GROUP DEVELOPMENTS LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended

31 MARCH 2018

GROUP DEVELOPMENTS LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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GROUP DEVELOPMENTS LIMITED

DIRECTORS' REPORT
For the year ended 31 March 2018

The Directors hereby present their report together with the audited separate and consolidated financial statements of Group Developments Limited (GDL) and its subsidiaries herein referred to as "Group" for the financial year ended on 31 March 2018.

Financial Results and Dividend

For the financial year ended on 31 March 2018, the Group has reported a profit of MK499.2 million against a reported loss of MK355.9 million for the year ended on 31 March 2018. Operational matters have been discussed separately in this Report.

In order to conserve resources, the directors do not recommend a dividend for the period under review.

State of Company's Affairs

The results and state of affairs of the Group are set out in the separate and consolidated financial statements. The directors have made an assessment and have formed an opinion that the company will remain a going concern at least for the next twelve months from the date of approval of these financial statements.

The performance and state of affairs of the products in which the Company deals with are summarized below:

a. **Tea**
Tea production for the year under review was 2.4 Million kgs, compared to last year's production of 2.07 million kgs. The increase in production is a reflection of improvement in health of the bushes, due to good agricultural practice and use of required manures and fertilizer. The tea price realization during the period was higher than the previous year. The Company has started to gain goodwill in the international market and it is expected that in the coming years, there will be further improvement in price realisation.

b **Macadamia**
During the year, Macadamia (N I H) production was 1.87 million kgs against last year's production of 1.31 million kgs. The increase in production is due to improved weather conditions observed during the year under review as well as due to good agricultural practices which are being followed by the Group.

State of Affairs of the Subsidiaries

a) **Naming'omba Tea Estates Limited**
Naming'omba Tea Estates Limited is the wholly owned subsidiary where major operations are taking place. The company is involved in growing, processing and selling tea, macadamia nuts and forestry products.

For the financial year ended 31 March 2018, the subsidiary reported an operating profit of MK897.88 million before tax and impairment losses of MK7,095 million in respect of inter-company balance receivable from GDL, the holding Company against an operating profit of MK681.2 million reported in the previous year.

The subsidiary is continuing on its expansion program for Macadamia in the coming years in a phased manner.

b) **Group Holdings Limited**
Group Holdings Limited is another wholly owned subsidiary of your Company. The subsidiary rents out its land resources to a fellow subsidiary Naming'omba Estates Limited. For the financial year ended 31 March 2018, the subsidiary reported a loss of MK72.5 million against a loss of MK60.1 million in the previous year.

c) **Mafisi Tea Estates Limited**
Mafisi Tea Estates Limited is the wholly owned subsidiary of your Company. The subsidiary rents out its tea and macadamia plantations to a fellow subsidiary Naming'omba Tea Estates Limited.

For the financial year ended 31 March 2018, the subsidiary reported a loss of MK61.5 million vis a vis loss of MK50.7 million in the previous year.

The financial statements of its wholly owned subsidiary companies VIZ Naming'omba Tea Estates Limited, Group Holdings Limited and Mafisi Tea Estates Limited have been restated for the implementation of IAS 16 and IAS 41 on bearer plants and treatment of future crop expenditure with effect from 1 April 2016 as explained in notes 3.6 and 22 to the financial statements.

GROUP DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 March 2018

List of Bodies Corporate - Subsidiary or holding more than 25% of voting rights

The Company presently has the following three wholly owned subsidiaries:

i) Naming'omba Tea Estates Limited
ii) Maifisi Tea Estates.Limited
iii) Group Holdings Limited

The Registered office of the aforesaid subsidiaries is located at P. O. Box 2, Thyolo, Malawi.

Your Company is not beneficially entitled to equity shares of any body corporate. which confers the right to exercise more than 25% of the votes exercisable at a general meeting of a body corporate.

Holding Company

Gillanders Holdings (Mauritius) Limited, having its registered office at 6ih Floor, Tower A, 1 Cyber City, Ebene, Mauritius is the Holding Company of your Company. However, your Board understands that Gillanders Arbuthnot and Company Limited having its Registered Office at C 4, Gillander House, Netaji Subhas Road, Kolkata 700 001, is the ultimate holding Company.

Auditors

Messrs. KPMG, Certified Public Accountants and Business Advisors (Malawi) and Statutory Auditor of the Company, who retire at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves, for re-appointment till the conclusion of the next Annual General Meeting of the Company.

Board of Directors and Secretary of the Company

The Directors and Secretary of Group Developments Limited who served during the year are as follows:

Name	Position	Duration	Nationality
Mr. Dev Kishan Sharda	Director	Up to 19 January 2018	Indian
Mr. Mahesh Sodhan	Director	Up to 19 January 2018	Indian
Mr. Arthur Alick Msowoya	Director	Whole year	Malawian
Mr. William Chibwe	Director	Whole year	Malawian
Mr. Remmie Ng'omba	Director	Whole year	Malawian
Mr. Vijay Kumar	Director	From 23 January 2018	Indian
Mr. Santosh Kumar Giri	Director	From 23 January 2018	Indian
Mrs. Susan Mkandawire	Secretary	From 27th December 2017	Malawian

Appreciation

The Directors would like to record their appreciation for the co-operation and support received from the employees, shareholders, banks, governmeni-agencies and all stakeholders.

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

Date: 24 May 2018

GROUP DEVELOPMENTS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT
For the year ended 31 March 2018

The Directors are responsible for the preparation of the consolidated and separate financial statements of Group Developments Limited (GDL), comprising the consolidated and separate statements of financial position at 31 March 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended, and the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory notes that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2013 of Malawi. The directors are also responsible for the preparation if the Directors' report.

The Companies Act also requires directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2013 of Malawi.

In preparing the consolidated and separate financial statements, the directors accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- preparation of consolidated and separate financial statements on a going concern basis unless it is inappropriate to presume that Group Developments Limited will continue in business.

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

The directors have made an assessment of the group's and company's ability to remain a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with International Financial Reporting Standards (IFRS), and in the manner required by Companies Act, 2013 of Malawi.

Approval of consolidated and separate financial statements

The consolidated and separate financial statements of Group Developments Limited, were approved by the Board of Directors on 24th May 2018 and signed on its behalf by:

....	Vijaykumar ....
AUTHORISED DIRECTOR	AUTHORISED DIRECTOR

Date: 24th May 2018

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KPMG

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROUP DEVELOPMENTS LIMITED

Opinion

We have audited the consolidated and separate financial statements of Group Developments Limited ("the Group and Company") set out on pages 6 to 38, which comprise the statements of financial position as at 31 March 2018, 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, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Group Developments Limited as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2013 of Malawi.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standard Board for Accountants' Code for Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Directors' Responsibilities Statement but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by Companies Act, 2013 of Malawi and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

GROUP DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2018

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or Company's ability to continue as a going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concerns.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

KPMG

Andre Appel
Chartered Accountant (Malawi)
Partner

Blantyre, Malawi

25 MAY **2018**

GROUP DEVELOPMENTS LIMITED

STATEMENTS OF FINANCIAL POSITION
At 31 March 2018
In thousands of Malawi Kwacha

	Notes	Consolidated 2018	2017 *Restated	2016 *Restated	Separate 2018	2017
ASSETS						
Non-current assets						
Property, plant and equipment	10	23,035,256	21,066,021	18,461,752	-	-
Investments in subsidiaries	11	-	-	-	61,686	61,686
		23,035,256	21,066,021	18,461,752	61,686	61,686
Currents assets						
Biological assets	12	813,853	436,750	316,396	-	-
Future crop expenditure	13	-	-	-	-	-
Inventories	14	786,007	596,821	366,355	-	-
Trade and other receivables	15	682,152	590,186	452,987	-	-
Tax recoverable		-	10,510	-	-	-
Cash and cash equivalents	17	8,909	1,200	1,136	39	344
Total current assets		2,290,921	1,635,467	1,136,874	39	344
Total assets		25,326,177	22,701,488	19,598,626	61,725	62,030
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	18.1	1,284	1,284	1,284	1,284	1,284
Share premium	18.2	60,977	60,977	60,977	60,977	60,977
Capital reserve	18.3	301,564	301,564	301,564	-	-
Property revaluation reserve	18.4	16,451,359	14,602,764	12,508,797	-	-
Biological assets revaluation reserve	18.5	348,221	84,249	-	-	-
Accumulated deficit		(6,535,573)	(6,770,777)	(6,330,639)	(7,096,297)	(7,096,216)
		10,627,832	8,280,061	6,541,983	(7,034,036)	(7,033,955)
Non-current liabilities						
Borrowings	17.1	4,830,867	6,813,452	6,594,936	-	6,089,157
Deferred tax liability	9	7,297,634	6,375,480	5,451,530	-	-
		12,128,501	13,188,932	12,046,466	-	6,089,157
Current liabilities						
Bank overdraft	17	881,783	534,315	636,239	-	-
Trade and other payables	19	452,212	517,106	373,736	-	9,548
Amounts due to related parties	16	-	-	-	7,095,761	997,280
Borrowings	17.1	1,085,098	181,074	-	-	-
Income tax payable		150,751	-	202	-	-
Total current liabilities		2,569,844	1,232,495	1,010,177	7,095,761	1,006,828
Total liabilities		14,698,345	14,421,427	13,056,643	7,095,761	7,095,985
Total equity and liabilities		25,326,177	22,701488	19,598,626	61,725	62,030

* Refer to note 22 for more details on the restatement.

These consolidated and separate financial statements were approved for issue by the Company's board of directors on 24 May 2018 and were signed on its behalf by:

AUTHORISED DIRECTOR

AUTHORISED DIRECTOR

GROUP DEVELOPMENTS LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2018
In thousands of Malawi Kwacha

	Notes	Consolidated 2018	Consolidated 2017 *Restated	Separate 2018	Separate 2017
Revenue	5	**4,280,797**	3,302,223	-	-
Cost of sales		**(1,964,246)**	(1,616,437)	-	-
Gross profit		**2,316,551**	1,685,786	-	-
Other income	6	**13,651**	85,396	-	-
Fair value gain	12	**377,102**	120,355	-	-
Selling expenses		**(83,331)**	(101,953)	-	-
Administration expenses	7	**(1,182,986)**	(1,005,506)	**(81)**	(188)
Operating profit/(loss)		**1,440,987**	784,078	**(81)**	(188)
Exchange gain/(loss)	8	**21,329**	(347,777)	-	(347,777)
Finance cost	8	**(671,691)**	(765,655)	-	(562,350)
Profit/(loss) before taxation		**790,625**	(329,354)	**(81)**	(910,315)
Income tax expense	9	**(291,449)**	(26,535)	-	-
Profit/(loss) after tax		**499,176**	(355,889)	**(81)**	(910,315)
Other comprehensive income					
Items that will not be classified to profit or loss					
Revaluation surplus		**2,640,849**	2,991,381	-	-
Deferred Tax thereon		**(792,254)**	(897,414)	-	-
Total other comprehensive income		**1,848,595**	2,093,967	-	-
Total comprehensive income for the year		**2,347,771**	1,738,078	**(81)**	(910,315)

GROUP DEVELOPMENTS LIMITED

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2018
In thousands of Malawi Kwacha

Consolidated	**Share capital**	**Share premium**	**Property revaluation reserve**	**Capital reserve**	**Biological asset revaluation reserve**	**Accumulated deficit**	**Total**
2018							
Balance as at 1 April 2017	**1,284**	**60,977**	**14,602,764**	**301,564**	**84,249**	**(6,770,777)**	**8,280,061**
Other comprehensive income							
Profit for the period	-	-	-	-	-	**499,176**	**499,176**
Revaluation surplus	-	-	**2,640,849**	-	-	-	**2,640,849**
Deferred tax on revaluation surplus	-	-	**(792,254)**	-	-	-	**(792,254)**
Total other comprehensive income	-	-	**1,848,595**	-	-	**499,176**	**2,347,771**
Transfers within reserves							
Biological assets fair value gains transferred	-	-	-	-	**377,103**	**(377,103)**	-
Deferred tax on fair value gains transferred	-	-	-	-	**(113,131)**	**113,131**	-
Balance at 31 March 2018	**1,284**	**60,977**	**16,451,359**	**301,564**	**348,221**	**(6,535,573)**	**10,627,832**
2017							
Balance as at 1 April 2016 (As previously reported)	1,284	60,977	3,106,229	301,564	8,983,683	(6,212,971)	6,240,766
Restatement	-	-	9,402,568	-	(8,983,683)	(117,668)	301,217
Balance as at 1 April 2016 (as restated)	1,284	60,977	12,508,797	301,564	-	(6,330,639)	6,541,983
Other comprehensive income							
Profit for the period	-	-	-	-	-	(355,889)	(355,889)
Revaluation surplus	-	-	2,991,381	-	-	-	2,991,381
Deferred tax on revaluation surplus	-	-	(897,414)	-	-	-	(897,414)
Total other comprehensive income	-	-	2,093,967	-	-	(355,889)	1,738,078
Transfers within reserves							
Biological assets fair value gains transferred	-	-	-	-	120,355	(120,355)	-
Deferred tax on fair value gains transferred	-	-	-	-	(36,106)	36,106	-
Balance at 31 March 2017	1,284	60,977	14,602,764	301,564	84,249	(6,770,777)	8,280,061

Accumulated deficit comprises the brought forward recognized income, net of expenses, plus current year profit/loss attributable to shareholders. Refer to note 18 for explanation of the share capital, share premium and reserves.

GROUP DEVELOPMENTS LIMITED

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2018

In thousands of Malawi Kwacha

Separate

	Share capital	Share premium	Accumulated deficit	Total
2018				
Balance as at 1 April 2017	**1,284**	**60,977**	**(7,096,216)**	**(7,033,955)**
Loss for the year	**-**	**-**	**(81)**	**(81)**
Balance at 31 March 2018	**1,284**	**60,977**	**(7,096,297)**	**(7,034,036)**
2017				
Balance as at 1 April 2016	1,284	60,977	(6,185,901)	(6,123,640)
Loss for the year	-	-	(910,315)	(910,315)
Balance at 31 March 2017	1,284	60,977	(7,096,216)	(7,033,955)

Accumulated deficit comprises the brought forward recognized income, net of expenses, plus current year profit/loss attributable to shareholders. Refer to note 18 for explanation of the share capital, share premium and reserves.

GROUP DEVELOPMENTS LIMITED

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2018
In thousands of Malawi Kwacha

	Note	Consolidated 2018	Consolidated 2017 *Restated	Separate 2018	Separate 2017
Cash flows from operating activities					
Profit/(loss) before tax		**790,625**	(329,354)	**(81)**	(910,315)
Adjusted for:					
Depreciation	10	**766,664**	619,358	-	-
Interest expense	8	**636,499**	682,724	-	552,802
Profit on disposal of assets		**(2,363)**	-	-	-
Unrealised exchange (gain)/loss on long term loan		**(952)**	399,594	-	347,869
Unrealised exchange (gain)/loss on bank overdraft		**(19,808)**	31,396	-	-
Fair value gain on biological assets	12	**(377,103)**	(120,355)	-	-
Cashflows generated/(used) in operations		**1,793,562**	1,283,363	**(81)**	(9,644)
Increase in inventories		**(189,186)**	(230,467)	-	-
Increase in trade and other receivables		**(91,967)**	(137,227)	-	-
(Decrease)/increase in trade and other payables		**(64,894)**	143,370	**(9,548)**	9,548
Increase in amounts due to related parties		-	27	**9,324**	553,124
Cash generated from/(utilized in) operating activities		**1,447,515**	1,059,066	**(305)**	553,028
Taxation paid		**(287)**	(10,711)	-	-
Net cash from operating activities		**1,447,228**	1,048,355	**(305)**	553,028
Cash flows from investing activities					
Development expenditure		**(49,961)**	(45,226)	-	-
Proceeds from disposal of equipment		**2,800**	-	-	-
Acquisition of property, plant and equipment	10	**(45,526)**	(187,020)	-	-
Cash flows utilised in financing activities		**(92,687)**	(232,246)	-	-
Loan repayment		**(1,077,609)**	-	-	-
Interest expense		**(636,499)**	(682,724)	-	(552,802)
Net cash utilised in financing activities		**(1,714,108)**	(682,724)	-	(552,802)
Net (decrease)/increase in cash and cash equivalents for the period		**(359,567)**	133,385	**(305)**	226
Cash and cash equivalents at the beginning of the period		**(533,115)**	(635,104)	**344**	118
Effect of movement in exchange rate on cash balance		**19,808**	(31,396)	-	-
Cash and cash equivalents at the end of the period	17	**(872,874)**	(533,115)	**39**	344

1. General Information

Group Developments Limited is a limited liability company incorporated under the Companies Act, 2013 of Malawi. It has its subsidiary companies Naming'omba Estates Limited, Group Holdings Limited and Mafisi Tea Estates Limited together referred to as the "Group". The parent company is Gillanders (Mauritius) Holdings Limited.

The Group is involved in growing, processing and selling tea, macademia nuts and tobacco.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies Act, 2013 of Malawi.

These financial statements represent separate and consolidated results including the subsidiary companies, unless otherwise stated, the amounts have been rounded to the nearest thousands Malawi Kwacha.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost convention. Biological assets and certain items of property, plant and equipment are measured at fair value.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the financial statements can be found in the following notes:

Note 9 - Recognition of deferred tax assets, availability of future taxable profit against which carry forward tax losses can be used.
Note 5 - Review of useful asset lives and impairment testing.
Note 12 - Key assumptions underlying in the biological asset model.
Note 9 - Impairment test: assumptions underlying recoverable amounts.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values non-financial assets.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. Revisions to accounting estimates are recognized prospectively. Judgements made by management in the application of IFRSs that have significant impact on the financial statements and estimates with significant risk of material adjustment in the next year are detailed below:

2.4.1 Estimated impairment of trade receivable

The Group tests annually whether receivables have suffered any impairment and makes a provision for bad debts in accordance with the accounting policy stated in note 3.8. This assessment requires judgement.

2.4.2 Income taxes

The Group is subject to income tax in Malawi, and provision for income tax payable is made in the financial statements as at each financial year end. Subsequent to the year end a tax return is filed with the revenue authorities. Where the final tax assessed is different from the amounts that were initially provided, such differences will be accounted for as an income tax under/over provision in the statement of comprehensive income for the period when such determination is made.

Deferred tax asset is only recognised to the extent that there will be future taxable profits to offset the tax losses within the allowable period for carrying forward tax losses.

2.4.3 Biological assets valuation

Included in the rate used to discount the yields for macadamia and tea is a time value for money risk factor representing risks associated with the loss of value of money as a consequence of the passage of time.

In accordance with the Group's strategic plans, tea, macadamia and timber plantations are assumed to have productive life of 100 years, 50 years and 7 years respectively.

The models assume no capacity constraints, sustained global market demand and continued positive market conditions.

Standard ratios for conversion of green leaf to made tea and shelling of macadamia to kernels are applied.

These models contain estimates of yields and future proceeds and these assumptions are reconsidered annually.

2.4.4 Assets' economic lives and residual values

Management uses its judgement, based on its understanding of the business, capital policy and the economic environment in which it operates, to assess the residual value, and the estimated useful life of assets. Changes in residual values, indexation and estimated useful lives result in changes in depreciable and annual depreciation charges for individual assets.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Refer to the prior period error (note 22) for details of the restatements.

3.1 Foreign currency translation

3.1.1 Functional and presentation currency

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

3.1.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statement of profit or loss within finance income or cost.

3.2 Revenue recognition

3.2.1 Revenue

Revenue comprises the fair value of the consideration received or receivable from the sales of tea, macadamia, and tobacco. Revenue is shown net of value added tax, returns, rebates and discounts.

Revenue from sales is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of goods; the amount of revenue 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.

3.2.2 Other income

Other income comprises net revenue on other farm produce, rental income (including due to a fellow subsidiary), management fees, and sundry revenue, and is accounted for on an accruals basis.

3.2.3 Finance income and finance cost

Interest income is recognised using the effective interest rate method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Finance cost comprise of interest expense as borrowings and is recognised in profir or loss.

3.3 Development cost

Establishment costs in respect of tea and macadamia plantations, including expenditure on the necessary infrastructure, are capitalised as biological assets as they are incurred. Establishment costs do not include the cost of clearing and stumping, terracing or irrigation work for new plantations, which are classified as land development costs within property, plant and equipment. Replanting and in-filling costs are expensed when incurred.

3. Summary of significant accounting policies (continued)

3.4 Property, plant and equipment

Items of property and equipment are measured at revaluation less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gains or losses on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

Increase in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. The revaluation reserve is realised on disposal. All other decreases are recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group.

On going repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

Freehold buildings and construction	-	2%	
Plant and machinery	-	3.5%	- 5%
Water schemes	-	3.5%	- 10%
Motor vehicles	-	8%	- 17%
Office equipment	-	10%	- 20%
Furniture and fittings	-	10%	
Bearer plants	-	1.05%	- 16.67%

Economic lives and residual values are reassessed annually and adjusted where appropriate.

3.5 Biological assets

Tea, timber, and macadamia and plantations are measured at fair value. The fair value of plantations is determined based on the present value of expected net cash flows from the plantations determined by discounting the expected net cash flows from the plantations using a determined pre-tax rate of cost of capital.

3.6 Future crop expenditure

The Group's financial year end and crop seasons are not altogether concurrent. Accordingly, effective 1 April 2016, fertiliser application and other costs other than establishment costs of biological assets incurred prior to the reporting date in respect of crops which will be harvested in the subsequent financial year are now being fully charged to the profit and loss as opposed to being carried forward in the statement of financial position in order to be consistent with the accounting policy being applied at the Head Office.

3. Summary of significant accounting policies (continued)

3.7 Inventories

Inventories including stores, made tea and macadamia stocks are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. The cost of made tea and macadamia comprise direct labour, other direct costs and the related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.8 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off during the year in which they are identified. Impairment is calculated as the difference between carrying amount and present values of expected cash flow from customers.

3.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non financial assets to determine whether there is any indication of impairment. If any such indicator exists, than the assets recoverable amount is estimated.

For impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell.

Value in use is based on the estimated future cash flows discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised to profit or loss.

3.10 Financial assets

3.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value throughprofit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group does not currently have any financial assets other than trade and other receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

3. Summary of significant accounting policies (continued)

3.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade - date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The transaction differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities as classified available-for-sale are transferred to a fair value reserve.

3.10.3 Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

3.10.4 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.11 Impairment of financial assets

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

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligant;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the debtors financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data indicating that there is a measureable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) Adverse changes in the payment of borrowers in the portfolio;
  (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

3. Summary of significant accounting policies (continued)

3.11 Impairment of financial assets (continued)

The amount of the loss is then measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

3.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash on hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are disclosed as current liabilities in the statement of financial position. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.13 Deferred and current income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax assets realised or the deferred tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously in each future period in which significnt amounts of deferred taxliabilities or assets are expected to be settled or recovered.

3.14 Employee benefits

3.14.1 Pension

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in the profit or loss. The Group has no further obligations once the contributions have been made.

3. Summary of significant accounting policies (continued)

3.14.2 Other long-term employee benefits

Severance pay

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior period.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or onstructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligations has been reliably estimated. Where it cannot be, the obligation is disclosed as a contingent liability.

3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

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

3.18 Equity

Ordinary shares, share premium, revaluation and indexation surpluses, non-distributable and distributable retained earning are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.19 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment.

3.20 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the company are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- ***IFRS 9 Financial instruments***

  This replaces existing guidance in *IAS 39 Financial Instruments: Recognition and measurement*

  This includes revised guidance on classification and measurements of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

  IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

  The Group and Company are assessing the possible impact on its financial statements resulting from the application of IFRS 9.

3. Summary of significant accounting policies (continued)

3.20 New standards and interpretations not yet adopted (continued)

- **IFRS 15 *Revenue from contracts with customers***
  This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction contracts* and IFRIC 13 *Customer Loyalty Programmes.*

  IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted.

  The Group and Company are assessing the possible impact on its financial statements resulting from the application of IFRS 15.

- **IFRS 16 Leases:** IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

  The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

- **IFRIC 22 Foreign Currency Transactions and Advance Considerations**
  When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 *The Effects of Changes in Foreign Exchange Rates* is not clear on how to determine the transaction date for translating the related item.

  This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

  The Group and Company do not expect the application of IFRIC 22 to result in significant differences in the translation of foreign currency transactions.

  The interpretation applies for annual reporting periods beginning on or after 1 January 2018.

- **IFRIC 23 Uncertainty over Income Tax Treatments**
  IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

  IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

  - judgments made;
  - assumptions and other estimates used; and
  - the potential impact of uncertainties that are not reflected.

  The Group and Company do not expect the application of IFRIC 23 to have an impact on income tax treatment.

  IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

In thousands of Malawi Kwacha

4 Financial Risk Management

4.1 Financial risk factors

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

The Board of Directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, currency exposures, interest rate risk and credited risk and investment of excess liquidity.

4.2. Financial risk management objectives

The following is the analysis of the financial instruments:

Consolidated	Note	2018	2017
Financial assets			
Trade and other receivables	15	**682,152**	590,186
Cash and cash equivalents	17	**8,909**	1,200
		691,061	591,386
Financial liabilities			
Trade and other payables	19	**452,212**	517,106
Borrowings	17.1	**5,915,965**	6,994,526
Bank overdraft	17	**881,783**	534,315
		7,249,960	8,045,947
Separate			
Financial assets			
Cash and cash equivalents	17	**39**	344
		39	344
Financial liabilities			
Trade and other payables	19	**-**	9,548
Amounts due to related party	16	**7,095,761**	997,280
		7,095,761	1,006,828

4.3. Market risk management strategies

The Group is exposed to financial risks arising from changes in tea and macadamia prices. The Group does not anticipate that tea and macadamia prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in produce prices. The Group reviews its outlook for produce prices regularly in considering the need for active market risk management.

In thousands of Malawi Kwacha

4. Financial Risk Management (continued)

4.4 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The trading in a strong foreign currency acts as a hedge against exchange rate fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	2018	2017
US$ denominated assets		
Trade receivables	**467,613**	421,999
US$ denominated liabilities		
Bank overdraft	**881,783**	505,107
Borrowings	**5,915,965**	6,994,526
	6,797,748	7,499,633

Foreign currency sensitivity analysis

The Group's sensitivity to a 5% increase and decrease in the Malawi Kwacha against the United States Dollar. 5% is the rate management use when doing variance analyses.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 5% change in foreign currency rate. A negative number below indicates a decrease in profit where Malawi Kwacha weakens 5% against the United States Dollar. For a 5% strengthening of the Malawi Kwacha against the United States Dollar, there would be an equal and opposite impact on profit.

	2018	2017
Profit or loss	**(316,507)**	(353,882)

The above movement is mainly attributable to the exposure outstanding of the carrying of the Group's foreign currency denominated money assets and monetary assets.

The Group manages foreign currency risk by maintaining sufficient resources in its foreign currency denominated account by which it largely transcts its sales to meet foreign currency liabilities.

4.5 Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating rate. The risk is managed by the company by maintaining an appropriate mix between fixed and semi – fixed rates borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the reporting date. For the floating rate and semi-floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The floating rate has been assumed at base lending rate **23% p.a.** (2017: 30% p.a.) minus 3% making an effective interest rate of **20% p.a** (2017:27%) and semi-floating rate has been assumed at LIBOR plus **0.75%** (2017: LIBOR plus 0.75%), which is 7.75.%.

A 5% increase or decrease in floating rate has been adopted and 0.5% increase or decrease has been adopted in semi-floating rates.

If the floating interest rates had been 5% higher/lower and all other variables were held constant, the company's profit for the period ended 31 March 2018 would have decreased/increased by **MKnil** (2017: MK0.394 million).

If the semi-floating rates had been 0.5.% higher/lower and all other variables were held constant, the Group's profit for the period ended 31 March 2018 would decrease/increase by **MK33.989 million** (2017: MK37.498 million).

In thousands of Malawi Kwacha

4. Financial Risk Management (continued)

4.6 Credit risk management

The Group is exposed to risk of failure by customers to honour their debts. Trade receivables mainly consist of private sales and auction sales which have proved to be reliable customers in the past. The company does not have significant credit risk exposure.

	2018	2017
Maximum credit risk exposure	467,613	421,999

The ageing of trade receivables at the reporting date was:

	2018 Gross	2018 Impairment	2018 Total	2017 Gross	2017 Impairment	2017 Total
Not past due	467,613	-	467,613	421,999	-	421,999

4.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturity analysis for financial assets and financial liabilities are detailed below:

31 March 2018

Consolidated

	Note	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 12 months	Total	Fair value
Financial assets							
Trade and other receivables	15	246,384	219,928	215,287	-	681,599	681,599
Cash and cash equivalents	17	8,909	-	-	-	8,909	8,909
		255,293	219,928	215,287	-	690,508	690,508
Financial liabilities							
Trade and other payables	19	149,102	54,663	647	-	204,412	204,412
Borowings	17.1	-	-	1,085,098	4,830,867	5,915,965	5,915,965
Bank overdraft	17	-	-	881,783	-	881,783	881,783
Total financial liabilities		149,102	54,663	1,967,528	4,830,867	1,002,160	1,086,195
Periodic gap		106,191	165,265	(1,752,241)	(4,830,867)	(6,311,652)	(6,311,652)
Cumulative gap		106,191	271,456	(1,480,785)	(6,311,652)	(6,311,652)	(6,311,652)

Separate

	Note	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 12 months	Total	Fair value
Financial assets							
Cash and cash equivalents	17	39	-	-	-	39	39
		39	-	-	-	39	39
Financial liabilities							
Amounts due to related party	16	-	-	7,095,761	-	7,095,761	7,095,761
Total financial liabilities		-	-	7,095,761	-	7,095,761	7,095,761
Periodic gap		39	39	(7,095,722)	(7,095,722)	(7,095,722)	(7,095,722)
Cumulative gap		39	39	(7,095,722)	(7,095,722)	(7,095,722)	(7,095,722)

In thousands of Malawi Kwacha

4. Financial Risk Management (continued)

4.7 Liquidity risk management (continued)

31 March 2017
Consolidated

	Note	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 12 months	Total	Fair value
Financial assets							
Trade and other receivables	15	421,277	147	168,762	-	590,186	590,186
Cash and cash equivalents	17	1,200	-	-	-	1,200	1,200
		422,477	147	168,762	-	591,386	591,386
Financial liabilities							
Trade and other payables	19	220,624	164,598	131,884	-	517,106	517,106
Borrowings	17.1	-	-	181,074	6,813,452	6,994,526	6,994,526
Bank overdraft	17	-	-	534,315	-	534,315	534,315
Total financial liabilities		220,624	164,598	847,273	6,813,452	8,045,947	8,045,947
Periodic gap		201,853	(164,451)	(678,511)	(6,813,452)	(7,455,561)	(7,455,561)
Cumulative gap		201,853	37,402	(641,109)	(7,454,561)	(7,455,561)	(7,455,561)

Separate

	Note	Up to 1 Month	1 to 3 Months	3 to 12 Months	More than 12 months	Total	Fair value
Financial assets							
Bank and cash equivalents	17	344	-	-	-	344	344
		344	-	-	-	344	344
Financial liabilities							
Trade and other payables	19	9,548	-	-	-	9,548	9,548
Amounts due to related party	16	997,280	-	-	-	997,280	997,280
Total financial liabilities		1,006,828	-	-	-	1,006,828	1,006,828
Periodic gap		(1,006,484)	-	-	-	(1,006,484)	(1,006,484)
Cumulative gap		(1,006,484)	(1,006,484)	(1,006,484)	-	(1,006,484)	(1,006,484)

In thousands of Malawi Kwacha

4. Financial Risk Management (continued)

4.9. Financial instruments – Fair values and risk management

a) Accounting classifications and fair values

The following information table shows the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

CONSOLIDATED

31 March 2018	Note	Carrying amount: Loans and receivables	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial assets not measured at fair value								
Trade and other receivables	15	682,152		682,152	-	-	-	-
Cash and cash equivalents	17	8,909		8,909	-	-	-	-
		691,061		691,061	-	-	-	-
Financial liabilities not measured at fair value								
Borrowings	17		5,915,966	5,915,966	-	-	-	-
Trade payables and other payables	19		452,212	452,212	-	-	-	-
Bank overdrafts	17		881,783	881,783	-	-	-	-
			7,249,961	7,249,961	-	-	-	-

GROUP DEVELOPMENTS LIMITED

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4. **Financial Risk Management (continued)**

4.9. **Financial instruments – Fair values and risk management (continued)**

CONSOLIDATED

31 March 2017	Note	Carrying amount: Loans and receivables	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial assets not measured at fair value								
Trade and other receivables	15	590,186		590,186	-	-	-	-
Cash and cash equivalents	17	1,200		1,200	-	-	-	-
		591,386		591,386	-	-	-	-
Financial liabilities not measured at fair value								
Borrowings	17		6,994,526	6,994,526	-	-	-	-
Trade payables and other payables	19		517,108	517,108	-	-	-	-
Bank overdrafts	17		534,315	534,315	-	-	-	-
			8,045,949	8,045,949	-	-	-	-

GROUP DEVELOPMENTS LIMITED

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4. **Financial Risk Management (continued)**

4.9. **Financial instruments – Fair values and risk management (continued)**

SEPARATE

31 March 2018	Note	Carrying amount Loans and receivables	Other financial Liabilities	Total	Fair Value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Cash and cash equivalents	17	39		39	-	-	-	-
		-		-	-	-	-	-
Financial liabilities not measured at fair value								
Amount due to related companies	16		7,095,761	7,095,761	-	-	-	-
			7,095,761	7,095,761	-	-	-	-

In thousands of Malawi Kwacha

4. Financial Risk Management (continued)

4.9. Financial instruments – Fair values and risk management (continued)

SEPARATE

31 March 2017	Note	Carrying amount: Loans and receivables	Carrying amount: Available for sale	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial assets not measured at fair value									
Cash and cash equivalents	17	344			344	-	-	-	-
		344			344	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	17			6,089,157	6,089,157	-	-	-	-
Amount due to related companies	16			997,280	997,280	-	-	-	-
				7,086,437	7,086,437	-	-	-	-

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		Consolidated		Separate	
		2018	2017	**2018**	2017
5.	**Revenue**				
	See accounting policy note 3.2				
	Tea	**2,662,137**	1,950,749	-	-
	Macadamia	**1,618,660**	1,235,589	-	-
	Tobacco	-	115,885	-	-
		4,280,797	3,302,223	-	-
6.	**Other income**				
	See accounting policy note 3.2.2				
	Profit on sale of fixed assets	**2,363**	-	-	-
	Net revenue on other farm produce	-	11,607	-	-
	Other revenue	**11,288**	73,789	-	-
		13,651	85,396	-	-
7.	**Administration expenses**				
	Auditor's remuneration - current	**27,188**	27,960	-	-
	- prior year	-	1,460	-	-
	Bank charges	**22,940**	13,309	**81**	188
	Depreciation (Note 10)	**766,664**	619,359	-	-
	Insurance expenses	**23,316**	15,131	-	-
	Legal fees and other professional services	**3,839**	7,549	-	-
	Other costs	**85,241**	83,661	-	-
	Repairs and maintenance expenses	**12,794**	15,671	-	-
	Salaries and wages	**219,007**	203,519	-	-
	Travelling expenses	**21,997**	17,887	-	-
		1,182,986	1,005,506	**81**	188
8.	**Finance income/(cost)**				
	See accounting policy note 3.2				
	Exchange (loss)/gain				
	Realised exchange gain	**570**	-	-	-
	Unrealised exchange (loss)/gain	**20,759**	(347,77	-	(347,777)
		21,329	(347,77	-	(347,777)

There is a notional gain of **K21.33 million** (2017: K347.78 million loss) as a result of exchange rate movement on translation of foreign currency borrowing.

Finance cost				
Interest expense	**(671,691)**	(765,65	-	(562,350)
Net Finance costs	**(671,691)**	(765,65	-	(562,350)

Finance cost includes an amount of **K553.08 million** (2017: K562.35 million) which relates to Gillanders (Mauritius) Holdings Limited, a related party and the Holding company of GDL.

In thousands of Malawi Kwacha

9. Taxation	Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
See accounting policy note 3.13				
The taxation charge for the year comprises:				
Current tax expense	**(161,550)**	-	-	-
Deferred tax expense	**(129,899)**	(26,535)	-	-
Total income tax charge	**(291,449)**	(26,535)	-	-
Income Tax reconciliation				
Profit/(loss) before taxation	**790,624**	(329,353)	**(81)**	(910,315)
Income tax @ **30%** (2017: 30%)	**(237,187)**	-	-	-
Non deductible expenses	**(54,262)**	(26,535)	-	-
	(291,449)	(26,535)	-	-

Deferred tax (assets)/liabilities

Consolidated

	2018 Assets	2018 Liabilities	2018 Net	2017 Assets	2017 Liabilities	2017 Net
Property, Plant and Equipment	-	**6,794,885**	**6,794,885**	-	6,002,631	6,002,631
Fair value adjustments on biological assets	-	**621,330**	**621,330**	-	508,199	508,199
Provisions	**(118,581)**	-	**(118,581)**	(135,349)	-	(135,349)
	(118,581)	**7,416,215**	**7,297,634**	(135,349)	6,510,830	6,375,481

Separate

No deferred tax asset or liability in the company at 31 March 2018 (2017: MKnil)

Consolidated	**Balance at 1 April 2017**	**Recognised in profit or loss**	**Recognised in compreshensive income**	**Balance at 31 March 2018**
Property, plant and equipment	6,002,631	-	792,254	**6,794,885**
Fair value adjustments on biological assets	508,199	113,131	-	**621,330**
Provisions	(135,349)	16,768	-	**(118,581)**
	6,375,481	129,899	792,254	**7,297,634**

Separate

No deferred tax asset or liability in the company at 31 March 2018 (2017: MKnil)

In thousands of Malawi Kwacha

10. Property plant and equipment
See accounting policy note 3.4

Consolidated Cost/valuation	Freehold land and development	Freehold buildings and constructions	Plant and Machinery	Motor vehicles	Water Schemes	Furniture. fittings and equipment	Capital work in progress	Capital WIP Bearer Plants	Bearer Plants	Total
2018										
At 1 April 2017	**2,566,616**	**1,528,106**	**1,400,074**	**201,601**	**25,440**	**43,307**	**-**	**463,042**	**15,175,017**	**21,403,203**
Depreciation reversed	-	-	-	-	-	-	-	-	**(546,546)**	**(546,546)**
Additions during the period	-	-	**13,692**	**28,452**	**2,480**	**297**	**604**	**49,961**	-	**95,486**
Revaluation Surplus	**139,276**	-	-	-	-	-	-	**104,303**	**2,397,270**	**2,640,849**
Disposal	-	-	-	**(6,561)**	-	-	-	-	-	**(6,561)**
At 31 March 2018	**2,705,892**	**1,528,106**	**1,413,766**	**223,492**	**27,920**	**43,604**	**604**	**617,306**	**17,025,741**	**23,586,431**
2017										
At 1 April 2016 (as previously reported)	2,276,506	1,432,357	1,019,345	174,965	24,035	30,551	330,255	-	-	5,288,014
*Restatement	-	-	-	-	-	-	-	820,662	12,469,802	13,290,464
At 1 April 2016 (as restated)	2,276,506	1,432,357	1,019,345	174,965	24,035	30,551	330,255	820,662	12,469,802	18,578,478
Depreciation reversed	-	-	-	-	-	-	-	-	(398,902)	(398,902)
Additions during the year	-	59,296	86,927	26,636	1,405	12,756	-	22,272	22,954	232,246
Transferred from WIP	-	36,453	293,802	-	-	-	(330,255)	(289,160)	289,160	-
Revaluation Surplus	290,110	-	-	-	-	-	-	(90,732)	2,792,003	2,991,381
At 31 March 2017	2,566,616	1,528,106	1,400,074	201,601	25,440	43,307	-	463,042	15,175,017	21,403,203
Depreciation										
2018										
At 1 April 2017	-	**81,896**	**113,562**	**123,032**	**3,410**	**15,282**	-	-	-	**337,182**
Charge for the period	-	**81,910**	**114,311**	**16,211**	**3,791**	**3,895**	-	-	**546,546**	**766,664**
Depreciation reversed	-	-	-	-	-	-	-	-	**(546,546)**	**(546,546)**
Eliminated on disposal	-	-	-	**(6,123)**	-	-	-	-	-	**(6,123)**
At 31 March 2018	-	**163,806**	**227,873**	**133,120**	**7,200**	**19,177**	-	-	-	**551,177**
2017										
At 1 April 2016 (as previously reported	-	-	-	105,056	-	11,669	-	-	-	116,725
*Restatement	-	-	-	-	-	-	-	-	-	-
At 1 April 2016 (as restated)	-	-	-	105,056	-	-	-	-	-	116,725
Charge for the year	-	81,896	113,562	17,976	3,410	3,613	-	-	398,901	619,359
Depreciation reversed	-	-	-	-	-	-	-	-	(398,901)	(398,901)
At 31 March 2017	-	81,896	113,562	123,032	3,410	15,282	-	-	-	337,182
Carrying amount										
At 31 March 2018	**2,705,892**	**1,364,300**	**1,185,893**	**90,373**	**20,720**	**24,427**	**604**	**617,306**	**17,025,741**	**23,035,256**
At 31 March 2017	2,566,616	1,446,210	1,286,511	78,568	22,031	28,026	-	463,042	15,175,017	21,066,021

In thousands of Malawi Kwacha

10. Property plant and equipment (continued)
See accounting policy note 3.4
Separate

There are no property, plant and equipment in the Company at 31 March 2018 (2017: MKnil)

Land and development, water schemes and plant and machinery are stated at revalued amounts as at 31 March 2018, and subsequent additions are included at cost.

The information required by Section 16 of the Third Schedule of the Companies Act, Cap. 46:03 is contained in a register which is open for inspection by members or their duly authorised agents at the registered office of the Group.

Freehold land and developments and bearer plants were revalued as at 31 March 2018 on behalf of Directors by independent valuer, Dick Mupambireyi, a Biological Asset Surveyor of PRO-VAL (Pvt) Limited of Zimbabwe, who have experience in the location and category of Biological assets and land and are being used by a number of companies within the tea industry in Malawi. The independent valuers provide the fair values of the Company's Biological assets and land with sufficient regularity.

The fair value measurement for the land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of land, as well as significant unobservable inputs used.

Valuation method adopted	Observable inputs	Unobservable input
Depreciated replacement cost.	Building cost information sourced from quantity surveyors.	Estimated depreciation rates based on location and obsolescence.

	Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
11. Investments in subsidiaries				
See accounting policy note 3.19				
Naming'omba Tea Estate Limited				
7,617,633 ordinary shares of K1 each, fully paid (stated at cost)			**55,493**	55,493
Group Holdings Limited				
1,928,234 ordinary shares of K1 each, fully paid (stated at cost)			**6,093**	6,093
Mafisi Tea Estate Limited				
1,499,999 ordinary shares of K1 each, fully paid (stated at cost)			**100**	100
			61,686	61,686

In thousands of Malawi Kwacha

	Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
12. Biological assets				
See accounting policy note 3.5				
Balance at 1 April (as previously reported)	436,751	12,976,735	-	-
*Restatement	-	(12,660,339)	-	-
Balance at 1 April (as restated)	436,751	316,396	-	-
Fair value gains	377,102	120,355	-	-
At end of period	813,853	436,751	-	-
Fair value movement in the year				
Fair value gain in the year	-	-	-	-
Analysed by:				
Tea	9,324	10,879	-	-
Macadamia	(8,411)	49,672	-	-
Timber plantation	376,189	59,804	-	-
	377,102	120,355	-	-

2018

Other information	Tea	Macadamia	Total
Hecterage covered at period end	1,281	404	1,685
Total tonnage harvested during the period	9,510	1,869	11,379
The proceeds net of point of sales costs	2,608,371	1,589,093	4,197,464

Information required in connection with Biological Assets

2017

Other information	Tea	Macadamia	Total
Hecterage covered at period end	1,281	404	1,685
Total tonnage harvested during the period	8,124	1,305	9,429
The proceeds net of point of sales costs	1,877,897	1,212,320	3,090,217

The production and proceeds comprises of Mafisi Tea Estates Limited, Group Holdings Limited and Namingomba Tea Estates Limited.

	Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
13. Future crop expenditure				
See accounting policy note 3.6				
As previously reported	-	70,510	-	-
*Restatement	-	(70,510)	-	-
As restated	-	-	-	-

* Refer to note 22 for more details on the restatement.

In thousands of Malawi Kwacha

		Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
14.	**Inventories**				
	See accounting policy note 3.7				
	Finished goods:				
	- Macadamia	**295,286**	191,939	-	-
	- Made tea	**305,770**	216,913	-	-
	Consumables	**154,308**	169,733	-	-
	Nursery	**30,643**	18,236	-	-
		786,007	596,821	-	-

Included in the balance for inventories is the provision of MK8.6 million (2017: nil).

		Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
15.	**Trade and other receivables**				
	See accounting policy note 3.8				
	Trade receivables	**467,613**	421,999	-	-
	Other receivables	**214,539**	168,187	-	-
	Total	**682,152**	590,186	-	-

The carrying amounts of trade and other receivables approximates their fair value due to their short term nature.

There is no impairment in the trade and other receivables at 31 March 2018 (2017: MKnil).

The maximum exposure to credit risks at the reporting date is the collateral carrying value on each class of receivable mentioned above. The Group did not hold any collateral on the receivables.

		Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
16.	**Related parties**				
	Amounts due to related parties:				
	Naming'omba Tea Estate			**7,095,761**	997,280
				7,095,761	997,280

None of the amounts due to related parties are secured. There were no balances due from related parties. The amounts to related parties were interest free.

		Consolidated 2018	Consolidated 2017	Separate 2018	Separate 2017
17.	**Cash and cash equivalents**				
	See accounting policy note 3.12				
	Cash on hand at bank	**8,909**	1,200	**39**	344
	Overdrafts presented in current liabilities	**(881,783)**	(534,315)	-	-
		(872,874)	(533,115)	**39**	344

The overdraft facilities are with FMB Bank Limited and National Bank of Malawi. A total facility equivalent to US$1.25 million with FMB Bank is secured by way of mortgage charged on Naming'omba while a total facicility of US$ 1 million with National Bank of Malawi is secured by way of mortgage created and charged on Mafisi Tea Estates. The FMB Bank also granted an overdraft facility of MK50 million and is secured over the same property. All the US$ denominated loans and overdrafts accrue interest at **7.75%** (2017: 7.75%) while the Malawi Kwacha overdraft facility accrues interest at **20%** (2017: 27%).

In thousands of Malawi Kwacha

		Consolidated		Separate	
17.	**Cash and cash equivalents**	**2018**	2017	**2018**	2017
17.1	**Long term Borrowings**				
	Third party				
	First Merchant Bank Limited- opening balance	**905,370**	853,647	-	-
	Payment during the year	**(164,360)**	-	-	-
	Exchange (loss)/gain	**(123)**	51,723	-	-
		740,877	905,370	-	-
	Related party				
	Gillanders (Mauritius) Holdings Limited	**6,089,157**	5,741,288	**6,089,157**	5,741,288
	Payment during the year	**(913,249)**	-	-	-
	Loan transferred to NTEL	-	-	**(6,089,157)**	-
	Exchange (loss)/gain	**(820)**	347,868	-	347,869
		5,175,088	6,089,156	-	6,089,157
	Total borrowings	**5,915,965**	6,994,526	-	6,089,157
	Split as follows:				
	Non-current	4,830,867	6,813,452	-	6,089,157
	Current	1,085,098	181,074	-	-

The First Merchant Bank Limited has granted a long-term loan to Naming'omba Tea Estates Limited in the amount of US$1,250,000 at 7.75% interest rate per annum, repayable in 7 years with 24 months moratorium on principle.

The Long term Unsecured Loan of USD 8,407,000 from Gillanders (Mauritius) Holdings Limited which is a related party is repayable in 8 years with 2 year moratorium on the principal amount. Interest is charged at 7.00% per annum Plus 3 months Libor.

18. Equity

		Consolidated		Separate	
18.1	**Share capital**	**2018**	2017	**2018**	2017
	See accounting policy note 3.18				
	Authorised:				
	1,650,000 ordinary shares of K1 each	**1,650**	1,650	**1,650**	1,650
	Issued and fully paid:				
	1,283,574 ordinary shares of K1 each	**1,284**	1,284	**1,284**	1,284

A total number of shares of **366,426** (2017: 366,426) remain unissued.

The holders of ordinary share capital are entitled to dividend as declared in the annual general meeting.

18.2	**Share premium**	**60,977**	60,977	**60,977**	60,977

Share provision arises from the excess paid over the nominal value by shareholders for their shares.

Share premium arose on the issue of share capital of 1,283,574. It is not available for distribution.

18.3	**Property revaluation reserve**	**16,451,359**	14,602,764	-	-

Property revaluation reserve represents the increase in value of property arising from revaluation of property from time to time. It is not available for distribution to shareholders.

In thousands of Malawi Kwacha

		Consolidated		Separate	
18.	**Equity (continued)**	**2018**	2017	**2018**	2017
18.4	**Capital reserve**	**301,564**	301,564	-	-
	Capital reserve arose following injection of additional capital by the shareholders to settle liabilities directly with creditors. It is not available for distribution.				
18.5	**Biological assets revaluation reserve**	**348,221**	84,249	-	-
	Biological assets revaluation reserve represents the increase in fair value of the biological assets following revaluations of the biological assets to their fair value less deferred income tax. The revaluation reserve is not available for distribution to the shareholders.				
19.	**Trade and other payables**				
	See accounting policy note 3.17				
	Trade payables	**204,412**	272,760	-	-
	Other payables	**247,800**	244,346	-	9,548
		452,212	517,106	-	9,548

The other payables amount of **K247.8 million** includes K35.2 million (2017: K9.5 million) interest payable to Gillanders (Mauritius) Holdings Limited which is a related party.

		Consolidated		Separate	
19.1	**Other payables**	**2018**	2017	**2018**	2017
	See accounting policy note 3.15				
	Employee accruals	**111,185**	138,519	-	-
	Other accruals	**136,615**	105,827	-	9,548
		247,800	244,346	-	9,548
19.2	**Employee accruals**				
	Wages accruals	**68,009**	66,802	-	-
	Gratuity	**23,946**	36,722	-	-
	Leave pay	**19,230**	34,995	-	-
		111,185	138,519	-	-
19.3	**Other accruals**				
	At 1 April 2017	**105,829**	72,190	**9,548**	-
	Net movements during the period	**30,786**	33,637	**(9,548)**	9,548
		136,615	105,827	-	9,548

20. Guarantee liability

The guarantee liability arose following the crystalisation of the floating charge on Naming'omba Estates, Mafisi Tea Estates and Group Holdings Limited. The guarantee was settled by proceeds of loan from Gillanders (Mauritius) Holdings Limited (see note 17).

In thousands of Malawi Kwacha

21. Contingencies

There were contingencies as at 31 March 2018 amounting to **MK30.6 million** (2017: MK27.3 million), arising from the fact that the Group and Company are a defendant in a number of legal cases that are before the Courts of Malawi. While liability is not admitted, the directors have formed an opinion that their outcome would not have a significant impact on the results of the Group and Company.

ESCROW Account

At the reporting date the company remained a signatory to the ESCROW account held at CDH Investment Bank Limited with a balance of (USD1.5 million) as at 31 March 2018 whereby according to the share purchase agreement, all liabilities that would be discovered which were not disclosed to the new shareholders at the completing of the sale agreement would be settled.

In the opinion of directors the escrow account holds sufficient funds to meet such liabilities.

22. Prior year error

On 1 January 2016, amendments to IAS 16 and IAS 41 on "Bearer Plants" became effective and the Company did not adopt the amendments in its financial statements for the year ended 31 March 2017. The amendments required bearer plants to be accounted for as property, plant and equipment and be included within the scope of IAS 16, Property, Plant and Equipment, instead of IAS 41, Agriculture. This is therefore a prior period error in the financial statements for the year ended 31 March 2017. This error has been corrected in the financial statements for the year ended 31 March 2018, with restatements to comparative figures as required by IAS8, Accounting Policies, Changes in Accounting Estimates and Errors

Having corrected this error, the Company has been applying this amendment since 1 April 2017 with the election, for the transition period to measure an item of bearer Plants as its fair value at 1 April 2017 and used that fair value as its deemed cost at that date. Going forward, the bearer plants are recorded at revalued amounts less accumulated depreciation and accumulated impairment losses. The produce growing on bearer Plants remains within the scope of IAS 41 and is thus measured at fair value less costs to sell until after harvest when they are measured using the requirements in IAS 2, *Inventory.*

The impacts on the Company's financial statements at 1 April 2016 correspond to the reclassification of bearer plants from biological assets to Property, Plant and Equipment.

The following table illustrates the impact that the correction of the error has on the Company's financial statements:

Financial statement position as at 1 April 2016

1 April 2016	Note	As previously reported	Adjustments	As restated
Property, plant and equipment	10	5,171,289	13,290,463	18,461,752
Biological assets	12	12,976,735	(12,660,339)	316,396
Others		960,347	(139,870)	820,477
Total assets		19,108,371	490,254	19,598,625
Plantation fair value reserve		8,983,683	(8,983,683)	-
Revaluation reserve		3,106,229	9,402,568	12,508,797
Accumulated losses		(6,212,971)	(117,668)	(6,330,639)
Others		363,825	-	363,825
Total equity		6,240,766	301,217	6,541,983
Deferred tax liability	9	5,262,492	189,038	5,451,530
Others		7,605,113	-	7,605,113
		12,867,605	189,038	13,056,643
Total equity and liabilities		19,108,371	490,255	19,598,626

In thousands of Malawi Kwacha

22. Prior year error (continued)

Financial statement position as at 31 March 2017

31 March 2017	Note	As previously reported	Adjustments	As restated
Property, plant and equipment	10	5,427,962	15,638,059	21,066,021
Biological assets	12	16,074,811	(15,638,059)	436,752
Others		1,268,105	(69,388)	1,198,717
Total assets		22,770,878	(69,388)	22,701,490
Plantation fair value reserve	18.5	11,120,678	(11,036,430)	84,248
Revaluation reserve		3,287,104	11,315,660	14,602,764
Accumulated losses		(6,302,488)	(468,289)	(6,770,777)
Others		363,825	-	363,825
Total equity		8,469,119	(189,059)	8,280,060
Deferred tax liability	9	6,255,809	119,671	6,375,480
Others		8,045,950	-	8,045,950
		14,301,759	(119,671)	14,421,430
Total equity and liabilities		22,770,878	(69,388)	22,701,490

Profit or loss and other comprehensive income position.

	Note	**As previously reported**	**Adjustments**	**As restated**
Gross profit		1,615,276	70,510	1,685,786
Other income	6	85,396	-	85,396
Decrease in fair value of biological assets		3,052,849	(2,932,494)	120,355
Selling expenses		(101,953)	-	(101,953)
Administration expenses	7	(606,605)	(398,901)	(1,005,506)
Finance costs	8	(1,113,431)	-	(1,113,431)
Profit/(loss) before tax		2,931,532	(3,260,885)	(329,353)
Income tax expense	9	(906,284)	879,749	(26,535)
Profit/(loss) after tax		2,025,248	(2,381,136)	(355,888)
Other comprehensive income		203,077	1,890,889	2,093,966
Total comprehensice income		2,228,325	(490,247)	1,738,078

In thousands of Malawi Kwacha

22. Exchange rates and inflation

The average of the year end selling rates of major foreign currencies affecting the performance of the Group are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

Exchange rates	2018	2017
Kwacha/GBP	**1,038.8**	921
Kwacha/Rand	**62.9**	55
Kwacha/US Dollar	**734.9**	735
Inflation rate %	**9.9%**	16.5%

At the time of approval of these financial statements, the exchange rates had moved to:

Kwacha/GBP	**985.3**
Kwacha/Rand	**59.2**
Kwacha/US Dollar	**734.9**

24. Going concern

The Group has reported a profit of **MK499.2 million** (2017: MK355.9 million loss). The Group's current liabilities of **MK2,570 million** exceed the current assets by **MK278.9 million.** This condition casts doubt on the Group's ability to remain a going concern.

The financial statements have been prepared on a going concern basis which assumes that the Group will be able. to meet the mandatory repayment terms of all its liabilities as and when they fall due.

The shareholders have undertaken to continue to support the Group. Furthermore, Naming'omba Tea Estates Limited has subordinated their loan to Group Development Limited.

25. Capital commitments

There were no capital commitments as at 31 March 2018 (2017: MK23.3 million).

26. Events after the repoting date

There have been no events subsequent to year end necessitating adjustments or disclosures to these financial statements.