

SEYCHELLES BREWERIES LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

2021



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A BRAND FOR
EVERY TASTE AND
CELEBRATION, BIG
AND SMALL





A SIP OF SEYCHELLES

Sey Pearl

MIXED BERRY

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FINANCIAL HIGHLIGHTS

Figures in SCR'000	2021	2020	% Change
Revenue	443,946	424,441	4.60 %
Operating profit	95,911	114,163	(15.99)%
Profit before tax	94,514	112,827	(16.23)%
Total comprehensive income	69,404	81,902	(15.26)%
Final dividend declared	47,250	47,250	— %
Total equity	422,521	400,367	5.53 %
Data per SCR 5 share			
Basic and diluted earnings per share (SCR)	5.51	6.5	(15.23)%
Final dividend declared/proposed (SCR)	3.75	3.75	— %
Net equity (SCR)	33.53	31.78	5.51 %

The directors recommend, subject to approval at the next Annual General meeting, the payment of a final dividend of SCR 47,250,000 (2020: SCR 47,250,000), which, based on the number of ordinary shares in issue at year end, represents a dividend of SCR 3.75 per ordinary share (2020: SCR 3.75). This dividend is subject to deduction of withholding tax at the applicable rates.

No interim dividend was paid for the financial year ended 30 June 2021 (2020 - nil).



NOTICE OF THE ANNUAL GENERAL MEETING 2021

Seychelles Breweries Limited (Company No 841033-1) MERJ share code ISIN: SC478BDEB69 (“the Company” or Seybrew”). Notice is hereby given to shareholders recorded in the Company’s securities register on Monday, 20 September 2021 that the 53rd Annual General Meeting (“AGM”) of Seychelles Breweries Limited will for the year 2021 be held via electronic communication on Friday, 26 November 2021 to:

- deal with such business as may lawfully be dealt with at the Meeting and;
- consider and if deemed fit, pass, with or without modification, the Ordinary and Special Resolutions set out hereunder in the manner required by the Companies Ordinance, 1972 as amended (“the Companies Act”), as read with the MERJ Limited Listings Requirements (“MERJ Listings Requirements”) where the Company’s ordinary shares are listed.

The Meeting is to be participated in and voted at by shareholders recorded in the Company’s securities register as at the voting record date of 20 September 2021.

Kindly note that to participate, all shareholders (including proxies) will be required to register no later than 48 hours before the time of the meeting. Full details of the registration process and requirements is provided in the attached letter.

Ordinary Resolutions

To consider and, if approved, to pass, with or without modification, the following Ordinary Resolutions:

Percentage support required for Ordinary Resolution No 1 to 8 - for these Ordinary Resolutions to be adopted, the support of more than 50% (fifty per cent) of the total number of votes per Ordinary Resolution, from the shareholders who are represented by proxy at this Meeting.

1. Ordinary Resolution No 1 – Approving Minutes of the 2020 AGM

To present, consider and accept the Minutes of the AGM held on Friday 27 November 2020.

2. Ordinary Resolution No 2 – Presenting the Seybrew Directors and Audit Report

To present, consider and accept the Report of the Managing Director and the Auditor’s Report for the year ended 30 June 2021.

3. Ordinary Resolution No 3 – Presenting the Seybrew Annual Financial Statements

To present, consider and accept the Annual Financial Statements for the year ended 30 June 2021.

4. Ordinary Resolution No 4 – Reappointment of auditors

To reappoint BDO Associates as nominated by the Company’s Audit committee, as independent auditors of the Company to hold office until the conclusion of the next AGM of the Company. It is to be noted that Ms Nazrah Ramdin is the individual and designated auditor who it is proposed will undertake the Company’s audit for the financial year ending 30 June 2021.

Reason and effect

The reason for Ordinary Resolution No 4 is that the Companies Act requires the appointment or reappointment of the Company’s auditors each year at the AGM of the Company. Furthermore, in terms of paragraph 2.4 of the MERJ Listings Requirements, the Audit committee has considered and satisfied itself that BDO Associates, the independent auditors:

- are accredited as such on the MERJ List of Auditors and Accounting Specialists; and
- meet the applicable requirements stipulated in section 2.4c of the MERJ Listings Requirements and does not appear on the MERJ list of disqualified individual auditors.

5. Ordinary Resolution No 5 – Appointment of director

To elect the following director (Ordinary Resolution No 5.1 and 5.2) to the Board of directors of Seybrew (“the Board”) as a director in terms of clause 84 of the Company’s Articles of Association, being eligible and offering themselves for appointment.

Reason and effect

The reason for and effect of Ordinary Resolution No 5.1 and 5.2 is to elect the directors to the Board of Seybrew appointed during the financial year as directors in terms of the Company’s Articles of Association.

5.1 Ordinary Resolution No 5.1 – Appointment of Andrew Cowan as a director

To elect Andrew Cowan, who was appointed as a director on 9 February 2021 in terms of the Company’s Articles of Association, being eligible and offering himself for appointment.

6. Ordinary Resolution No 6 – Re-appointment of directors

To re-elect directors as per Ordinary Resolution No. 6.1 by whom the directors retire by rotation in terms of the Company’s Articles of Association and being eligible and offering themselves for re-election.

6.1 Ordinary Resolution No 6.1 – Appointment of Anthony Smith as a director

To re-elect Anthony Smith as a director and Chairman of the company, in terms of the Company’s Articles of Association, the retiring director being eligible and offering himself for re-appointment.

7. Ordinary Resolution No 7 – Remuneration policy

Shareholders are requested to cast a separate vote on the Company’s Remuneration policy.

7.1 Ordinary Resolution No. 7.1 – vote on the remuneration of the Managing Director

Resolved that shareholders approve the Managing Director remuneration of approximately SCR 5m per annum for the financial year 2021/22

7.2 Ordinary Resolution No.7.2 – vote on the remuneration of the Finance Director

Resolved that shareholders approve the Finance Directors remuneration of approximately SCR 2.5m per annum for the financial year 2021/22.

7.3 Ordinary Resolution No. 7.3 – vote on the remuneration of the Auditors

To authorise the Directors to fix the remuneration of the Auditors for the financial year 2021/2022.

8. Declaration of a final dividend

To approve that a final dividend be declared for the year ended 30 June 2021. The dividend amount and payment date will be announced at the meeting.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on their behalf. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the meeting, the form must be completed and deposited at the Company Secretary’s office at PKF Registrars, a division of PKF Capital Markets (Seychelles) Limited, 104 First Floor, Waterside Property, Eden Island, Seychelles, not less than 48 hours before the time of holding the meeting.

NOTICE OF THE ANNUAL GENERAL MEETING 2021 (continues)

By Order of the Board,



PKF CAPITAL MARKETS (SEYCHELLES) LIMITED
104 First Floor, Waterside Property,
Eden Island, Seychelles
Tel : +248 4346 770

PKF Registrars

Company Secretary

20 September 2021



BOARD OF DIRECTORS AND CORPORATE INFORMATION

Board of Directors

Anthony Smith	Chairperson	Appointed in September 2018
Conor Neiland	Managing Director	Appointed in May 2020
Devesh Dutt	Finance Director	Appointed in April 2019
Rod Thorrington	Non-executive Director	Appointed in May 2020
Jean Weeling-Lee	Non-executive Director	Appointed in June 2008
Aubray Lucas	Non-executive Director	Appointed in September 2017
Andrew Cowan	Non-executive Director	Appointed in February 2021
Hina Nagarajan	Non-executive Director	Resigned in February 2021

Registered office and principal place of business

Seychelles Breweries Limited
O'Brien House
PO Box 273
Le Rocher, Mahe,
Seychelles

Solicitors

Christen Chambers
Office 201, Second floor
Waterside Building
Marina North, Eden Island
Seychelles

Auditors

BDO Associates
Chartered Accountants
The Creole Spirit
Quincy Street
Mahe,
Seychelles

Company Secretary

PKF Registrars
A division of PKF Capital Markets
(Seychelles) Ltd.
104 First Floor
Waterside Property
Eden Island
Seychelles

Bankers

Absa Bank (Seychelles) Limited (formerly: Barclays Bank (Seychelles) Limited)
Seychelles International Mercantile Banking Corporation Limited (a.k.a Nouvobanq)

CHAIRMAN'S STATEMENT

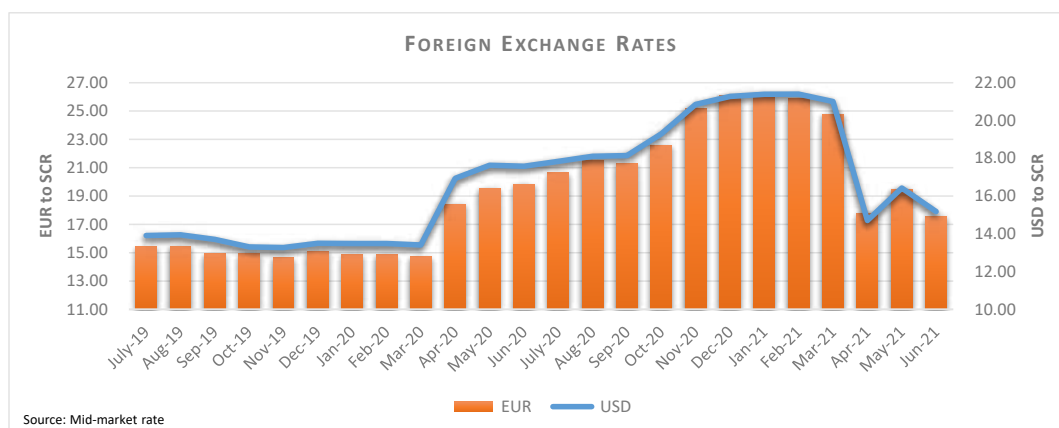
Distinguished shareholders, ladies, and gentlemen, I am pleased to welcome you all to the 53rd Annual General Meeting of our Company and to present to you the financial statements and reports for the financial year ended on 30 June 2021.

Business Environment

F21 was a year of change on a global scale, and Seychelles was no exception. With the country essentially closed to tourism until late March, most economic indicators were adversely impacted for the first 9 months of F21 with a sharp correction felt in April as we re-opened borders. During the year the country also held general assembly elections which saw a smooth transition to new leadership.

The tourism sector provides more than 70% of hard currency earnings for Seychelles and continued to be heavily impacted by the lack of tourists in the first three quarters of F21. A total of 75,693 tourists arrived into Seychelles in F21, which is an 80% decline versus F19. The impact was felt most in the first 9 months of the year as the country managed the COVID-19 pandemic locally, after which tourism lifted to 50% of F19 Pre-Covid levels for the balance of year. A direct consequence of this was the impact on foreign exchange inflows, with the Seychelles Rupee depreciating further against USD and EUR by circa 25% in November 2020, in addition to the 35% experienced in April 2020.

The re-opening of tourism was possible due to strict government interventions, including a 2-month lockdown, and a successful vaccination program reaching over 65% (2 doses) of the population by the end of June 2021. As anticipated, the economy of Seychelles contracted by -10.7% in 2020, however is estimated to move back into real GDP growth of c 4% for 2021, helped by returning tourists and a strengthening Seychellois Rupee from April 2021. In recent months we have seen the Seychelles Rupee gaining a significant proportion of lost ground which is a positive indicator of further economic recovery.



Our performance

Seychelles Breweries Limited (SBL) continues to be the only Total Beverage Company in Seychelles with a rich and diversified portfolio spanning Beer, Ready-to-Drink, Carbonated soft drink and Spirits categories across Returnable glass, PET and Can formats.

SBL is a proudly local business with over half the population of the islands directly or indirectly invested in our success – we are fortunate to have over 1,300 Seychellois shareholders and a further 45,000 local stakeholders by virtue of the Seychelles Pension Fund's significant stake in our business. We greatly appreciate the support of all the people of Seychelles who continued to support our brands and our business throughout this extremely difficult period.

CHAIRMAN'S STATEMENT (continues)

I am delighted to report that SBL delivered strong performance in F21, despite the continued adverse impact in the year due to COVID-19 and related headwinds. This performance demonstrates the consistent execution of our strategic initiatives, with the addition of a Mission (Ambition) mindset that was implemented through cross functional team working, which coordinated the delivery of these key building blocks. These teams are specifically designed to develop our leaders of tomorrow, with each having an executive sponsor, but led by our internal talent pool who have been instrumental in delivering our F21 performance.

Revenue

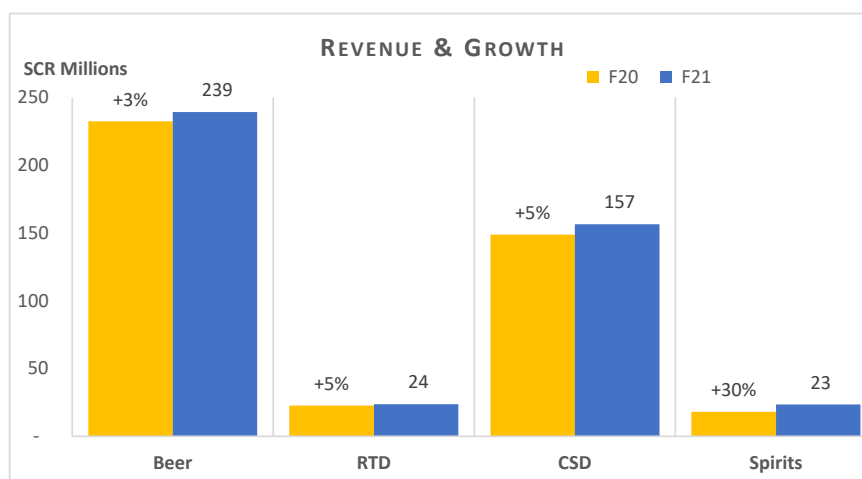
The business registered overall revenue growth of +4.6% in F21 (versus +0.5% in F20) through agile work patterns given the volatility and economic uncertainty that the pandemic caused. Business growth was spread across the year with the exception of Q3 which saw significant restrictions of movement and reduced trading hours that heavily impacted the market, especially in the On-trade.

Beer revenue increased by +3% in F21 (versus -2% in F20), negatively impacted again by Covid restrictions especially in the On-trade, but supported by necessary price increases targeted to offset forex devaluation. Volumes were positively assisted by data led interventions, improved product availability, even with stressed supply chains, and ongoing price accessibility for our portfolio.

Revenue from Carbonated Soft Drinks (CSD) increased by +5.1% in F21, driven by an occasion focused format strategy which included launching Coke products into Returnable glass bottles, locally producing cans and undertaking a re-branding exercise for the Seypearl range.

Revenue from Ready-to-drink SKU's (RTD's) maintained +4.8% growth versus last year, helped by key net revenue management interventions.

Our Spirits portfolio had a breakthrough performance in F21 to grow by +30.5% compared to F20, driven by improved net revenue management, consistent availability, and the successful implementation of the Johnnie Walker 'Scan the Seal' campaign.



Innovation

Our Innovation focus continues to be a key building block of our strategy across liquid, product and packaging. With the introduction of our canning line, we launched the first Creole beer in Seychelles history "Vann Swet" in a new 50cl can format. We also launched a new format of our flagship beer brand Seybrew, as well as Eku in 50cl cans. Our format expansions in carbonated soft drinks included Coke in Returnable Glass Bottles, as well as a range of locally produced Coke cans.

Innovation contribution to net sales value improved from 10.2% in F20 to 14.2% in F21, and we expect this strong trajectory to continue based on our innovation pipeline and improved processes.

Supply chain

ZERO <i>Lost Time Accidents (LTA)</i>	12% Improvement on Operation Efficiencies	Top 3 Best tasting Beer in Diageo Global	Productivity 1 million GBP savings delivered
-------------------------------------------------	-----------------------------------------------------------	-------------------------------------------------------	-----------------------------------------------------------

F21 continued to be challenging due to many external headwinds related to the COVID-19 pandemic, especially with regards to import / logistics and the impact of devaluation on our cost base. In line with our plan to emerge stronger, we used the opportunity to deliver more stable operations with a significant improvement in raw material Cost management, better Materials planning, optimised Logistics, Product Quality gains and overall Line efficiencies.

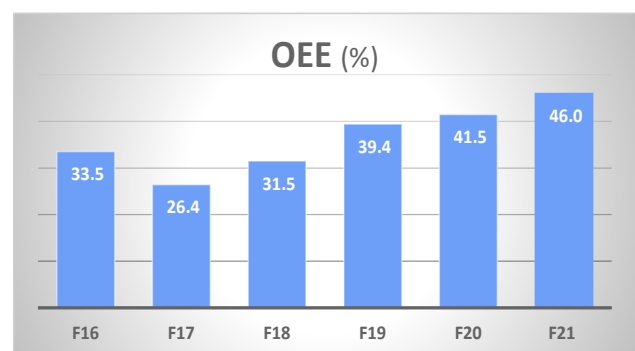
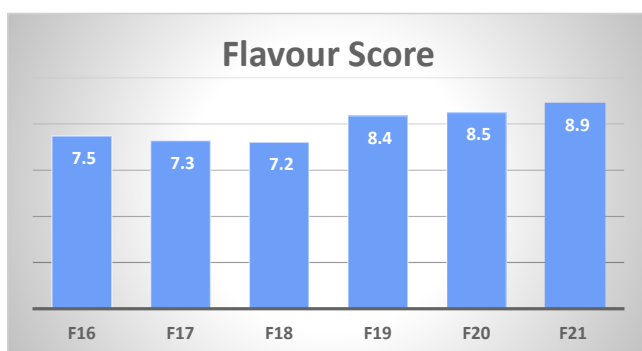
The strengthening of our process controls resulted in sizable improvements in our beer flavour scores. These scores demonstrate world class excellence in the quality of our brands brewed and packaged in Seychelles.

Integration to Diageo's centres of Excellence in the areas of Planning, Logistics and Procurement brought not only process improvements but also brought stability into our operations, resulting in significant customer service improvements and helped us win the market shares across all categories.

We continued to support our growth and process improvements via targeted Capex investments with some of the highlights including having a new boiler installed, as well as investment in our PET line which helped to improve efficiencies. In line with our strategy, we continued to invest in our supply chain with Capex improvements. Key CAPEX projects in F21 included the installation of our new boiler to expand production capacity, as well as an unscrambler machine on our PET line which has improved efficiency of the line and reduced waste. We will continue to invest in Capex programmes in the coming years to strengthen our position further.

Tight cost management, driven through our Supply Mission pillar agenda, delivered fantastic savings of GBP 1 million. This was a key lever in reducing further the impact of foreign exchange devaluation on our raw material and logistic costs, thereby protecting our Gross and Operating Margins.

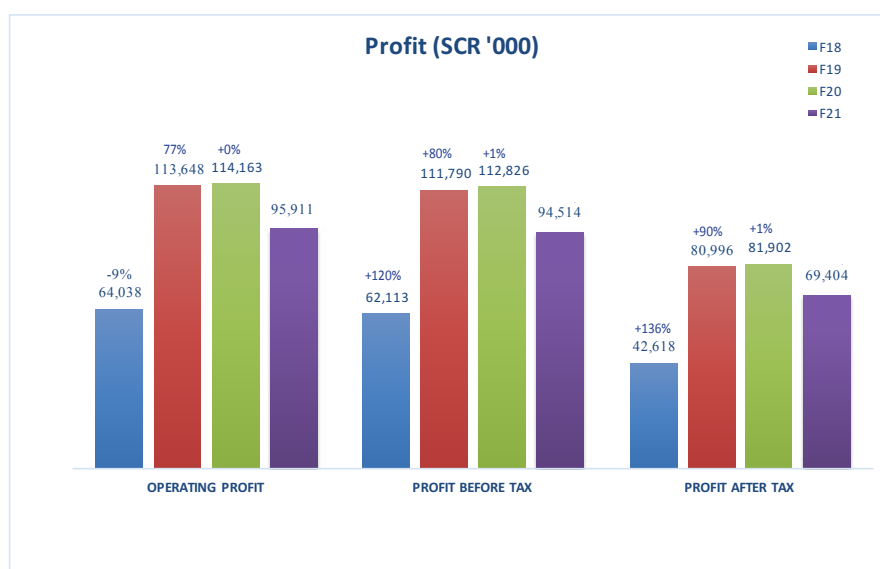
Everyday Efficiency and Consistent Quality in everything we do remains our key focus to win market share and grow the business with compliance and productivity agendas at the forefront.



Profit

In a year that has been unprecedented our gross profit declined by 11.8% versus the previous year. This decline was a direct impact of Raw Materials and Equipment cost increases resulting from FX devaluation. Operating profit also reduced vs. LY at SCR 95.9 million (F20: SCR 114.2 million), for the same reason, although we started to see rupee strengthening in the last quarter with some slight improvement.

We continued to focus on productivity to manage these cost pressures and adopted an 'emerge stronger' mindset from the pandemic. Examples of this included upweighting our A & P investment in our brands to SCR 25 million (F20: SCR 20.4 million), and by taking the opportunity to streamline processes and our internal ways of working.



F22 Performance Outlook

We continue to take a prudent approach to the business given the existing global volatilities. Our strategy remains consistent, and we continue to invest in capital projects to guarantee consistent world class quality products while at the same time investing in a sustainable supply footprint.

We see further opportunity to embed productivity as we rationalise processes and improve efficiency. Our focus areas remain driving improved rigour in our trade and commercial executions, activating our brands through effective marketing campaigns and innovating to meet the need of our consumers with new, relevant offerings.

Dividend

The Board of Directors is recommending a dividend of SCR 3.75 per share as final dividend despite a decline in Profit before tax for the year of c 16%. This dividend matches the amount paid for the past couple of years, but is an increase in the payout ratio to 68.1% of earnings. Given the current operating environment and the challenges faced by the business, we feel this represents a competitive return on investment for our investors that is well ahead of other listed businesses, whilst maintaining sufficient reserves to weather the continued economic volatility.

As part of our stated intent to modernise our production plant we have continued with our intensive investment

CHAIRMAN'S STATEMENT (continues)

plan in recent years. We are already seeing the results of this investment which we expect to continue in the coming years. With the improved performance, the Board's intent is to show steady sustainable dividend payout improvement over the coming years.

Conclusion

In conclusion, I would like to thank all shareholders for your continued support to our company, particularly in the current environment. I know that many of you have held your shares in this Company for several decades. This goes to show the confidence you place in this business and its rich history. I ask you to continue with your support as the Board and management work together to move the company forward.

I also thank our key partners including distributors, customers, suppliers, professional advisers among others, for contributing to the success story of the company.

I take this opportunity to also thank the Government of Seychelles for implementing investment friendly and supportive policies for local manufacturers.

I would like to commend our parent company, Diageo PLC, for its unwavering support for our company and its continued belief in the Seychelles. I would also like to thank the Coca-Cola Company for their support. We look forward to a continued partnership in the years ahead.

I must also appreciate my fellow Directors for their continued commitment to the success of our company.

I take this opportunity to thank our outgoing Director Hina Nagarajan for her leadership and contribution over the past years, and to welcome Andrew Cowan to the Board. We are appreciative and excited for the guidance and the experience that Andrew brings to the board.

Finally, I appreciate the management team and all our committed employees for their hard work and untiring dedication through an immensely difficult period in ensuring that our company continues to be profitable, successful and a great place to work.



Mr. Anthony Smith

Chairman

Signed on 22 September, 2021

MANAGING DIRECTOR'S REPORT

The Managing Director is pleased to present to members his Report together with the audited Financial Statements of the Company for the year ended 30 June 2021.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the financial statements of Seychelles Breweries Limited set out on pages 27 to 61 which comprises the statement of financial position at 30 June 2021, 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 information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal controls relevant to the preparation and presentation of these financial statements that are free from material mis-statements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1972. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in the manner required by the Companies Act 1972. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not be a going concern for at least the next twelve months from the date of this statement.

The Directors consider that they have met their responsibilities as set out in the Companies Act, 1972.

Legal form and principal activities

Seychelles Breweries Limited, a public limited company quoted on Seychelles Securities Exchange (aka MERJ) was incorporated under the Companies Act 1972 on 10 July 1972. The company was listed on the securities exchange on 30th June 2016. The principal activities of the Company during the period continue to be the production, importation, marketing and selling of alcoholic and non-alcoholic drinks.

Corporate Social Responsibility

Supporting Seychelles vaccination programme through Covid-19 Relief Fund donation

After an appeal by the President of the country Wavel Ramkalawan, Seychelles Breweries Limited donated SCR1 million to Seychelles' Covid-19 Relief Fund to support the country in its National Vaccination programme against Covid-19.

Our country, which is heavily dependent on Tourism, has been severely impacted by Covid-19 and to get it economically back on its feet, the Government appealed for donors to contribute to the Covid-19 Relief Fund to help accelerate its vaccination programme.

The Managing Director Conor Neiland and Corporate Relations Manager Mary Anne Ernesta visited State House to symbolically present the donation to President Ramkavalan himself.

Speaking on the occasion, Mr Neiland said that having been in operation in Seychelles for almost 50 years, Seychelles Breweries forms part of the fabric of Seychellois society and therefore it's important that the company is at the forefront in supporting the Government and people of Seychelles during these challenging times.



The roll out of the vaccination programme in Seychelles started on the 10th of January and at the time of going to print, the country has administered over 148,402 doses of the vaccine with about 76% of the Seychellois population vaccinated.

Our contribution to the Covid-19 Relief Fund has helped Seychelles to become one of the leading countries in the world where vaccination of the population is concerned. The vaccination programme is still ongoing.

Supported by the success rate of the vaccination programme, Seychelles re-opened its borders on 25th March and has since welcomed 93,216 visitors compared to 95,720 in 2020 in the first quarter.



More support for farmers in Val D'En Dor

Similar to last year, we extended our water replenishment projects to 5 additional farmers at Val D'En Dor Baie Lazare to enable them to implement a drip irrigation system on their farms.

Once again, we received the support of the local non-governmental organization Sustainability for Seychelles (S4S) who were hands on to make the project a reality.

Our water replenishment programme is a programme initiated by our parent company Diageo, with the intention for Seychelles Breweries to give back to the community a portion of the amount of water it uses in production of beers and CSD's.

This is done through local water projects which will benefit the community. Our target for the last financial year was 5400 m³ which we beat by replenishing 6328 m³.

MANAGING DIRECTOR'S REPORT (continues)

Board Changes

Since the last Annual General Meeting, Hina Nagarajan has resigned from the Board. On your behalf we wish to thank her for her contributions to the Company during her tenure. In February 2021, Mr Andrew Cowan was appointed as board member.

The Director to retire by rotation is Anthony Smith and being eligible, hereby offers himself for re-election.

Directors and their interests

The interests of Directors in the issued capital of the Company as recorded in the Register of Members and or notified by the Directors for the purpose of Section 111 of the Companies Act, 1972 and in compliance with the listing requirements of the Seychelles Securities Exchange are as follows:

Ordinary Shares held at 30th June 2021 were:

Anthony Smith	British	Nil
Conor Neiland	Irish	Nil
Devesh Dutt	British	Nil
Andrew Cowan	British	Nil
Rod Thorrington	Seychellois	Nil
Jean Weeling-Lee	Seychellois	Nil
Aubray Lucas	Seychellois	7,750

Directors' interest in contracts

No Directors had any material interest, directly or indirectly, in any contract with the company, nor did any Director hold any share options during the period under review.



Conor Neiland | Managing Director

Signed on 22 September, 2021



SINCE 1872

EKU

BAVARIA

Icons: hop cone, water drop, wheat stalk

GERMAN BREWING
TRADITION

100% MALT

ALC 5.4%
VOL. 500 ML



We ask our customers, consumers, shareholders, government and the communities in which we operate, to trust that we understand our responsibility as the leading premium drinks Company in Seychelles and that we behave accordingly.



Introduction

Seychelles Breweries Limited (SBL) accepts the importance of achieving the highest standards of corporate governance, corporate responsibility and risk management when conducting its business. SBL is also committed to carrying out its business responsibly and in accordance with all laws and regulations which its business activities are subject to. The board and the management team are as a whole collectively responsible for ensuring that the highest standards of corporate governance are achieved when directing and controlling the business.

Board of Directors

Composition

Please refer to pages 19 and 20 of the Annual Report for details regarding the composition of the Board.

Board Procedure

The Board which is chaired by a non-executive director is responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board:

1. Provides leadership of the Company with a framework of prudent and effective controls which enable risks to be assessed and managed;
2. Provides input into the development of the long-term objectives and overall commercial strategy for the company and is responsible for the oversight of the company's operations while evaluating and directing the implementation of the Company's controls and procedures;
3. Provides oversight of the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, as well as reviewing management performance; and
4. Upholds the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Meetings held

There were four (4) well-attended meetings of the Board of Directors during the year under review, scheduled to ensure that the Directors could provide the appropriate guidance and necessary approval as well as perform their statutory obligations.

Audit Sub-Committee

The Audit Sub-Committee (ASC) of the Board is comprised of three (3) non-executive directors. It is chaired by a non-executive director and is required to exert a high level of oversight over, and scrutiny into, the Company's operations, financial reporting, internal controls and compliance systems. The ASC assists the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications, independence and remuneration, the performance of the internal compliance function and the performance of our independent auditors. The ASC ensures that recommendations by the auditors and the ASC itself, for procedural improvements and rectifications, are duly completed by the Company.

In line with these requirements the ASC met four (4) times during the financial year under review and was fully engaged in reviewing both the internal and external audit reports, and ensuring that the Company followed through on issues to be addressed. In addition, the committee reviewed in detail the Company's Financial statements to ensure they provide a true and accurate record of the state of the Company's affairs.

Risk Management and Internal Control

Our Company is proud of its commitment to operate in a compliant control environment through a stringent and robust control and compliance programmes. This entails reviewing of our processes and procedures for key areas of our operations.

Our risk management methodology enables us to identify and assess risk which the Company might be exposed to. It is designed to promote an insightful discussion that result in effective mitigation planning and positive business performance outcomes. Risk management at SBL addresses all aspects of risk, including strategic, financial, operational, reputational, compliance, fraud or other risks.

We also have our annual Controls Assurance and Risk Mitigation (CARM) process which enables us to assess, test and report on the effectiveness of our internal controls, thus driving improvement and adherence. Additionally, BDO Associates, our external auditors have undertaken the annual financial audit.

Occupational Health and Environmental Safety

Our Company is committed to providing the highest standards of health, safety and welfare for its employees, and to its responsibility to minimise its environmental footprint. All aspects of our operation are therefore conducted in compliance with applicable health and safety laws and regulations and Company policies.



Conor Neiland | Managing Director

Signed on 22 September, 2021

BOARD OF DIRECTORS



Anthony Smith | Chairperson

Anthony Smith is the Senior Counsel Africa for Diageo, responsible for Diageo's legal affairs across the continent which comprises 7 business units and 4 listed businesses. Anthony started his career at London law firm Addleshaw Goddard where he worked on a range of M&A, Corporate Finance and Private Equity transactions before joining Diageo in 2011. Initially responsible for Diageo's UK business, Anthony then joined the Africa team which he now leads. Anthony holds a Bachelor's degree in languages from Durham University as well as GDL and LPC qualifications from the College of Law in Guildford.



Conor Neiland | Managing Director

Conor Neiland is the Managing Director for Seychelles Breweries Limited. He was appointed on the 1st February 2020. Conor joined Diageo the parent company of Seychelles Breweries in 2005 as part of the Ireland Sales team. He progressed through several roles, joining the Western Europe team as Commercial Innovation Manager in 2012. From there, he spent four years as the Commercial and Customer Marketing Director for Guinness globally. Prior to his appointment as interim GM to Seychelles Breweries, Mr Neiland was the Mainstream Spirits Director for Africa. He holds a Bachelor's Degree in Commerce as well as a Post Graduate Diploma in Marketing Practice.



Devesh Dutt | Finance Director

Devesh Dutt is the Finance Director for Seychelles Breweries Limited. Devesh is a member of the Institute of Chartered Accountants of India (CA) and Chartered Institute of Management Accountants, UK (ACMA). Devesh joined Diageo in 2006 and since then has worked across developed and emerging markets in various functions within finance.

Devesh has gained experience in India, Great Britain, Northern Europe, Western Europe, Ethiopia, Ghana and Kenya working in global, regional and market facing roles within Diageo as well as in prior roles including experience in the Oil and Gas industry. Devesh joined Seychelles Breweries Limited effective April 2019.



Andrew Cowan | Director

Andrew Cowan is the Managing Director of Diageo Africa Emerging Markets, as of June 2021, leading business operations across Ghana, Ethiopia, Cameroon, Indian Ocean, Angola and several other WACA countries. Prior to this he was Group Managing Director and CEO at East African Breweries (EABL), overseeing the Kenya, Uganda and Tanzania businesses, a position he held since 2016.

Andrew joined Diageo in 2008 as General Manager, Diageo Northern Ireland and was appointed to the role of Commercial Director, Diageo Ireland for a year before moving in 2011 to lead the Diageo GB business until his appointment to EABL.

Andrew's experience straddles corporate leadership, strategy development, operational management as well as sales and marketing. He is an established business leader, with a wide range of commercial and strategic management knowledge spanning over 20 years in the FMCG sector.



Rod Thorrington | Director

Rod Thorrington holds a Bachelor's Degree in Finance from the University of South Africa. He has resided in Seychelles full-time since 2003 and is well known in the business community as a young entrepreneur, having been responsible for several startups across a range of different industries. With much of his experience lying in retail, entertainment, property and asset management. His core strengths lie in service delivery, brand creation and project execution, all within the Indian Ocean arena. Rod sits on several boards, through a mixture of executive and non-executive posts, consisting of listed and private companies. Rod is also the Honorary Consul for South Africa in Seychelles.



Jean Weeling-Lee | Director

Jean Weeling-Lee holds a Masters in Economics from the University of Warwick and began his career in 1984 as an economist with the Central Bank of Seychelles and rose to become General Manager on January 1, 1993. He joined the private sector in 1995 and is currently the Managing Director of Corvina Investment Company Limited, holding director positions in various subsidiaries/associates, including Mahe Shipping Co Ltd, Corvina Management Services Ltd and Aquarius Shipping Agency Ltd. He is presently the Chairman of H Savy Insurance Co Ltd and ABSA (Seychelles) Ltd. He is also a director of Le Refuge du Pecheur Ltd and LRM Company Limited.

On July 27, 2009, he was appointed as Chairman of the board of ABSA (Seychelles) Ltd and continues to serve in this role as of date. He is a member of the board of the Seychelles Hospitality & Tourism Association. Previously he has also served as member of the Economic Finance Committee and the National Economic Council under the chairmanship of the Head of State.



Aubray Lucas | Director

Aubray Lucas started his Diageo career in 1992 as an Engineering manager with Seychelles Breweries. He was involved in significant Capex investment projects and leading asset care improvement programs across Diageo's African markets. On completion of his International assignment, he moved back to Seychelles as the Operations/ Supply Director for the site. He was engineering lead for Perfect Plant Management System (PPMS) project in Seychelles. In 2009 he moved into the role of Managing Director of Seybrew. He then retired from Seybrew in 2014.

SENIOR MANAGEMENT TEAM



Conor Neiland

Position:
Managing Director

Nationality:
Irish

Qualification:

- UCD Graduate School of Business Studies Dublin, Ireland
- Bachelor of Commerce Degree University College Galway, Ireland



Devesh Dutt

Position:
Finance Director

Nationality:
British

Qualification:

- Bachelor of Commerce, Agra University, India
- CA - Member of the Institute of Chartered Accountants of India
- ACMA, CGMA - Member of Chartered Institute of Management Accountants, UK



Jan Brestovansky

Position:
Supply Chain Director

Nationality:
Slovak

Qualification:

- MSc. Chemical Engineering, Slovak University of Technology, Faculty of Food and Science Technology, Bratislava, Slovakia.
- Master Brewer, Institute of Brewing & Distilling, London, UK



Bertrand Belle

Position:
Commercial Director

Nationality:
Seychellois

Qualification:

- M-Eng Master in Chemical Engineering, University of Manchester (UK)
- MPA/ID Masters in Public Administration in International Development from Harvard University (USA)



Shirley Louise

Position:
Human Resources Manager

Nationality:
Seychellois

Qualification:

- BA (Hons) Human Resource Management from Southampton Solent University (UK)

AUDIT COMMITTEE REPORT

We, the members of the Audit Committee, have:

- a. reviewed the scope and planning of the audit requirements;
- b. reviewed the external Auditors' Memorandum of Recommendations on Accounting Policies and Internal Controls together with Management Responses; and
- c. ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2021 are in accordance with legal requirements and agreed ethical practices.
- d. reviewed and discussed the operational risk landscape of the business.

In our opinion, the scope and planning of the audit for the year ended 30 June 2021 were adequate and the Management Responses to the Auditors findings were satisfactory.



Jean Weeling-Lee | Chairman

Audit Committee

Signed on 20 September, 2021



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Fax: +248 4 612 300
Email: bdoseychelles@bdo.sc

The Créole Spirit
Quincy Street
Victoria, Mahe
Seychelles
P.O. Box 18

SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **SEYCHELLES BREWERIES LIMITED** (the Company), on pages 27 to 61 which comprise the Statement of Financial Position as at June 30, 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act, 1972 and Securities Act 2007.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that 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 Financial Highlights, Notice of Annual General Meeting, Chairman's Statement and the Managing Director's Report, Corporate Governance Report and leadership overview, Directors' Report, Directors' responsibility for financial reporting and Shareholder information, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 1972 and Securities Act 2007 and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

BDO Associates, a partnership registered in Seychelles, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on the audit of the Financial Statements (Cont'd)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Cont'd)

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on the audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

We also provide Those Charged with Governance with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Securities Act 2007, The Securities (Financial Statements) Regulation 2008 and Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited)

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the financial statements have been prepared as per International Financial Reporting Standards and all records were kept according to the requirements of the Securities Act 2007 and Regulations as well Listing requirements.

In our opinion, the Company complied with the requirements of Seychelles Securities Act 2007, the Securities (Financial Statements) Regulation 2008 and applicable Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited).



SEYCHELLES BREWERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Report on the audit of the Financial Statements (Cont'd)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with the requirements of the Companies Act 1972 and Securities Act 2007, the Securities (Financial Statements) Regulation 2008 and Listing requirements of the Seychelles Securities Exchange (MERJ Exchange Limited). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO ASSOCIATES
Chartered Accountants

NAZRAH RAMDIN - FCA (ICAEW), ACMA & CGMA
Engagement Partner

Dated: September 22, 2021
Victoria, Seychelles

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

Figures in SCR'000	Notes	2021	2020
Revenue	5	443,946	424,441
Cost of sales	6 & 8	(261,153)	(217,110)
Gross Profit		182,793	207,331
Administrative expenses	7 & 8	(57,424)	(56,175)
Advertising and marketing costs	8	(25,031)	(20,449)
Other (expenses)/income	10	(4,427)	(16,544)
Operating profit		95,911	114,163
Finance income	11(a)	141	404
Finance costs	11(b)	(1,538)	(1,740)
Profit before income tax		94,514	112,827
Tax expense	12(a)	(25,110)	(30,925)
Profit and total comprehensive income for the year		69,404	81,902
Basic and diluted earnings per share - SCR	14	5.51	6.50

The notes on pages 31-61 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Figures in SCR'000	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	16	378,845	358,609
Intangible assets	17	5,028	6,658
Right-of-use assets	18(a)	2,795	5,302
Loan receivable	19	2,106	2,106
Total non-current assets		388,774	372,675
Current assets			
Inventories	20(a)	86,579	55,982
Current tax assets	12(c)	28,170	20,976
Trade and other receivables	21	53,541	42,897
Cash and cash equivalents		35,808	72,667
Total current assets		204,098	192,522
Total assets		592,872	565,197
EQUITY			
Share capital	15	63,000	63,000
Actuarial gains		500	500
Retained earnings		359,021	336,867
Total equity		422,521	400,367
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	51,407	39,894
Post-employment provision	23	18,760	18,614
Lease liabilities	18(b)	—	2,887
Total non-current liabilities		70,167	61,395
Current liabilities			
Trade and other payables	24	96,990	100,544
Lease liabilities	18(b)	3,194	2,891
Total current liabilities		100,184	103,435
Total liabilities		170,351	164,830
Total equity and liabilities		592,872	565,197

The notes on pages 31-61 are an integral part of these financial statements.



Anthony Smith
Chairperson



Conor Neiland
Managing Director



Devesh Dutt
Finance Director

Signed on 22 September, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

Figures in SCR'000	Share Capital	Actuarial valuation gains	Retained earnings	Total equity
Balance at 1 July 2019	63,000	500	283,316	346,816
Total comprehensive income:				
Profit for the year	—	—	81,902	81,902
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	—	—	81,902	81,902
Transactions with owners of the company				
Interim dividend for 2020 (note 13)	—	—	—	—
Final dividend for 2019 (note 13)	—	—	(28,350)	(28,350)
Total transactions with owners	—	—	(28,350)	(28,350)
Balance at 30 June 2020	63,000	500	336,867	400,367
Balance at 1 July 2020	63,000	500	336,867	400,367
Total comprehensive income:				
Profit for the year	—	—	69,404	69,404
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	—	—	69,404	69,404
Transactions with owners of the company				
Final dividend for 2020 (note 13)	—	—	(47,250)	(47,250)
Total transactions with owners	—	—	(47,250)	(47,250)
Balance at 30 June 2021	63,000	500	359,021	422,521

The notes on pages 31-61 are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2021

Figures in SCR'000	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		94,514	112,827
Adjustments for:			
Depreciation of property, plant and equipment	16	28,791	25,849
Depreciation of right-of-use assets	18(a)	3,122	2,981
Amortization of intangible assets	17	1,630	1,664
Tangible assets write off	16	1,706	4,810
Interest received	11(a)	(141)	(404)
Interest paid	11(b)	969	931
Post employment benefits charge	23	3,686	3,119
Unrealised exchange difference		9,292	(10,359)
Total adjustments		143,569	141,418
Changes in working capital:			
Increase in inventories	20	(30,597)	(2,991)
(Increase)/Decrease in trade and other receivables	21	(10,644)	7,425
(Decrease)/Increase in trade and other payables	24	(3,554)	10,289
Net changes in working capital		(44,795)	14,723
Cash generated from operating activities			
Interest paid	11(b)	(969)	(931)
Interest received	11(a)	141	404
Tax paid	12(c)	(20,791)	(23,735)
Post employment benefits - paid	23	(3,540)	(1,377)
Net cash generated from operating activities		73,615	130,502
Cash flows from investing activity			
Acquisition of property, plant and equipment	16	(50,733)	(59,693)
Net cash used in investing activity		(50,733)	(59,693)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	18(b)	(3,199)	(2,505)
Dividends paid during the year	13	(47,250)	(28,350)
Net cash used in financing activities		(50,449)	(30,855)
Net (decrease)/increase in cash and cash equivalents		(27,567)	39,954
Cash and cash equivalents at 1 July		72,667	22,355
Effect of movements in exchange rates on cash held		(9,292)	10,359
Cash and cash equivalents at 30 June		35,808	72,667

The notes on pages 31-61 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Seychelles Breweries Limited is incorporated as a limited liability Company in Seychelles under the Companies Act 1972 and is domiciled in Seychelles. The address of its registered office and principal place of business is as follows:

Seychelles Breweries Limited,
O Brien House,
PO Box 273,
Le Rocher,
Mahe,
Seychelles.

Seychelles Breweries Limited is in the business of brewing beer and the manufacturer of mineral and carbonated waters, cordials and alcoholic and non-alcoholic beverages. The Company also imports spirits which it supplies to the local market. There were no changes in these activities during the year under review.

For the Companies Act 1972 reporting purposes, the Balance Sheet is represented by the Statement of Financial Position and the Profit and Loss Account by the Statement of Profit or Loss and Other Comprehensive Income, in these financial statements.

2. Summary of significant accounting policies

a. Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”), interpretations issued and effective at the time of preparing these financial statements and the Seychelles Companies Act 1972 and Securities Act 2007.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Seychelles Rupees, which is the Company’s functional and presentation currency.

These accounting policies are consistent with the previous period. Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

b. Use of judgement and estimates

The preparation of financial statements 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, are disclosed in note 3.

c. Revenue recognition

Revenue from contract with customers is recognised as or when performance obligations are satisfied by transferring control of a good or service to the customer. Transfer of control of goods occurs at the time of delivery. The Company’s revenue is the net consideration to which it expects to be entitled, net of returns, trade discounts, taxes and volume rebates.

Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

Generally, payment of the transaction price is due within credit period of between 14 to 30 days with no element of financing.

2. Summary of significant accounting policies (Continued)

c. Revenue recognition (Continued)

It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

d. Foreign currency translation

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Seychelles Rupees ("SCR"), by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in the Statement of Profit or Loss, any exchange component of that gain or loss is recognised in the Statement of Profit or Loss.

Cash flows arising from transactions in a foreign currency are recorded in Seychelles Rupees by applying to the foreign currency amount the exchange rate between the Seychelles Rupee and the foreign currency at the date of the cash flow.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

e. Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in the Statement of Profit or Loss.

2. Summary of significant accounting policies (Continued)

e. Property, plant and equipment (Continued)

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to estimated residual values over their expected useful lives, and these values and lives are reviewed each year.

Subject to these reviews, the estimated useful lives fall within the following ranges: buildings – 10 to 50 years; plant and equipment coolers – 5 to 25 years, kegs – 15 to 50 years; other plant and equipment – 5 to 25 years; furniture – 5 to 10 years; and returnable bottles and crates – 5 to 10 years.

Reviews are carried out if there is an indication that assets may be impaired, to ensure that property, plant and equipment are not carried at above their recoverable amounts.

f. Intangible assets- Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of intangible asset from the date that they are available for use. The estimated useful life was revised in the financial year and it was extended from 8 years to 8.2 years.

g. Leases

On the commencement date of each lease (excluding leases with a term of 12 months or less on commencement and leases for which the underlying asset is of low value), the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in the Statement of Profit or Loss on a straight-line basis over the lease period.

2. Summary of significant accounting policies (Continued)

h. Bottles and crates

The Company charges its customers refundable deposits on glass bottles and crates. The liabilities for returnable deposits are disclosed under Current liabilities in the Statement of Financial Position.

Glass bottles and crates are reported in the accounts at cost.

Bottles and crates, held both at the Brewery and customers, are set out separately in the note 16 to the Statement of Financial Position and stated at their historical value.

Depreciation of bottles and crates is provided to write their cost over their anticipated useful lives as set out below:

- Bottles - 5 years
- Crates - 10 years

i. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress comprises an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j. Loan receivable

Loan receivable is a non-derivative financial asset with no fixed or determinable payments that are not quoted in an active market. It arose with the Company providing money directly to its related party with no intention of trading the receivable. They are included in non-current assets when maturity is greater than twelve months.

Loan receivable is initially measured at cost. Subsequent to initial measurement, loan receivable is carried at amortised cost using the effective interest rate method, net of provision for expected credit loss. The amount of expected credit loss is recognised in the Statement of Profit or Loss.

k. Trade and other receivables

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

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

L. Cash and cash equivalents

Cash comprises of cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which bank overdrafts, if any, are deducted. The cash flow statement is prepared using the indirect method.

2. Summary of significant accounting policies (Continued)

m. Provisions

Provisions are recognised when: the Company 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 has been reliably estimated. Restructuring provisions would comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

n. Share capital and equity

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised by the proceeds received, net of direct issue costs.

o. Trade and other payables

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 or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

p. Employee benefits

i. Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

ii. Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted after every three years by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset.

2. Summary of significant accounting policies (Continued)

p. Employee benefits (continued)

iii. Defined benefit plans

The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the Statement of Profit or Loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets. This is wholly unfunded for the Company.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

q. Current and deferred tax

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

Current tax is the amount of tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustments to tax payable or receivable in respect to previous years. The current tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Included in the current tax is Corporate social responsibility (CSR) tax which aims to ensure compliance with ethical and regulatory standards, promoting accountability for businesses' actions that can lead to a positive impact on the communities and markets in which they operate. CSR tax is levied on monthly turnover in accordance with the relevant tax legislation. Corporate social responsibility tax is no longer applicable since April 2021.

Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

r. Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

s. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (Continued)

t. Impairment of assets

Impairment of non-financial 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.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Profit or Loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Impairment of financial assets

Expected credit loss

Critical estimates are made by the Directors in determining the recoverable amount of receivables. The carrying amount of receivables is set out in note 4.

In the process of applying the Company's accounting policies, management has made judgements in determining:

- The classification of financial assets and leases;
- Whether assets are impaired.

2. Summary of significant accounting policies (Continued)

u. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating- decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Exco that makes strategic decisions.

Seychelles is the Company's primary geographical segment as 100% of the Company's revenue is earned from sales in Seychelles.

Internally, segmental information regarding business segments is only available on the basis of revenue, and not operating profit as required by IFRS 8. All of the Company's revenue is derived from sale of similar products with similar risks and returns.

The entity is unable to identify with sufficient accuracy reportable segments, thus no further business or geographical segment information will be reported.

v. New and amended standards and interpretations

New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 July 2020:

(i) Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments had no material impact on the financial statements of the Company.

(ii) Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The amendments had no material impact on the financial statements of the Company.

2. Summary of significant accounting policies (Continued)

v. New and amended standards and interpretations (continued)

New and amended standards adopted by the Company (continued)

(iii) Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting,
- reinstating prudence as a component of neutrality,
- defining a reporting entity, which may be a legal entity, or a portion of an entity,
- revising the definitions of an asset and a liability,
- removing the probability threshold for recognition and adding guidance on derecognition,
- adding guidance on different measurement basis, and,
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The amendments had no material impact on the financial statements of the Company.

vi. Standards and interpretations not yet effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg.: the receipt of a waiver or a breach of covenant). The amendment also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the Company.

Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

2. Summary of significant accounting policies (Continued)

vi. Standards and interpretations not yet effective (continued)

Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use (Continued)

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the Company.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the Company.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements to IFRS Standards 2018-2020 cycle make amendments to the following standards:

- *IFRS 9 Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *IFRS 16 Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- *IFRS 1 First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- *IAS 41 Agriculture* – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the Company.

3. Critical accounting estimates and judgements

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimating variable consideration for returns

The Company estimates variable consideration to be included in the transaction price for the sale of goods where customers are entitled to a right of return within a specified time frame. The Company uses the expected value method for forecasting sales returns which is based on historical return data. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages estimated by the Company. Because the number of products return has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Expected credit loss (ECL)

The Company has established a provision matrix that is based on historical credit loss experience and applicable credit insurance/cover, adjusted for forward looking factors specific to trade and other receivables and the economic environment. At each reporting period, the historical observed default rates are updated and changes in forward looking estimates are analysed. The assessment of historical observed default rates and forward looking factors require significant judgement and estimates. The Company's historical credit loss experience and forecast economic conditions may therefore not be representative of the actual default in the future.

Taxes

The Company is subject to taxes in Seychelles. Significant judgment is required in determining the Company's provision for taxes. 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 current tax and deferred tax provisions in the period in which such determination is made.

Functional currency

The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The financial currency has been assumed by the Directors to be the Seychelles Rupee.

3. Critical accounting estimates and judgements (Continued)

Impairment of assets

Non-financial assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Asset lives and residual values

Non-financial assets are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets. Non-financial assets are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

Retirement benefit obligations

The cost of defined benefit pension plans has been determined using Actuarial Valuation and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by using the method as per the Seychelles Employment Act.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve months from the date of this statement. The financial statements have been prepared on a going concern basis.

Limitation of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's views of possible near-term market changes that cannot be predicted with any certainty.

4. Financial risk management policies and objectives

Overview

The Company's activities expose it to a variety of financial risks:

- a. Credit risk
- b. Liquidity risk
- c. Market risk

This note presents information about the Company's exposure to financial risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company's Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. An audit committee of the board is responsible for monitoring the Company's risk management policies and operation of controls to manage risks, the committee reports to the Board of Directors on its activities.

The Company has established a risk and compliance function which carries out regular and ad hoc review of risk management controls and procedures. The results are reported to senior management.

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, have less influence on credit risk.

The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes ratings, where available, and in some cases bank references. Credit limits are established for each customer, geographic location, maturity and existence of previous financial difficulties.

In monitoring customer credit risk, customers are classified according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, maturity and existence of previous financial difficulties.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The allowance for credit losses was estimated to be immaterial, hence no adjustment was made as at 30 June 2021 (2020: nil).

NOTES TO THE FINANCIAL STATEMENTS (continues)

4. Financial risk management policies and objectives (Continued)

a. Credit risk (continued)

The maximum exposure to credit risk at the reporting date was:

Figures in SCR'000	2021	2020
Trade receivables (Note 21)	41,837	36,534
Receivables from related companies (Notes 21 and 25)	2,397	1,836
Other receivables (Note 21)	6,543	4,206
Cash and cash equivalents	35,808	72,667
Loan receivable	2,106	2,106
	88,691	117,349

The ageing of trade receivables and other receivables at the reporting date was:

Figures in SCR'000	Gross	Impaired	Net
2021			
Current	48,380	-	48,380
Trade and other receivables	48,380	-	48,380
2020			
Current	40,740	-	40,740
Trade and other receivables	40,740	-	40,740

The ageing of receivables from related companies at the reporting date was:

Figures in SCR'000	2021	2020
Current	862	326
0-30 days	360	425
31-60 days	25	2
61-90 days	1,150	4
91+ days	-	1,079
Receivables from related companies (Note 21)	2,397	1,836

NOTES TO THE FINANCIAL STATEMENTS (continues)

4. Financial risk management policies and objectives (Continued)

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities.

Figures in SCR'000	Carrying amount	Current	0-90 days	91-120 days	121 - 365 days	365+ days
2021						
Related party payables (Note 25(b))	7,994	4,076	3,918	—	—	—
Trade and other payables	84,073	67,357	16,716	—	—	—
- Trade payables (Note 24)	19,726	3,010	16,716	—	—	—
- Other payables	64,347	64,347	—	—	—	—
Lease liabilities (Note 18(b))	3,194	—	875	268	2,051	—
Total financial liabilities	95,261	71,433	21,509	268	2,051	—
2020						
Related party payables (Note 25 (b))	11,516	4,972	6,544	—	—	—
Trade and other payables	89,028	62,304	21,820	4,882	19	3
- Trade payables (Note 24)	33,643	6,919	21,820	4,882	19	3
- Other payables	55,385	55,385	—	—	—	—
Lease liabilities (Note 18(b))	5,778	—	767	261	1,863	2,887
Total financial liabilities	106,322	67,276	29,131	5,143	1,882	2,890

c. Market risk

Market risk is the risk where changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

The Company's currency risk arises mainly from purchases denominated in currencies other than Seychelles Rupees and to a small extent from receipts denominated in foreign currencies. The Company is exposed to currency risk due to high dependency on import of raw material and expertise. The Company's exposure to the foreign currency risk was as follows in notional terms.

Figures in SCR'000	Cash and cash equivalent	Debtors	Creditors	Net
2021				
American Dollar	361	—	(934)	(573)
British Pound	—	59	(554)	(495)
Euro	209	139	(790)	(442)
2020				
American Dollar	1,342	—	(1,298)	44
British Pound	—	61	(611)	(550)
Euro	1,314	51	(842)	523
Other	—	—	(4,372)	(4,372)

4. Financial risk management policies and objectives (Continued)

c. Market risk (continued)

The following significant exchange rates applied during the year:

	2021		2020	
	Average rates	Closing rates	Average rates	Closing rates
American Dollar	18.78	14.74	14.37	17.58
British Pound	25.35	20.49	18.11	21.62
Euro	22.43	17.51	15.89	19.83

Sensitivity analysis on foreign currency risk:

A 5 percent strengthening of the Seychelles Rupee against the above currencies at 30 June would have increased post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2020.

Figures in SCR'000	2021	2020
(Decrease)/Increase on Statement of Profit or Loss		
American Dollar	689	1,141
British Pound	507	595
Euro	570	785
Other	109	2,195
Total	1,875	4,716

A 5 percent weakening of the Seychelles Rupees against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity.

Capital Management

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Fair value estimation

At 30 June 2021, the Company did not have any financial instruments measured at fair value (2020 - nil).

NOTES TO THE FINANCIAL STATEMENTS (continues)

5. Revenue

Figures in SCR'000	2021	2020
Sales net of discounts	597,337	577,996
Duty paid on sales	(153,391)	(153,555)
	443,946	424,441

Seychelles is the Company's primary and only geographical segment as 100% of the Company's revenue is earned from sales in Seychelles. All of the Company's revenue is derived from sale of similar products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

6. Cost of sales

Figures in SCR'000	2021	2020
Raw materials and consumables (Note 20)	112,711	83,852
Depreciation and impairment (Note 16)	28,097	25,074
Personnel costs	41,590	40,040
Repairs and maintenance of property, plant and equipment	30,114	29,407
Utilities	27,600	22,054
Royalties & technical services fees	6,052	7,033
Distribution and warehousing costs	13,679	9,096
Other costs	1,310	554
	261,153	217,110

7. Administrative expenses

Figures in SCR'000	2021	2020
Personnel costs	18,586	20,217
Directors' remuneration (note 25(c))	10,039	7,849
Auditor's remuneration	350	315
IT systems	9,505	9,730
Travelling and entertainment	301	1,969
Depreciation and impairment (note 16)	694	775
Amortisation of intangible assets (note 17)	1,630	1,664
Other administration expenses	16,319	13,656
	57,424	56,175

NOTES TO THE FINANCIAL STATEMENTS (continues)

8. Expenses by nature

Figures in SCR'000	2021	2020
Raw materials and consumables	112,711	83,852
Repairs and maintenance of property, plant and equipment	30,114	29,407
Utilities	27,600	22,054
Royalties & technical services fees	6,052	7,033
Personnel costs (note 9(a))	60,176	60,257
Directors' remuneration (note 25(c))	10,039	7,849
Auditor's remuneration	356	315
Advertising and marketing costs	25,032	20,449
Distribution and warehousing costs	13,678	9,096
Depreciation and impairment (note 16)	28,791	25,849
Amortization of intangible assets (note 17)	1,630	1,664
Travelling and entertainment	301	1,969
IT systems	9,505	9,730
Other costs	17,623	14,210
	343,608	293,734
<i>Represented by:</i>		
Cost of sales (note 6)	261,153	217,110
Advertising and marketing costs	25,031	20,449
Administrative expenses (note 7)	57,424	56,175
	343,608	293,734

9. Personnel costs

a. The following items are included within personnel costs:

Figures in SCR'000	2021	2020
Salaries and wages	42,998	41,810
Post-employment plan service costs (note 23)	3,686	2,191
Other staff related costs	13,492	16,256
	60,176	60,257

b. The average number of persons employed during the year:

Number of employees	2021	2020
Operations and technical	108	112
Sales and marketing	17	16
Finance, IT and Human Resources	10	11
Administration	5	7
Apprentices	4	7
	144	153

NOTES TO THE FINANCIAL STATEMENTS (continues)

9. Personnel costs (continued)

- c. Average number of employees of the Company as at 30 June, whose duties were wholly or mainly discharged in Seychelles, received annual remuneration (excluding certain benefits) in the following ranges:

Number of employees	2021	2020
Below 100,000	28	29
SCR 100,001 - SCR 200,000	72	78
SCR 200,001 - SCR 400,000	31	33
SCR 400,001 - SCR 600,000	7	6
SCR 600,001 - SCR 800,000	3	3
SCR 800,001 - SCR 1,000,000	—	—
SCR 1,000,001 - SCR 1,200,000	—	—
SCR 1,200,001 - SCR 1,400,000	—	1
SCR 1,400,001 - SCR 1,600,000	—	—
SCR 1,600,001 - SCR 1,800,000	2	2
SCR 1,800,001 - SCR 2,000,000	—	1
SCR 2,000,001 and above	1	—
	144	153

10. Other income/(expenses)

Figures in SCR'000	2021	2020
Transactional foreign exchange loss	(12,532)	(3,370)
Bad debts write-off	(73)	—
Management fees	969	(219)
Other miscellaneous income	3,526	2,073
Prior year tax penalties and interest	(10)	—
Unrealised foreign exchange (loss)/gain	7,262	(11,184)
Tangible assets write-off (note 16)	(1,706)	(4,810)
Returnable packaging deposit liabilities adjustment	(1,863)	966
	(4,427)	(16,544)

11. (a) Finance income

Figures in SCR'000	2021	2020
Interest received on cash accounts	141	404

11. (b) Finance cost

Figures in SCR'000	2021	2020
Interest on overdraft	(41)	(3)
Interest on post-employment plan liabilities (note 23)	(928)	(928)
Interest expense on lease liabilities (note 18(b))	(569)	(809)
	(1,538)	(1,740)

NOTES TO THE FINANCIAL STATEMENTS (continues)

12. Current tax

(a) Figures in SCR'000	2021	2020
<i>Amounts recognized in income statement:</i>		
Business tax for the current year at applicable rate (25%)	10,836	22,469
Corporate Social Responsibility tax for the current year (0.50%)	2,761	2,902
Tax charge for the year	13,597	25,371
Deferred tax movement (note 22)	11,513	5,554
Total tax expense for the year	25,110	30,925

(b) Reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Figures in SCR'000	2021	2020
Profit before tax	94,514	112,827
Tax calculated at tax rate (25%) Adjustments for:	23,629	28,207
- Items not deductible for tax purposes	49,109	55,578
- Items not subject to tax	(100,280)	(78,528)
Income tax expense	10,836	22,469
Effective tax rate	11%	20%

(c) Tax (payable)/recoverable:

Figures in SCR'000	2021	2020
Opening balance	20,976	22,612
Tax paid	20,791	23,735
Tax charge for the year (note 12(a))	(13,597)	(25,371)
Closing balance	28,170	20,976

(d) Business tax rate:

The applicable business tax rate used for tax and deferred tax calculation is 25% as a result of listing on the Seychelles Stock Exchange (MERJ Exchange Limited).

NOTES TO THE FINANCIAL STATEMENTS (continues)

13. Dividend

No interim dividend was paid for the financial year ended 30 June 2021 (2020 - nil). The Directors recommend the payment of final dividend of SCR 47,250,000 for the year ended 30 June 2021 by 14th December 2021 (2020: SCR 47,250,000) which represents a dividend of SCR 3.75 per ordinary share (2020: SCR 3.75).

Total dividends paid during the year amounted to SCR 47,250,000 (2020: SCR 47,250,000). This relates to a final dividend of SCR 47,250,000 (2020) paid in financial year 2021.

Payment of dividends is subject to withholding tax at a rate of either 0%, 5% or 15% depending on shareholding and/or the residence of the respective shareholders.

14. Earnings per share

Basic earnings per share of SCR 5.51 (2020: SCR 6.50) is based on a profit of SCR 69,404,000 (2020: SCR 81,902,000) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2021 of 12,600,000 (2020: 12,600,000). There are no dilutive shares.

15. Share capital

	Number of shares	Share Capital SCR '000
2021		
Authorised, issued and fully paid		
Balance as at 30 June 2021	12,600,000	63,000
2020		
Authorised, issued and fully paid		
Balance as at 30 June 2020	12,600,000	63,000

The total authorised number of ordinary shares is 12,600,000 with a par value of SCR 5.00 per share.

The Holders of ordinary shares are entitled to receive dividend as it is declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.



NOTES TO THE FINANCIAL STATEMENTS (continues)

16. Property, plant and equipment

Figures in SCR'000	Bottles & crates	Freehold land & buildings	Plant & equipment	Fixture & fittings	Capital work in progress	Total
Cost						
At 1 July 2019	60,036	35,733	325,904	6,401	42,079	470,153
Additions	5,693	—	13,256	—	40,744	59,693
Write-offs	(8,504)	—	(7,981)	—	—	(16,485)
Transfers	4	1,210	35,671	—	(36,885)	—
At 30 June 2020	57,229	36,943	366,850	6,401	45,938	513,361
At 1 July 2020	57,229	36,943	366,850	6,401	45,938	513,361
Additions	11,268	—	10,829	1	28,635	50,733
Write-offs	(2,666)	—	(7,556)	(2,496)	—	(12,718)
Transfers	148	—	10,373	—	(10,521)	—
At 30 June 2021	65,979	36,943	380,496	3,906	64,052	551,376
Accumulated depreciation and impairment						
At 1 July 2019	46,410	8,106	80,606	5,456	—	140,578
Charge for the year	3,820	1,419	20,320	290	—	25,849
Write-off adjustment	(5,391)	—	(6,284)	—	—	(11,675)
At 30 June 2020	44,839	9,525	94,642	5,746	—	154,752
At 1 July 2020	44,839	9,525	94,642	5,746	—	154,752
Charge for the year	5,120	1,418	21,993	260	—	28,791
Write-off adjustment	(1,026)	—	(7,490)	(2,496)	—	(11,012)
At 30 June 2021	48,933	10,943	109,145	3,510	—	172,531
Carrying amount						
At 30 June 2020	12,390	27,418	272,208	655	45,938	358,609
At 30 June 2021	17,046	26,000	271,351	396	64,052	378,845

Depreciation amounting to SCR 28,097 thousand (Note 6) and SCR 694 thousand (Note 7) was included in cost of sales and administration expenses respectively (2020: SCR 25,074 thousand and SCR 775 thousand).

17. Intangible assets

Figures in SCR'000	2021	2020
Cost		
Balance at 1 July	13,314	13,314
Balance at 30 June	13,314	13,314
Amortization		
Balance at 1 July	6,656	4,992
Charge for the year	1,630	1,664
Balance at 30 June	8,286	6,656
Carrying amount	5,028	6,658

Amortisation amounting to SCR 1.63 million (note 7) (2020: SCR 1.66 million) was included in administration expense. The estimated useful life was revised in the financial year and it was extended from 8 years to 8.2 years. This change had no material impact therefore no separate disclosure was prepared.

18. Leases

(a) Right-of-use assets

Upon adoption of IFRS 16 Leases on 1 July 2019, the right-of-use assets were recognised and remeasured at an amount equal to the lease liabilities, with exception of motor vehicles, which has been recognised at an amount equal to the originally recognised prepaid operating lease rentals.

Figures in SCR'000	Buildings SCR '000	Motor vehicles SCR '000	Total SCR '000
At 1 July 2019	—	4,850	4,850
Additions	1,287	2,146	3,433
At 30 June 2020 - As reported	1,287	6,996	8,283
At 1 July 2020	1,287	6,996	8,283
Additions	—	619	619
Remeasurement	(303)	299	(4)
Derecognition	(984)	(2,042)	(3,026)
At 30 June 2021	—	5,872	5,872
Accumulated depreciation			
At 1 July 2019	—	—	—
Depreciation charge	(586)	(2,395)	(2,981)
At 30 June 2020	(586)	(2,395)	(2,981)
At 1 July 2020	(586)	(2,395)	(2,981)
Depreciation charge	(398)	(2,724)	(3,122)
Derecognition	984	2,042	3,026
At 30 June 2021	—	(3,077)	(3,077)
Carrying amount			
At 30 June 2020	701	4,601	5,302
At 30 June 2021	—	2,795	2,795

The Company leases residential buildings and motor vehicles. The leases of motor vehicles are mainly for 5 years with an option to renew. The Directors are not reasonably certain that the option to renew the lease would be exercised at the expiry of the lease. The option has therefore not been considered in determining the life of the lease. The leases of residential buildings are on a 2 years term.

Under the previous accounting policy, payments made under operating leases were charged to the Statement of Profit or Loss account on a straight-line basis over the lease period. Prepaid operating lease rentals were recognised at historical cost and subsequently amortised over the lease period.

NOTES TO THE FINANCIAL STATEMENTS (continues)

18. Leases (continued)

(b) Lease liabilities

Figures in SCR'000	2021	2020
At 1 July	5,778	4,850
Additions	615	3,433
Interest expense on leases	569	809
Repayment of lease liabilities:		
- Repayment of the principal portion of the lease liability	(3,199)	(2,505)
- Interest paid on lease liabilities (note 11(b))	(569)	(809)
At 30 June	3,194	5,778
Presented as:		
Current lease liabilities	3,194	2,891
Non-current lease liabilities	—	2,887
	3,194	5,778

19. Loan receivable

Figures in SCR'000	2021	2020
Parcel C2172, situated at Pointe Aux Sel, Mahe	2,106	2,106
Carrying value	2,106	2,106

The loan relates to an amount advanced to Seybrew Property Management Limited in previous years and it is unsecured, interest free and has no definite terms of repayment. It is denominated in Seychelles Rupee and is assumed to approximate its fair value. Based on Directors' opinion, this amount has been classified as a non-current asset and the Directors are of the opinion that no impairment is required at 30 June 2021 (2020 - nil).

20. Inventories

(a) Figures in SCR'000	2021	2020
Raw materials and consumables	35,323	21,719
Work in progress	3,187	2,032
Finished goods	24,440	10,649
Engineering spares	32,659	28,799
Less impairment (note 20 (c))	(9,030)	(7,217)
	86,579	55,982

(b) The cost of inventories recognised as expense and included in cost of sales amounted to SCR 112.71 million (2020: SCR 83.85 million) as shown on Note 6.

20. Inventories (continued)

(c) Figures in SCR'000	2021	2020
At 1 July	7,217	8,595
Addition	6,640	4,654
Release	(4,827)	(6,032)
Net movement in provision for impairment	1,813	(1,378)
At 30 June	9,030	7,217

21. Trade and other receivables

Figures in SCR'000	2021	2020
Trade receivables	41,837	36,534
Less: Provision for impairment losses	—	—
Receivables from related companies (notes 4(a) and 25(b))	2,397	1,836
Other receivables (note 4(a))	6,543	4,206
Prepayments	2,764	321
	53,541	42,897

Movements in provision for expected credit loss of trade receivables are detailed in note 4(a).



NOTES TO THE FINANCIAL STATEMENTS (continues)

22. Deferred tax

Deferred tax is calculated using the enacted tax rate of 25%. The movement on the deferred tax account is as follows:

Figures in SCR'000	2021	2020
At 1 July	(39,894)	(34,340)
Charged to Statement of Profit or Loss (note 12)	(11,513)	(5,554)
At 30 June	(51,407)	(39,894)

The deferred tax assets and the deferred tax liability relate to business tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Figures in SCR'000	2021	2020
At 1 July	(39,894)	(34,340)
Taxable / (deductible) temporary difference on:		
- compensation provisions	37	436
- movement on restructuring provision	(5)	295
- movement on stock provisions	187	78
- movement on tangible fixed assets	(7,347)	(9,456)
- movement on engineering spares	267	(425)
- movement on exchange gains/losses	(4,633)	3,398
- movement on leases	(19)	120
Movement charged to the Statement of Profit or Loss	(11,513)	(5,554)
At 30 June	(51,407)	(39,894)



NOTES TO THE FINANCIAL STATEMENTS (continues)

22. Deferred tax (continued)

Deferred tax assets and liabilities, deferred tax charge/(credit) in the Statement of Profit or Loss, and deferred tax charge/(credit) in equity are attributable to the following items:

Figures in SCR'000	At 1 July	Movement in the current year	At 30 June
Year ended 30 June 2021:			
<i>Deferred tax liabilities</i>			
Property, plant and equipment on historical cost basis	(49,562)	(7,347)	(56,909)
Unrealised exchange gains	—	(1,837)	(1,837)
	(49,562)	(9,184)	(58,746)
<i>Deferred tax assets</i>			
Stock provision	804	187	991
Exchange losses	2,796	(2,796)	—
Retirement benefit provision	4,654	37	4,691
Leave provision	295	(5)	290
Engineering Spares provision	999	267	1,266
IFRS 16 asset	120	(19)	101
	9,668	(2,329)	7,339
Net deferred tax	(39,894)	(11,513)	(51,407)
Year ended 30 June 2020:			
<i>Deferred tax liabilities</i>			
Property, plant and equipment on historical cost basis	(40,106)	(9,456)	(49,562)
Unrealised exchange gains	(602)	602	—
	(40,708)	(8,854)	(49,562)
<i>Deferred tax assets</i>			
Stock provision	726	78	804
Exchange losses	—	2,796	2,796
Retirement benefit provision	4,218	436	4,654
Leave provision	—	295	295
Engineering Spares provision	1,424	(425)	999
IFRS 16 asset	—	120	120
	6,368	3,300	9,668
Net deferred tax	(34,340)	(5,554)	(39,894)

NOTES TO THE FINANCIAL STATEMENTS (continues)

23. Post employment benefits - Defined benefit plan

The defined benefit plan, to which 100% of employees belong (2020: 100%), consists of two separate defined benefit plans, namely:

- i. The Seychelles Breweries Limited Gratuity plan.
- ii. Compensation Plan in terms of the Seychelles Employment Act.

This plan is wholly financed by the Company, and the plan has no assets.

The actuarial valuation determined the present value of the defined benefit obligation based on the following key assumptions. No further recommendations have been made by the actuaries, the Company is currently in a position to fund the current portion of this liability as and when it becomes due in the ordinary course of business.

Figures in SCR'000	2021	2020
Movement:		
Opening balance	(18,614)	(16,872)
Benefits paid	3,540	1,377
Expense recognized in the statement of profit or loss	(3,686)	(3,119)
Present value of the defined benefit obligation-wholly unfunded	(18,760)	(18,614)
Net expense recognized in Statement of Profit or Loss:		
Post-employment plan liabilities service cost (note 9 (a))	(2,758)	(2,191)
Interest on post-employment plan liabilities (note 11(b))	(928)	(928)
	(3,686)	(3,119)
Key assumptions:		
Assumptions used on valuation on 30th June 2021		
- Discount rates used	5.5 %	5.5 %
- Expected increase in salaries	5.0 %	5.0 %
- Inflation	3.0 %	3.0 %

24. Trade and other payables

Figures in SCR'000	2021	2020
Trade payables	19,726	33,643
Payables to related companies (Notes 4(a) and 25(b))	7,994	11,516
Import taxes for prior years	4,923	4,923
Other payables and accrued expenses	64,347	50,462
	96,990	100,544

25. Related party transactions

a. Parent and ultimate controlling entity

Related party includes parent and ultimate controlling Company, Diageo PLC. and other Diageo group entities. Directors, their close family members and any employees who are able to exert significant influence on the operating policies of the Company are considered related parties.

Key management personnel are also regarded as related parties. Key management are those persons having authority for planning, directing and controlling the activities of the entity, directly or indirectly, including Director (whether executive or otherwise) of that entity.

As at 30 June 2021, Guinness Overseas Limited 30% (2020: 26.00%), Diageo Holdings Netherlands BV 24.4% (2020: 24.40%), Seychelles Pension Fund 26.31% (2020: 26.31%) and other shareholders 19.29% (2020:19.29%) owned respectively of the issued share capital of the Company.

b. Transactions with related companies

The Company has transactions with its parent and related parties which are related by virtue of being members of the Diageo group. The total amounts due to related companies by nature of the transactions are shown below:

	Transaction value		Balance due to/(from)	
	2021	2020	2021	2020
Figures in SCR'000				
Purchase of goods and services	(44,154)	(45,288)	(6,830)	(10,217)
Sale of goods and services	8,544	3,513	2,397	1,836
Royalties and technical services fees	(4,686)	(4,593)	(1,164)	(1,299)
	(40,296)	(46,368)	(5,597)	(9,680)
Receivable from related companies (Note 4a & 21)			2,397	1,836
Payable to related companies (Note 4a & 25)			(7,994)	(11,516)
Net Payable			(5,597)	(9,680)

There were no related party loans and finance costs as at 30 June 2021 (2020 - nil).

c. Directors' Remuneration (Note 7 & 8)

Except for payment of the below fees, none of the Directors received any emoluments during the year.

Figures in SCR'000	2021	2020
N. Cook	—	2,410
C. Neiland	6,460	2,284
D. Dutt	3,109	2,729
R. Thorrington	120	—
R.R. Morgan	—	126
A. Lucas	195	153
J.G. Weeling-Lee	155	147
	10,039	7,849

26. Contingent liabilities

There was no potential exposure since there were no legal cases against the Company.

27. Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

Figures in SCR'000	2021	2020
Approved and not contracted for	26,341	13,376
Approved and contracted for	28,905	9,149
Capital expenditure	55,246	22,525

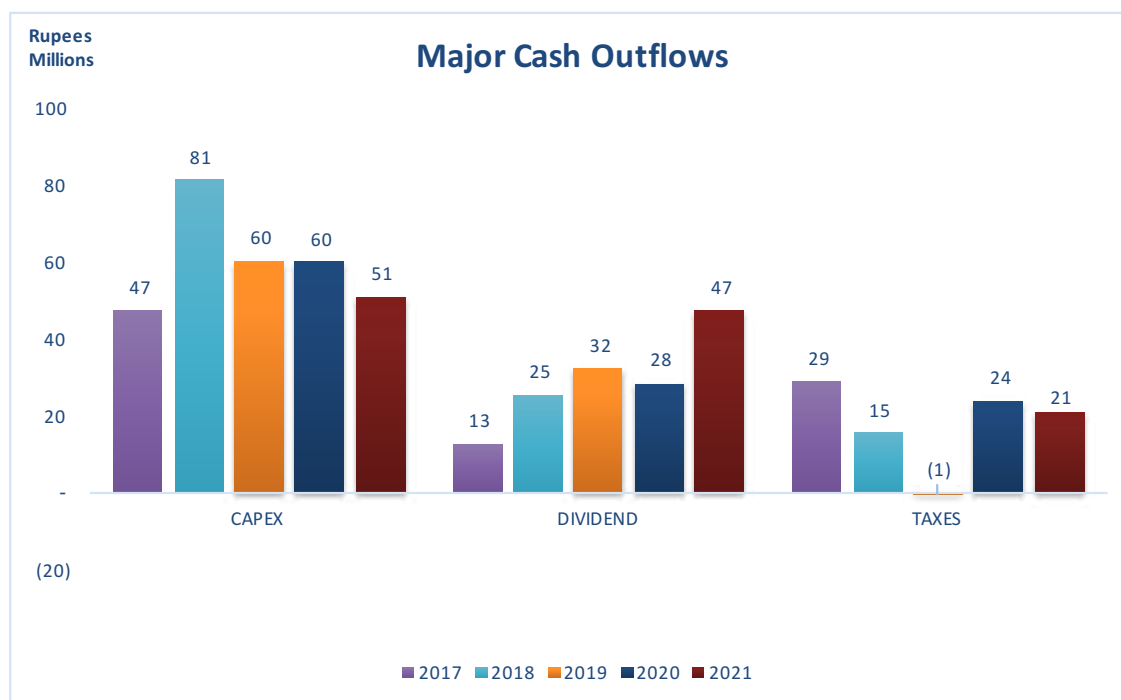
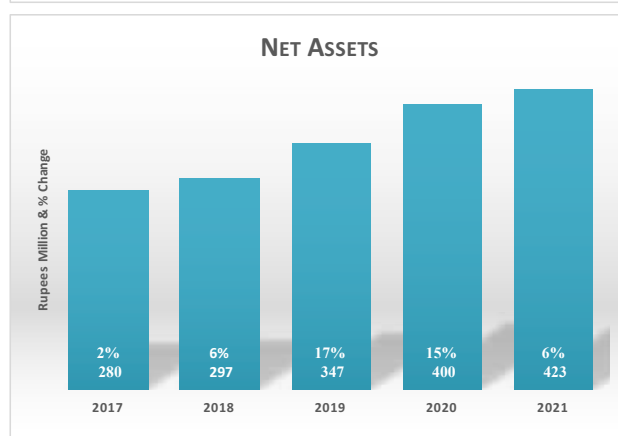
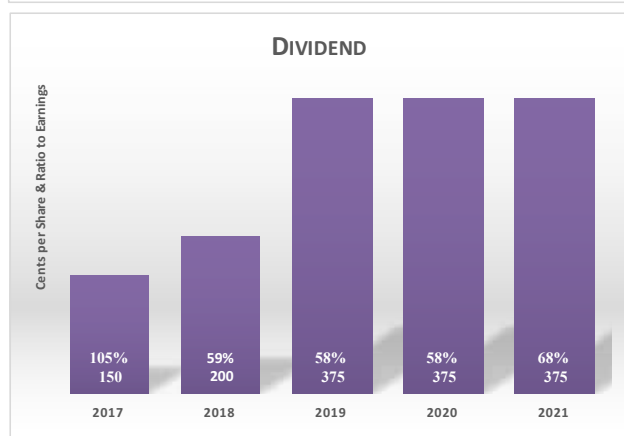
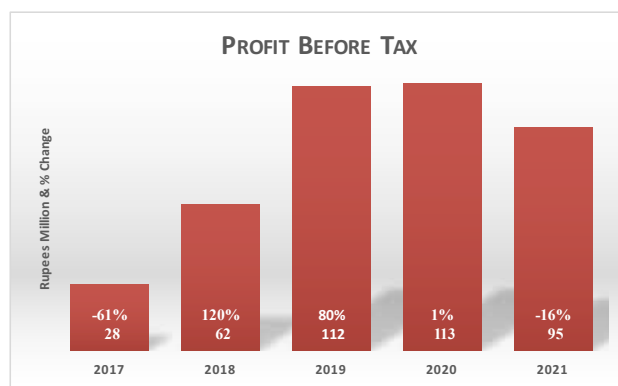
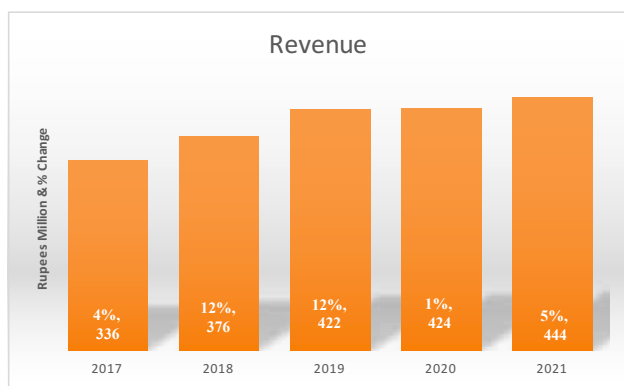


NOTES TO THE FINANCIAL STATEMENTS (continues)

28. Financial summary

Figures in SCR'000	Year to 30 June 2021	Year to 30 June 2020	Year to 30 June 2019	Year to 30 June 2018	Year to 30 June 2017
Statement of profit or loss and other comprehensive income					
Revenue	443,946	424,441	422,177	375,534	335,606
Profit before taxation	94,514	112,827	111,790	62,113	28,428
Total comprehensive income	69,404	81,902	80,996	42,618	18,029
Dividends declared/proposed	47,250	47,250	31,500	25,200	18,900
Statement of Financial Position					
Share Capital	63,000	63,000	63,000	63,000	63,000
Actuarial valuation gain	500	500	500	500	500
Retained earnings	359,021	336,867	283,316	233,820	216,402
Shareholders' funds	422,521	400,367	346,816	297,320	279,902
Property, plant and equipment	378,845	358,609	329,575	302,555	245,609
Intangible assets	5,028	6,658	8,322	9,986	11,650
Right of use assets	2,795	5,302	—	—	—
Loan receivable	2,106	2,106	2,106	2,106	2,106
Inventory	86,579	55,982	52,991	55,857	70,156
Trade and other receivables	53,541	42,897	50,322	49,050	56,324
Current tax recoverable	28,170	20,976	22,612	44,524	37,797
Cash and cash equivalents	35,808	72,667	22,355	1,991	1,557
Bank overdrafts	—	—	—	(19,388)	(12,621)
Lease liabilities	(3,194)	(5,778)	—	—	—
Trade and other liabilities	(96,990)	(100,544)	(90,255)	(110,304)	(109,326)
Post-employment provision	(18,760)	(18,614)	(16,872)	(14,242)	(15,244)
Deferred tax liabilities	(51,407)	(39,894)	(34,340)	(24,815)	(13,921)
Net Assets	422,521	400,367	346,816	297,320	279,902

GRAPHS TO FINANCIAL SUMMARY



DISTRIBUTION OF WEALTH STATEMENT

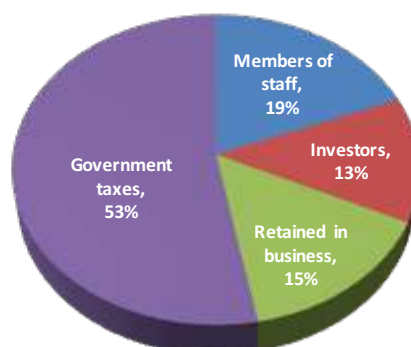
The statement shows how wealth created by the Company during the financial year goes back, directly or indirectly, in to the Seychelles economy. The calculation also takes into account the portion retained for the replacement and expansion of the assets employed by the Company.

Figures in SCR'000	2021	2020
Turnover	597,337	577,996
Paid to suppliers for materials and services	(228,028)	(164,809)
Other income and expenses	(4,427)	(16,544)
Finance costs	(1,538)	(1,740)
Total wealth created	363,344	394,903

Wealth distributed as follows:

	2021	%	2020	%
To Employees & Directors				
Salaries, wages, remuneration, bonuses, pensions and other benefits	70,215	19 %	68,106	17 %
To providers of Capital				
Dividends declared	47,250	13 %	47,250	12 %
To Government				
Trade tax			153,555	
	153,391			
Company tax	25,110		30,925	
Import duties	14,803		14,003	
	193,304	53 %	198,483	50%
Retained in business				
For replacement of property, plant and equipment	28,791		25,849	
For replacement of intangible assets	1,630		1,664	
Net change in retained earnings	22,154		53,551	
	52,575	15 %	81,065	21 %
Total wealth distribution and retained	363,344	100 %	394,903	100 %

DISTRIBUTED AND RETAINED WEALTH



SHAREHOLDING PROFILE

The share ownership and the categories of shareholders at 30 June 2021 are set out below.

Figures in SCR'000	Number of shares	% of total issued
Foreign Shareholders		
-Guinness Overseas Limited	3,780,000	30.00 %
-Diageo Holdings Netherland BV	3,074,756	24.40 %
Total Foreign Ownership	6,854,756	54.40 %
Local Ownership		
-Seychelles Pension Fund	3,314,606	26.31 %
-Other	2,430,638	19.29 %
Total Local Ownership	5,745,244	45.60 %
Total	12,600,000	100.00 %

Number of Shareholders	Size of Shareholding	Number of shares owned	% of total issued shares
993	1 – 500	178,002	1.41 %
165	501 – 1,000	132,635	1.05 %
152	1,001 – 5,000	340,405	2.70 %
31	5,001 – 10,000	230,840	1.83 %
22	10,001 – 50,000	483,157	3.83 %
3	50,001 – 100,000	230,347	1.83 %
4	100,001 – 250,000	557,377	4.42 %
1	250,001 – 1,000,000	277,875	2.21 %
3	Over 1,000,000	10,169,362	80.71 %
1,374		12,600,000	100.00 %

Number of Shareholders	Category of Shareholding	Number of shares owned	% of total issued shares
1,353	Individuals	1,915,655	15.20 %
2	Diageo Group	6,854,756	54.40 %
1	Seychelles Pension Scheme	3,314,606	26.31 %
18	Other Corporate Bodies	514,983	4.09 %
1,374		12,600,000	100.00 %



NOT FOR SALE TO PERSON UNDER THE AGE OF 18 | DONT DRINK AND DRIVE
DRINK RESPONSIBLY. 18+

PROXY FORM

The Company Secretary

PKF Registrars
P.O Box 7064
104 First Floor, Waterside Property
Eden Island, Seychelles

I/We _____ of _____ being a

member/ members of Seychelles Breweries Limited, bearing Company No 841033-1 and MERJ share code ISIN:

SC478BDEB69 (“the Company”) hereby appoint: _____

_____ of _____

or failing whom _____ of _____

or failing of whom the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday 26th November 2021 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

.....
Name

.....
Signature

.....
Date

Note:

1. Please return this Form to the Company Secretary’s Office at PKF Registrars, a division of PKF Capital Markets (Seychelles) Limited on the following addresses:
 - a. 104 First Floor, Waterside Property, Eden Island, Seychelles; or
 - b. Email: cosec.sc@pkf.comnot less than 48 hours before the time for holding the meeting.
2. In the case of joint shareholders, each shareholder should sign the proxy form but only one can attend the meeting.
3. If executed by a corporation, the proxy form should bear its Common Seal or be signed on its behalf by a duly authorised person.
4. Proxies produced at the AGM will not be accepted.



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