Tirupati Development (U) Limited
Annual financial statements
for the year ended December 31, 2015

Grant Thornton
Certified Public Accountants
Issued September 30, 2016

General Information

Country of incorporation and domicile	Uganda
Nature of business and principal activities	Developent of real estate, construction and renting of the properties
Directors	Mr. Harshad Barot Mr. Jitendra Patel Mr. Bipin Patel Mr. Miraj Barot
Registered office	Plot 705, Mawanda Road P.O. Box 2412 Kampala, Uganda
Holding company	Tirupati Sarjan Limited incorporated in India
Lead Bankers	Kenya Commercial Bank Limited Plot 4, Parliament Avenue, Kampala, Uganda Bank of Baroda (U) Limited 18, Kampala Road, Kampala, Uganda ABC Capital Bank Limited Colline House, 4 Pilkington Road, Kampala, Uganda Crane Bank Limited Crane Chambers, Plot No 38, Kampala Road Kampala, Uganda
Independent auditor	Grant Thornton Certified Public Accountants Plot 42, Lugogo House, Lugogo Bypass, P O Box 7158, Kampala, Uganda.
Secretary	Barenzi & Company Advocates
Tax reference number	1000038028

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Report

The directors submit their report for the year ended December 31, 2015.

1. Review of activities

Main business and operations

The company is engaged in developent of real estate, construction and renting of the properties and operates principally in Uganda.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
Mr. Harshad Barot	
Mr. Jitendra Patel	
Mr. Bipin Patel	
Mr. Bhallal Shah	Resigned Wednesday, June 15, 2016
Mr. Miraj Barot	Appointed Wednesday, June 15, 2016

5. Secretary

The secretary of the company is Barenzi & Company Advocates of:

Business address

2nd Floor, Colline House, Speke Rd,
Kampala, Uganda

6. Auditors

Grant Thornton; Certified Public Accountants have expressed their willingness to be reappointed as auditors of the company in accordance with section 167(2) of the Companies Act, 2012.

The annual financial statements set out on pages 7 to 30, which have been prepared on the going concern basis, were approved by the board on September 30, 2016, and were signed on its behalf by:

By Order of the Board

____

Company Secretary

Kampala, Uganda

Friday, September 30, 2016

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2012 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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 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. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 6.

The annual financial statements set out on pages 7 to 30, which have been prepared on the going concern basis, were approved by the board on September 30, 2016 and were signed on its behalf by:

Director | **Director**

Kampala, Uganda

Friday, September 30, 2016

Independent Auditor's Report

To the shareholders of Tirupati Development (U) Limited

Report on the Financial Statements

We have audited the annual financial statements of Tirupati Development (U) Limited, which comprise the statement of financial position as at December 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 30.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act, 2012 and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 management, as well as evaluating the overall presentation of the annual financial statements.

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

Basis for Qualified Opinion

Basis of qualified opinion are the following;

i) Opening balannces as at January 1, 2015 have been taken from unaudited financial statements.

ii) Company has recorded revenue of sale of property and rental income on cash basis which contravenes IAS 18.

iii) Company has not provided supporting of expenses of Ush.1.3 billion.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Tirupati Development (U) Limited as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, 2012.

Without qualifying our opinion above, we draw attention of the following;

i) We have not been provided with external confirmations from shareholders, related parties, debtors and creditors about their balances in the books of the company. we have therefore relied on the confirmation received from management of the company.

ii) Company has not availed us break up of cost incurred for assets ready to sale, therefore we relied on cost provided by management and valuation of inventory is done based on it.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2012 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Grant Thornton
Certified Public Accountants

Kampala, Uganda

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 USh '000	2014 USh '000
Revenue	3	12,703,613	5,883,134
Cost of sales	4	(7,928,993)	(1,783,208)
Gross profit		**4,774,620**	**4,099,926**
Other income	5	41,866	47,873
Operating expenses	6	(1,174,059)	(1,055,425)
Operating profit	9	**3,642,427**	**3,092,374**
Finance costs	10	(7,439,876)	(2,574,318)
(Loss) profit before taxation		**(3,797,449)**	**518,056**
Taxation	11	1,016,477	(155,305)
(Loss) profit for the year		**(2,780,972)**	**362,751**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(2,780,972)**	**362,751**

The accounting policies on pages 11 to 16 and the notes on pages 17 to 30 form an integral part of the annual financial statements.

Statement of Financial Position as at December 31, 2015

	Note(s)	2015 USh '000	2014 USh '000
Assets			
Non-Current Assets			
Property, plant and equipment	12	468,405	538,504
Prepaid operating lease rentals	13	303,933	12,613
Investments in associates	14	16,000	10,000
Loans to group companies	15	457,340	457,340
Deferred tax	16	1,538,896	-
		2,784,574	**1,018,457**
Current Assets			
Inventories	17	33,033,813	31,581,722
Construction contracts and receivables	18	4,372,225	64,332
Trade and other receivables	19	5,406,716	4,610,264
Cash and cash equivalents	20	548,271	13,398
		43,361,025	**36,269,716**
Total Assets		**46,145,599**	**37,288,173**
Equity and Liabilities			
Equity			
Share capital	21	2,000,000	2,000,000
Accumulated (loss) profit		(1,735,200)	2,105,658
		264,800	**4,105,658**
Liabilities			
Non-Current Liabilities			
Loans from group companies	15	4,128,928	3,130,558
Loans from shareholders and others	22	7,022,488	3,722,088
Other financial liabilities	23	21,406,806	17,729,932
		32,558,222	**24,582,578**
Current Liabilities			
Trade and other payables	24	10,823,918	7,094,678
Other financial liabilities	23	1,517,350	1,235,201
Current tax payable	25	313,920	117,007
Bank overdraft	20	667,389	153,051
		13,322,577	**8,599,937**
Total Liabilities		**45,880,799**	**33,182,515**
Total Equity and Liabilities		**46,145,599**	**37,288,173**

The annual financial statements and the notes on pages 7 to 30, were approved by the board on the September 30, 2016 and were signed on its behalf by:

Director **Director**

The accounting policies on pages 11 to 16 and the notes on pages 17 to 30 form an integral part of the annual financial statements.

Statement of Changes in Equity

	Share capital USh '000	Accumulated loss USh '000	Total equity USh '000
Balance at January 01, 2014	**2,000,000**	**1,742,907**	**3,742,907**
Profit for the year	-	362,751	362,751
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**362,751**	**362,751**
Balance at January 01, 2015	**2,000,000**	**2,105,658**	**4,105,658**
Loss for the year	-	(2,780,972)	(2,780,972)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(2,780,972)**	**(2,780,972)**
Prior period adjustment	-	(1,059,886)	(1,059,886)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(1,059,886)**	**(1,059,886)**
Balance at December 31, 2015	**2,000,000**	**(1,735,200)**	**264,800**
Note(s)	21		

The accounting policies on pages 11 to 16 and the notes on pages 17 to 30 form an integral part of the annual financial statements.

The prior period adjustment of Ush.1.060 billion (net of deferred tax) is related to forex losses on other financial liabilities not recognized the prior period financial statements.

Statement of Cash Flows

	Note(s)	2015 USh '000	2014 USh '000
Cash flows from operating activities			
Cash used in operations	26	(513,682)	1,463,595
Finance costs		(7,439,876)	(2,574,318)
Tax (paid) received	25	128,730	(20,444)
Net cash from operating activities		**(7,824,828)**	**(1,131,167)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(24,721)	(2,294)
Sale of property, plant and equipment	12	25,000	-
Acquisition of prepaid operating lease rentals	13	(396,708)	-
Movement in Investment in associates		(16,001)	9,998
Net cash from investing activities		**(412,430)**	**7,704**
Cash flows from financing activities			
Net movements in other financial liabilities		3,959,023	3,798,349
Net movements in shareholders and others loans		3,300,400	(2,068,909)
Net movements in loans to (from) group companies		998,370	(132,139)
Net cash from financing activities		**8,257,793**	**1,597,301**
Total cash movement for the year		**20,535**	**473,838**
Cash at the beginning of the year		(139,653)	(613,491)
Total cash at end of the year	20	**(119,118)**	**(139,653)**

The accounting policies on pages 11 to 16 and the notes on pages 17 to 30 form an integral part of the annual financial statements.

Accounting Policies

1. Presentation of annual financial statements

Theannual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act, 2012. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Uganda Shillings rounded to nearest thousands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. Significant judgements include:

Receivables

Receivables are recognised at fair value and subsequently measured at amortised cost. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is recognised in the profit and loss account.

Taxation

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

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Property, plant and equipment

Estimates are made by the directors in determining depreciation rates for property, plant and equipment.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Accounting Policies

1.2 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Nature of assets	Method of depreciation	% of depreciation
Buildings	Written down value	4.00%
Equipment and tools	Written down value	20.00%
Furniture and fixtures	Written down value	12.50%
Motor vehicles	Written down value	20.00%
IT equipment	Written down value	25.00%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Investment in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases of financial assets are accounted for at trade date.

Accounting Policies

1.4 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at cost.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at cost.

Loans to managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at cost Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at cost.

1.5 Tax

Current tax assets and liabilities

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Uganda Income Tax Act.

Accounting Policies

1.5 Tax (continued)

Deferred tax assets and liabilities

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 values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Tax expenses

Taxation expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax and deferred income tax.

1.6 Leases

A lease is classified as a finance lease if 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.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Leasehold land is recognised as an operating lease. Any upfront lease payments are recognised as prepaid lease rentals and recorded under non-current assets and are amortised over the remaining period of the lease on a straight line basis.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories of saleable plots are valued at cost, which include cost of land plus land development cost, if any,Inventories of work in progress at the year end are valued at cost incurred on each scheme, where ever the work of scheme is not of significant level, which includes cost of land, materials, labour, site development and project expenditure and same is classified as uncertified work. And wherever the work is reached to the significant level the WIP is certified and valued at the prices (Installment) due from the members for the work stage completed.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Accounting Policies

1.8 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset and provides for impairment.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.11 Employee benefits

Defined contribution plans

The company and all its' employees contribute to the National Social Security Fund, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the company pays a fixed contribution to a separate entity. The company has no legal or construction obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in a separate trustee administered fund which is funded by contributions from both the company and employees.

The company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they fall due.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

Accounting Policies

1.13 Revenue

Contract revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:
- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from units in real estate is recognised on cash basis.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividend income recognised when the shareholders' right to receive payment is established by balance sheet date.

Rental income is recognized on cash basis.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies during the period are converted into the functional currency, Uganda Shillings, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where related to equity instruments, which are reflected in equity. A foreign currency transaction is recorded, on initial recognition in Uganda Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 01, 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	January 01, 2018	Impact is currently being assessed
• IFRS 15 Revenue from Contracts with Customers	January 01, 2017	Impact is currently being assessed
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	January 01, 2016	Unlikely there will be a material impact
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	January 01, 2016	Not expected to impact results but may result in additional disclosure
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	January 01, 2016	Unlikely there will be a material impact
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	January 01, 2016	Not expected to impact results but may result in additional disclosure

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000
3. Revenue		
Sale of property	1,651,214	4,527,700
Construction contracts	5,149,502	354,424
Opening work in progress	(64,332)	(77,867)
Closing work in progress	4,372,225	64,332
Rental Income	1,595,004	1,014,545
	12,703,613	**5,883,134**
4. Cost of sales		
Sale of property		
Opening stock	31,581,722	29,582,836
Purchases	1,794,297	2,941,591
Closing stock	(33,033,813)	(31,581,722)
	342,206	**942,705**
Rent related expenses		
Sublet of property	99,935	87,832
Others expenses	344,385	279,981
	444,320	**367,813**
Construction contracts		
Purchases	4,405,785	145,153
Direct costs	2,736,682	327,537
	7,142,467	**472,690**
	7,928,993	**1,783,208**
5. Other income		
Other income	41,866	47,873

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000
6. Operating expense		
Advertising	540	1,020
Auditors remuneration	42,213	5,000
Bank charges	82,249	17,523
Commission	22,421	160,835
Computer expenses	4,311	3,350
Consulting and professional fees	81,017	74,384
Depreciation, amortisation and impairments	183,457	82,562
Donations	-	3,025
Employee costs	238,961	256,756
Entertainment	69,280	-
Immigration	56,305	28,953
Insurance	10,520	22,640
Fines and penalties	20,423	1,805
Medical expenses	4,357	4,010
Motor vehicle expenses	50,624	49,810
Other expenses	13,985	17,053
Printing and stationery	-	6,955
Profit and loss on sale of assets and liabilities	1,751	-
Repairs and maintenance	5,905	11,190
Security	34,727	43,554
Staff welfare	8,715	10,424
Subscriptions	2,286	2,936
Telephone and fax	12,559	13,468
Travel - local	159,286	122,798
Utility	19,989	115,374
Vat assessment - 2012 to 2015	48,178	-
	1,174,059	**1,055,425**

7. Employee costs

The following items are included within employee benefits expense:

Employee costs		
Basic	215,201	243,160
Housing benefit	15,280	-
Post-employment benefits - Defined contribution plan - NSSF	8,480	13,596
	238,961	**256,756**

8. Auditors' remuneration

Fees	42,213	5,000

9. Operating profit

Operating profit for the year is stated after accounting for the following:

Loss on sale of assets	(1,751)	-
Impairment on businesses (or subsidiaries, joint ventures and associates)	10,000	-
Depreciation on property, plant and equipment	68,069	82,562
Amortisation on prepaid operating lease rentals	105,388	-
Employee costs	238,961	256,756

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

10. Finance costs

	2015	2014
Interest charged - unsecured loan	831,921	547,387
Interest on bank loans	2,345,998	1,678,362
Processing Fees	30,250	368,491
Realised forex differences	234,629	16,105
Unrealised forex differences	3,997,078	(36,027)
	7,439,876	**2,574,318**

11. Taxation

Major components of the tax expense (income)

	2015	2014
Current		
Local income tax - current period	144,670	155,305
Local income tax - recognised in current tax for prior periods	(76,487)	-
	68,183	**155,305**
Deferred		
Originating and reversing temporary differences	(1,084,660)	-
	(1,016,477)	**155,305**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2015	2014
Accounting profit (loss)	(3,797,449)	518,056
Tax at the applicable tax rate of 30% (2014: 30%)	(1,139,235)	155,417
Tax effect of adjustments on taxable income		
Local income tax - recognised in current tax for prior periods	(76,487)	-
Tax effect of non-deductible expenses	75,419	(112)
Prior period deferred tax	123,826	-
	(1,016,477)	**155,305**

12. Property, plant and equipment

	2015			2014		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Building	280,470	(51,750)	228,720	280,470	(42,220)	238,250
Furniture and fixtures	94,395	(55,918)	38,477	94,396	(50,422)	43,974
Motor vehicles	227,559	(154,321)	73,238	297,559	(178,824)	118,735
Office equipment	258,875	(159,958)	98,917	245,375	(135,229)	110,146
IT equipment	101,942	(72,889)	29,053	90,722	(63,323)	27,399
Total	**963,241**	**(494,836)**	**468,405**	**1,008,522**	**(470,018)**	**538,504**

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Building	238,250	-	-	(9,530)	228,720
Furniture and fixtures	43,974	-	-	(5,497)	38,477
Motor vehicles	118,735	-	(26,751)	(18,746)	73,238
Office equipment	110,146	13,500	-	(24,729)	98,917
IT equipment	27,399	11,221	-	(9,567)	29,053
	538,504	**24,721**	**(26,751)**	**(68,069)**	**468,405**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Buildings	247,707	470	(9,927)	238,250
Furniture and fixtures	49,753	504	(6,283)	43,974
Motor vehicles	147,417	1,000	(29,682)	118,735
Office equipment	137,683	-	(27,537)	110,146
IT equipment	36,212	320	(9,133)	27,399
	618,772	**2,294**	**(82,562)**	**538,504**

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings 23:

	2015	2014
Buildings	228,720	238,250
Other movable assets	239,685	300,254

13. Prepaid operating lease rentals

	2015	2014
Cost		
Opening balance	12,613	12,613
Additions	396,708	-
	409,321	**12,613**
Accumulated amortisation		
Amortisation	(105,388)	-
Carrying value		
Opening balance	12,613	12,613
Additions	396,708	-
Amortisation	(105,388)	-
	303,933	**12,613**

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

14. Investments in associates

The following table lists all of the associates in the company:

Name of company	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014	Carrying amount 2013
Tirupati General Enterprises (U) Ltd	20.00 %	20.00 %	10,000	10,000	10,000
Naguru Tirupati Limited	80.00 %	- %	16,000	-	-
			26,000	10,000	10,000
Impairment of investments in assocs	20.00 %	20.00 %	(10,000)	-	10,000
			16,000	10,000	20,000

15. Loans to (from) group companies

Associates

	2015	2014
Tirupati Miami Villas (U) Ltd.	457,340	457,340
Tirupati Investments (U) Ltd.	-	(281,052)
Tirupati Mazima (U) Ltd.	-	(858,453)
	457,340	**(682,165)**

Loans to (from) associate companies are interest free, unsecured and long-term in nature, without any fixed repayment period. These loans are receivable / payable in the currency in which it is obtained / advanced to the associate companies.

Holding company

	2015	2014
Tirupati Sarjan Limited	(4,128,928)	(1,991,053)

Loan from holding company is at interest rate @24 % p.a, unsecured and long-term in nature, without any fixed repayment period. These loan is payable in the currency in which it is obtained.

	2015	2014
Non-current assets	457,340	457,340
Non-current liabilities	(4,128,928)	(3,130,558)
	(3,671,588)	**(2,673,218)**

16. Deferred tax

	2015	2014
Deferred tax asset (liability)	1,538,896	-

Reconciliation of deferred tax asset / (liability)

	2015	2014
Taxable / (deductible) temporary difference movement on tangible fixed assets	9,356	-
Originating temporary difference on exchange differences	1,199,123	-
Prior period deferred tax	330,417	-
	1,538,896	**-**

17. Inventories

	2015	2014
Inventories	33,033,813	31,581,722

Above inventories consists of immovable properties developed with an intention to sale.

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

18. Construction contracts and receivables

Contracts in progress at the end of the reporting period

Construction contracts and receivables	4,372,225	64,332

Advances received in excess of work completed are included in trade and other payables.

19. Trade and other receivables

Trade receivables	1,149,234	33,149
Employee costs in advance	7,700	46,424
Prepayments	22,813	10,167
Deposits	23,331	27,839
VAT	-	2,859
Accrued interest on FDR	41,866	-
Retentions	442,593	9,247
Advance to suppliers	3,719,179	4,480,579
	5,406,716	**4,610,264**

20. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	11,271	12,354
Bank balances	-	1,044
Short-term deposits	537,000	-
Bank overdraft	(667,389)	(153,051)
	(119,118)	**(139,653)**
Current assets	548,271	13,398
Current liabilities	(667,389)	(153,051)
	(119,118)	**(139,653)**

The Company has obtained overdraft facility of Ush.540 million/- to meet its working capital requirements from ABC Capital Bank Limited. The said facility carry interest @ PLR. This facility is secured against (i) Charge of Ush 2 billion over land and property comprised on plot no.22 Kibuga Block 12, Condominium plan 059 Units 0243-0254 & 0350 and (ii) Charge of Ush 2 billion over land and property comprised on Condominium Units 0217, 0218, 0227 & 0228 on plan no.076, Plot 2530 Kibuga, Block 15 Nsambya, Kampala.

21. Share capital

Authorised		
100 Ordinary shares of USh. 20,000,000 each	2,000,000	2,000,000
Reconciliation of number of shares issued:		
Reported as at January 01, 2015	100	100
Issued		
Ordinary	2,000,000	2,000,000

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

22. Loans to (from) shareholders and others

Loans to (from) shareholders and others	(7,022,488)	(3,722,088)

These loans to (from) shareholders and others are interest free, unsecured and long-term in nature, without any fixed repayment period. This loans are receivable / payable in Ush.

23. Other financial liabilities

Held at amortised cost		
Kenya Commercial Bank Limited	21,587,236	17,465,133
Crane Bank Limited	1,336,920	1,500,000
	22,924,156	**18,965,133**

Kenya Commercial Bank Limited

The company has obtained term loan facility of US $ 7 million from Kenya Commercial Bank Limited.

The above loans are repayable in 120 installment starting from August 2014. This loan carries interest @ base rate minus 1% p.a.

The said facility is secured against registered mortgage on (i) unit No. 059, 060, 061, 062, 067, 068, 069, 070, 071, 072, 073, 074, 075, 076, 077, 078, 079, 080, 081, 082 relating to a building block on leasehold land known as Plot 481 Block 211 and (ii) plot 1127 Block 211.These properties are reflected under Inventories in the statement of financial position.

Crane Bank Uganda Limited

The company has also obtained term loan facility of Ush 1.5 billion from Crane Bank Uganda Limited for investment in real eatste.

The above loans are repayable in 36 installments starting from March 2015. This loan carries interest @ 1.5% below PLR p.a.

The said facility is secured against (i) Demand promissory note, (ii)Debenture covering floating charge on all assets of the company,(iii) General form of guarantee signed by directors and (iv) Registered mortgage of (a) Plot 1732, Kibuga Block 15 (b) Unit No. 067, 068, 0150, 0151 0157, 0160, 0161, 0164, 0166, 0167, 190, 191, 194, 197, 053, 063, 074, 0109, 0110, 202 relating to a building block located on leasehold land known as Plot 22, Kibuga block 22 (LRV 3995, Folio 5). These properties are reflected under Inventories in the statement of financial position.

Non-current liabilities		
At amortised cost	21,406,806	17,729,932
Current liabilities		
At amortised cost	1,517,350	1,235,201
	22,924,156	**18,965,133**

The carrying amounts of financial liabilities at amortised cost are denominate in the following currencies:

USD 6,390,783 (2014 : USD 6,831,984)	21,587,236	17,565,133
Ush.	1,336,920	1,500,000

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000
24. Trade and other payables		
Trade payables	1,385,670	475,112
Amounts received in advance	8,899,336	5,876,484
VAT	287,092	-
Govt. dues payable	170,319	243,690
Other accrued expenses	63,501	1,281
Other payables	18,000	498,111
	10,823,918	**7,094,678**
25. Tax payable		
Balance at beginning of the year	(117,007)	17,854
Current tax for the year recognised in profit or loss	(68,183)	(155,305)
Balance at end of the year	313,920	117,007
	128,730	**(20,444)**
26. Cash used in operations		
Profit (loss) before taxation	(3,797,449)	518,056
Adjustments for:		
Depreciation and amortisation- indirect	173,457	82,562
(Profit) loss on sale of assets	1,751	-
Finance costs	7,439,876	2,574,318
Impairment loss	10,000	-
Prior period adjustment	(1,514,121)	-
Changes in working capital:		
Inventories	(1,452,091)	(1,921,019)
Trade and other receivables	(796,452)	(3,994,396)
Construction contracts and receivables	(4,307,893)	(64,332)
Trade and other payables	3,729,240	4,268,406
	(513,682)	**1,463,595**

27. Related parties

Relationships	
Holding company	Tirupati Sarjan Limited
Associates	Tirupati Investments (U) Ltd. Tirupati Miami Villas (U) Ltd Tirupati Mazima (U) Ltd. Naguru Tirupati Limited
Members of key management	Mr. Harshad Barot Mr. Bipin Patel Mr. Miraj Barot

Notes to the Annual Financial Statements

27. Related parties (continued)

Related party balances

	2015 USh '000	2014 USh '000
Loan accounts - Owing (to) by related parties		
Tirupati Miami Villas (U) Ltd.	457,340	457,340
Tirupati Sarjan Limited	(4,128,928)	(1,991,053)
Tirupati Investments (U) Ltd.	-	(281,052)
Tirupati Mazima (U) Ltd.	-	(858,453)
Mr. Hardhad Barot	(121,995)	(27,998)
Mr Miraj Barot	(1,103,464)	(1,688,911)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Naguru Tirupati Limited	(4,227,073)	(3,987,061)

Related party transactions

	2015 USh '000	2014 USh '000
Interest paid to (received from) related parties		
Tirupati Sarjan Limited	826,806	546,927
Compensation to directors and other key management		
Short-term employee benefits	96,000	132,000

28. Risk management

Capital risk management

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

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

There are no externally imposed capital requirements.

2015 USh '000
2014 USh '000

28. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	1,517,350	1,489,945	4,034,664	15,882,196
Trade and other payables	10,823,915	-	-	-
Bank overdrafts	667,389	-	-	-

At December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	1,943,379	1,517,360	3,805,921	11,698,473
Trade and other payables	7,094,677	-	-	-
Bank overdrafts	153,051	-	-	-

Interest rate risk

The company's interest rate risk arises from long-term and current borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company regularly monitors financing options available to ensure that optimum interest rates are obtained.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing.

At December 31, 2015, if interest rates on Uganda shillings - denominated borrowings had been 2% higher/lower with all other variables held constant, post-tax profit for the year would have been USh 28 millions (2014: USh 23 millions) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At December 31, 2015, if interest rates on US Dollar - denominated borrowings had been 2% higher/lower with all other variables held constant, post-tax profit for the year would have been USh 302 millions (2014: USh 245millions) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At December 31, 2015, if interest rates on Indian rupees - denominated borrowings had been 2% higher/lower with all other variables held constant, post-tax profit for the year would have been USh 58 millions (2014: Ush 28 millions) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

	2015 USh '000	2014 USh '000

28. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise only of a limited customer base. Management evaluated credit risk relating to customers on an ongoing basis. The company's credit controller assesses the credit quality of each customer taking into account its financial position, past experience and many other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Loan to group companies	457,340	457,340
Trade and other receivables	5,406,716	4,610,264
Cash and Cash equivalents	548,271	13,398

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

Foreign exchange risk

The company operates locally and is not exposed to foreign exchange risk arising from various currency exposures,except with respect to the US dollar.

The company manages foreign exchange risk arising from future commercial transactions and recognised assets and liabilities using forex market trends and also by managing the liquidity requirements on a periodical basis.

At December 31, 2015, if the currency had weakened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would have been USh 760 million ;(2014: Ush. 664 million) lower/higher; mainly as a result of foreign exchange gains or losses on translation of US dollar denominated assets and liabilities.

At December 31, 2015, if the currency had weakened by 5% against the Indian rupees with all other variables held constant, post-tax profit for the year would have been USh 145 million ;(2014: Ush. 70 million) lower/higher; mainly as a result of foreign exchange gains or losses on translation of US dollar denominated assets and liabilities.

Foreign currency exposure at the end of the reporting period

Current assets		
Cash and cash equivalents, USD 4,755 (2014 : USD 1,266)	4,242	13,171
Liabilities		
Loans to group companies, INR 80,959,373 (2014 : INR 35,103,190)	4,128,928	1,991,053
Bank overdraft, USD 35,981 (2014 : USD 16,517)	121,541	45,750
Other financial liabilities, USD 6,390,783 (2014 : USD 6,831,984)	21,587,235	18,923,231
Trade and other payables, USD 4,905 (2014 : USD 903)	16,568	2,501

Exchange rates used for conversion of foreign items were:

USD	3377	2770
INR	51	56

29. Commitments

Authorised capital expenditure

The company has got no outstanding capital committments as at the end of the current financial period end.

Notes to the Annual Financial Statements

	2015 USh '000	2014 USh '000

30. Contingencies

In the opinion of Management, the company has contingent liabilities of Ush 2,037 million as at end of the financial period.

31. Events after the reporting period

The management is not aware of any events after the reporting period; which may cast doubt on the existance of the company after the end of the reporting period.

32. Comparative figures

Previous year's figures have been regrouped / reclassified in order to make them comparable with that of current financialperiod, whenever necessary.

Tax Computation

	USh '000
Net loss per income statement	(3,797,449)
Non-deductable/Non taxable items	
Entertainment	69,280
Fines and penalties	20,423
Immigration	56,305
Amortisation of land	105,388
	251,396
Temporary differences	
Depreciation, amortization and impairments - Indirect	68,069
Unrealised forex differences	3,997,078
Profit and loss on sale of assets and liabilities	1,751
Wear & Tear allowable	(38,611)
	4,028,287
Taxable income	**482,234**
Tax thereon @ 30%	**144,670**

Tax liability

	USh '000
Amount owing/(prepaid) at the beginning of year	117,007
Amount refunded/(paid) in respect of prior year	67,528
Tax owing/(prepaid) for the current year	
Normal tax	
Per calculation	144,670
1st provisional payment	(15,000)
	129,670
Secondary tax on companies/Withholding tax	
Withholding tax	(285)
Amount owing/(prepaid) at the end of year	**313,920**

The following supplementary information does not form part of the financial statements and is unaudited:

Supplementary Information

1. Wear and tear computation

Wear and tear computation	**Class I** **40%** **USh '000**	**Class II** **35%** **USh '000**	**Class III** **30%** **USh '000**	**Class IV** **20%** **USh '000**	**Total** **USh '000**
WDV at the beginning of year	10,124	38,636	-	113,041	161,801
Additions	11,200	-	-	13,500	24,700
Disposal	-	(25,000)	-	-	(25,000)
	21,324	13,636	-	126,541	161,501
	21,324	13,636	-	126,541	161,501
	21,324	13,636	-	126,541	161,501
Wear and Tear	(8,530)	(4,773)	-	(25,308)	(38,611)
WDV at the end of year	**12,794**	**8,863**	**-**	**101,233**	**122,890**