving rise to price risk. Other than ensuring optimum money market rates for deposits, the Group does not make use of financial instruments to manage this risk. Due to the short-term nature of the Group's fixed interest investments, the risk is not significant.

The Group invests with reputable institutions and has obtained loans and overdraft facilities, which are subject to normal market interest rate risk. The effective interest rates per annum on the Group's call deposits, bank overdrafts and related party balances at year-end were as follows:

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Related party balances	-	-	10%	11%
Bank call accounts	2 - 6.5%	3 - 6.5%	2 - 6.5%	3 - 6.5%
Bank overdraft balances	9 - 9.5%	11%	-	-

The following are the Pula equivalent of the balances susceptible to interest rate risk:

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
Related party payables	-	-	11,891,408	4,130,516
Bank balances on hand	67,667,419	50,857,146	10,202,614	9,900,183
Bank overdraft	122,861	372,357	-	25,159

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

24 Financial risk management (continued)

Interest rate risk sensitivity analysis:

With average interest rates as noted above, a change of 50 basis points in interest rates during the reporting period would have the following impact on the Group and Company's reported profit before taxation.

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
	Pula	Pula	Pula	Pula
Increase of 50 basis points				
Related party payables	-	-	(59,457)	(20,653)
Bank balances on hand	338,337	254,286	51,013	49,501
Bank overdraft	(614)	(1,862)	-	(126)
Increase in profit before tax	337,723	252,424	(8,444)	28,722
Decrease of 50 basis points				
Related party payables	-	-	59,457	20,653
Bank balances on hand	(338,337)	(254,286)	(51,013)	(49,501)
Bank overdraft	614	1,862	-	126
Decrease in profit before tax	(337,723)	(252,424)	8,444	(28,722)

Foreign currency risk:

The Group is exposed to foreign currency risk in respect of transactions that are denominated in currencies other than the Pula. The Group does not take cover on foreign currency as it regards the Pula as a stable currency. Foreign denominated transactions are predominantly in South African Rand and Zambia Kwacha.

The Group's exposure to foreign currency risk, based on notional amounts, is analysed as follows:

	31 DEC 2014		31 DEC 2013	
	Foreign currency amount	Pula equivalent	Foreign currency amount	Pula equivalent
Group				
South African Rand denominated assets	(601,575)	(499,232)	(602,182)	(499,736)
South African Rand denominated liabilities	994,426	825,250	984,426	816,951
Zambian Kwacha denominated assets	(2,855,613)	(4,759,355)	(2,371,207)	(3,952,012)
Zambian Kwacha denominated liabilities	1,017,722	1,696,203	1,315,937	2,193,228
Net exposure		(2,737,134)		(1,441,569)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

24 Financial risk management (continued)

Foreign currency risk (Continued):

	GROUP		COMPANY	
	31 DEC 2014	31 DEC 2013	31 DEC 2014	31 DEC 2013
Currency	Pula	Pula	Pula	Pula
South African Rand	63,071	62,699	-	-
Net increase in profit before tax	63,071	62,699	-	-
Zambian Kwacha	(145,864)	(83,752)	-	-
Net decrease in profit before tax	(145,864)	(83,752)	-	-

A 5 percent weakening of the Botswana Pula against these currencies at year-end would have an equal and opposite effective on the Group's profit before taxation by the amounts shown above on the basis that all other variables, in particular interest rates, remain constant.

Foreign exchange rates at reporting date:

	31 DEC 2014	31 DEC 2013
South African Rand	BWP 1 / ZAR 1.21	BWP 1 / ZAR 1.09
Zambian Kwacha	BWP 1 / ZMK 0.60	BWP 1 / ZMK 0.67

Fair values:

Financial instruments carried at fair value are categorised in 3 levels by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable data).

Credit risk:

The Group has exposure to credit risk, which is the risk that a counter-party will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- amounts due from related companies;
- amounts due from trade and other receivables; and
- investments in cash and cash equivalents.

The Group limits the levels of credit risk that it accepts by placing limits on its exposure to a single counter-party or groups of counterparties. Credit risk is monitored as part of the credit control process.

Reputable financial institutions are used for investing and cash handling purposes. All money market instruments and cash equivalents are placed with financial institutions registered in Botswana. Banks in Botswana are not rated but each of the banks concerned are subsidiaries of major South African and United Kingdom registered institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is analysed as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

24 Financial risk management (continued)

Credit risk (continued):

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Trade receivables	1,177,888	1,403,074	-	-
Other receivables	3,777,330	3,609,126	-	140
Bank balances	67,669,249	50,857,246	10,202,614	9,900,183
	72,624,467	55,869,446	10,202,614	9,900,323

The ageing of trade receivables for the Group at the reporting date is analysed as follows:

	Gross	Impairment	Gross	Impairment
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Not past due	998,352	-	648,184	354,238
Past due 61 -120 days	2,060	-	157,654	142,690
Past due, above 120 days	387,491	210,014	1,094,164	-
	1,387,903	210,014	1,900,002	496,928

The movement in the allowance for impairment in respect of trade receivables during the year is analysed as follows:

	GROUP		COMPANY	
	31 DEC 2014 Pula	31 DEC 2013 Pula	31 DEC 2014 Pula	31 DEC 2013 Pula
Balance at the beginning of the year	496,928	496,928	-	-
Recovered during the year	(127,296)	-	-	-
Movement in impairment	(159,618)	-	-	-
Balance at the end of the year	210,014	496,928	-	-

FSG

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 DECEMBER 2014

24 Financial risk management (continued)

Liquidity risk (continued):

The Group is exposed to daily operational payments of trade payables. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and unexpected levels of demand. The following are classified as non-derivate financial liabilities:

	GROUP		COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	Pula	Pula	Pula	Pula
Related party payables	6,294,315	6,110,380	11,891,408	4,130,516
Trade payables	3,251,094	4,149,456	-	-
Other payables	12,962,999	11,044,663	329,783	238,932
Bank overdraft	122,861	372,357	-	25,159
	22,631,269	21,676,856	12,221,191	4,394,607

The following are the contractual maturities of the non-derivative financial liabilities, excluding estimated interest payments and the impact of netting agreements.

Group	Carrying amounts	Contractual cash flows	12 months or less	2 - 5 years
2014	Pula	Pula	Pula	Pula
Related party payables	6,294,315	6,294,315	6,294,315	-
Interest-bearing borrowings	6,204,466	6,204,466	-	6,204,466
Current portion of interest-bearing borrowings	1,490,165	1,490,165	-	-
Trade payables	3,251,094	3,251,094	3,251,094	-
Other payables	12,962,999	12,962,999	12,962,999	-
Bank overdraft	122,861	122,861	122,861	-
	30,325,900	30,325,900	22,631,269	6,204,466
2013	Pula	Pula	Pula	Pula
Related party payables	6,110,380	6,110,380	6,110,380	-
Trade payables	4,149,456	4,149,456	4,149,456	-
Other payables	11,044,663	11,044,663	11,044,663	-
Bank overdraft	372,357	372,357	372,357	-
	21,676,856	21,676,856	21,676,856	-

Company	Carrying amounts	Contractual cash flows	12 months or less	2 - 5 years
2014	Pula	Pula	Pula	Pula
Other payables	329,783	329,783	329,783	-
2013	Pula	Pula	Pula	Pula
Other payables	238,932	238,932	238,932	-

24 Financial risk management (continued)

Fair values: (continued)

Categorisation of assets and liabilities

The table below sets out the classification of each class of financial assets and liabilities, and fair value (excluding accrued interest):

Group	Total	Loans and receivables	Held to Maturity	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2014							
Assets							
Trade and other receivables	4,955,218	4,955,218	-	-	-	4,955,218	4,955,218
Financial investments	5,035,788	-	-	5,035,788	-	5,035,788	5,035,788
Cash and cash equivalents	67,669,249	67,669,249	-	-	-	67,669,249	67,669,249
	77,660,255	72,624,467	-	5,035,788	-	77,660,255	77,660,255
Liabilities							
Interest-bearing borrowings	7,694,631	-	-	-	7,694,631	7,694,631	7,694,631
Amounts due to related companies	6,294,315	-	-	-	6,294,315	6,294,315	6,294,315
Trade and other payables	3,251,094	-	-	-	3,251,094	3,251,094	3,251,094
Bank overdraft	122,861	-	-	-	122,861	122,861	122,861
	17,362,901	-	-	-	17,362,901	17,362,901	17,362,901

Group	Total	Loans and receivables	Held to Maturity	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2013							
Assets							
Trade and other receivables	5,012,200	5,012,200	-	-	-	5,012,200	5,012,200
Cash and cash equivalents	50,857,246	50,857,246	-	-	-	50,857,246	50,857,246
	55,869,446	55,869,446	-	-	-	55,869,446	55,869,446
Liabilities							
Amounts due to related companies	6,110,380	-	-	-	6,110,380	6,110,380	6,110,380
Trade and other payables	4,149,456	-	-	-	4,149,456	4,149,456	4,149,456
Bank overdraft	372,357	-	-	-	372,357	372,357	372,357
	10,632,193	-	-	-	10,632,193	10,632,193	10,632,193

24 Financial risk management (continued)

Fair values: (continued)

Company	Total	Loans and receivables	Held to Maturity	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2014							
Assets							
Financial investments	5,035,788	-	-	5,035,788	-	5,035,788	5,035,788
Cash and cash equivalents	10,202,614	10,202,614	-	-	-	10,202,614	10,202,614
	15,238,402	10,202,614	-	5,035,788	-	15,238,402	15,238,402
Liabilities							
Amounts due to related companies	11,891,408	-	-	-	11,891,408	11,891,408	11,891,408
	11,891,408	-	-	-	11,891,408	11,891,408	11,891,408

Company	Total	Loans and receivables	Held to Maturity	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
2013							
Assets							
Trade and other receivables	140	140	-	-	-	140	140
Cash and cash equivalents	9,900,183	9,900,183	-	-	-	9,900,183	9,900,183
	9,900,323	9,900,323	-	-		9,900,323	9,900,323
Liabilities							
Bank overdraft	25,159	-	-	-	25,159	25,159	25,159
Amounts due to related companies	4,130,516	-	-	-	4,130,516	-	-
	4,155,675	-	-	-	4,155,675	25,159	25,159

24 Financial risk management (continued)

Fair values: (continued)

The carrying amounts of financial assets and liabilities are representative of the Group and company's position at 31 December 2014 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates and market related interest rates. Fair values are generally determined using valuation techniques or, where available, published price quotations from an active market.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates used in estimating discount rates and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management's judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Group has an established control framework with respect to the measurement of fair values. This framework includes the overall responsibility for independently verifying the results of operations and all significant fair value measurements. Specific controls include: verification of observable pricing inputs and re-performance of models involving both Product Control and Group Market Risk; calibration and back testing of models involving Group Market Risk personnel; and reporting of significant valuation issues to the Group Audit Committee.

24 Financial risk management (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
Group	**Pula**	**Pula**	**Pula**	**Pula**
2014				
Assets				
Financial investments	5,035,788	-	-	5,035,788

	Level 1	Level 2	Level 3	Total
	Pula	**Pula**	**Pula**	**Pula**
Company				
2014				
Assets				
Financial investments	5,035,788	-	-	5,035,788

There were no financial liabilities incurred or designated at fair value in 2013, there were no financial assets or liabilities designated at fair value.

25 Financial support

The company has pledged its continued financial support to certain companies within the Group which are technically insolvent with their liabilities exceeding their equity and assets in order for these companies to operate as going concerns in the foreseeable future.

Based on the ability of the company, the financial support provided will continue for each individual company until such time the company's assets, fairly valued, exceed their liabilities.

The shareholder's deficits for each of the companies are as follows:

	31 Dec 2014	31 Dec 2013
	Pula	Pula
Botswana Funeral Services Group (Proprietary) Limited	(431,413)	(195,193)
FSG (Zambia) Limited	(2,066,699)	-
	(2,498,112)	(195,193)

25 List Of Subsidiaries

Set out below is a list of subsidiaries of the Group.

FSG LIMITED

Subsidiary	Country	2014	2013
FSG Manufacturing (Proprietary) Limited	Botswana	100%	100%
FSG Services (Proprietary) Limited	Botswana	100%	100%
FSG Private Cemeteries (Proprietary) Limited	Botswana	100%	100%
FSG Assurance (Proprietary) Limited	Botswana	100%	100%
FSG Properties (Proprietary) Limited	Botswana	100%	100%
FSG Investments (Proprietary) Limited	Botswana	100%	100%
FSG (Zambia) Limited	Zambia	70%	70%
Botswana Funeral Services (Proprietary) Limited	South Africa	100%	100%

Ownership interest is shown in percentages as at 31st December of each year.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of Shareholders of FSG Limited will be held at the offices of the company Plot 69124, Gaborone West Industrial, Gaborone, Botswana on Wednesday 24th June 2015 at 3.30 pm for the purpose of transacting the following business:

AGENDA

1. To read the notice convening the meeting.
2. To receive and approve the audited annual financial statements for the year ended 31 December 2014.
3. To re-elect directors of the company:
   In terms of the Constitution, Daniel Neo Moroka and John Alexander Burbidge retire by rotation, and being eligible offer themselves for re-election.
4. To approve the remuneration for the directors for the year ended 31 December 2014.
5. To approve the remuneration of the auditors for the year ended 31 December 2014.
6. To appoint auditors for the ensuing year and to fix their remuneration.
7. To transact other such business as may be transacted at an Annual General Meeting.

PROXIES

A member entitled to attend and vote may appoint a proxy to attend and vote on their behalf and such proxy need not be a member of the company. The instrument appointing such a proxy must be deposited at the office of the Company Secretaries not less than 48 hours before the meeting. A proxy form is enclosed with this notice.

By Order of the Board

Corporate Services (Proprietary) Limited
Company Secretaries
Unit 5, Kgale Mews
P O Box 406, Gaborone, Botswana
Date: 15 May 2015

FSG

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 at FSG Offices at 3.30 pm on Wednesday, 24th June 2015.

I/We
(Name in block letters)
____

Of
(Address)
____

Appoint (see Note 2)

1.______________________ or failing him/her, ______________________

2. ______________________ or failing him/her, ______________________

3. the Chairman of the Meeting

as my/our proxy to act for me/us at the General Meeting which will be held, 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 (see note 2)

Number of ordinary shares

		For	Against	Abstain
Ordinary resolution 1				
Ordinary resolution 2				
Ordinary resolution 3				
Ordinary resolution 4				
Ordinary resolution 5				

Signed at ______________ on ______________ 2015

Signature ______________________________

Assisted by (where applicable) ______________________

Each Shareholder is entitled to appoint one or more proxies (who need not be member/s of the Company) to attend, speak and vote in place of the Shareholder at the General Meeting. Please read the notes on the reverse side hereof.

1. A Shareholder must insert the names of two alternative proxies of the Shareholder's 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 Shareholder's 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 authorise the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. Forms of proxy must be lodged at or posted to the Company Secretaries of the Company, Corporate Services (Proprietary) Limited, Unit 5, Kgale Mews, P O Box 406, Gaborone, Botswana to be received not less than 48 hours before the General Meeting on 24th June 2015.

4. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

5. The Chairman of the 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.

6. An instrument of proxy shall be valid for the General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, or revocations shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.

8. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

9. Where Ordinary Shares are held jointly, all joint Shareholders must sign. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

FSG