

SEYCHELLES BREWERIES LIMITED 2020

ANNUAL REPORT & FINANCIAL STATEMENTS



DRINK RESPONSIBLY
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

[DRINKIQ.COM](https://www.drinkiq.com)

DON'T DRINK AND DRIVE



KEEP WALKIN



DEMAND YOUR JOHNNIE WALKER WITH A SEAL!

SEYCHELLES BREWERIES LTD IS THE OFFICIAL IMPORTER
OF JOHNNIE WALKER PRODUCTS. ENSURE YOU BUY YOUR
LEGITIMATE JOHNNIE WALKER BOTTLE BY SCANNING THE SEAL.



FOLLOW US!
@JOHNNIEWALKERSEYCHELLES

18+

DRINK RESPONSIBLY
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

DRINKiQ.COM



DON'T DRINK AND DRIVE



Table of contents

Financial Highlights	3
Notice of the Annual General Meeting	4 – 6
Board of Directors and Corporate information	7
Chairman's Statement	8 – 12
Managing Director's Report	13 – 17
Corporate Governance Report	19 – 20
Board of Directors	21 – 22
Senior Management Team	23
Audit Committee Report	24
Independent Auditors Report	25 – 29
Financial Statements	30 – 33
Notes to the financial statements	34 – 62
Graphs for financial summary	63
Distribution of Wealth Statement	64
Shareholding Profile	65
Notes	66
Proxy Form	67

A BRAND FOR
EVERY TASTE AND
CELEBRATION, BIG
AND SMALL





MON SESEL, MON SEYBREW.

SELEBRE 250 SESEL

MALGRE SA MOMAN LENSERTITID, SEYBREW
I OULE REKONET LANIVERSER 250AN DEPI
KI BAN PREMYE DIMOUN TI ARIV SESEL.
NOU POU FER EN EDISYON SPESYAL LABEL
SEYBREW EK GINGERALE KI SELEBRE NOU
KILTIR KREOL.

SA TRAVAY IN GANNY KONSEVWAR PAR
ARTIS LOKAL MICHAEL ARNEPHIE.

FOLLOW US!



SEYBREW_SEYHELLES



DRINK RESPONSIBLY
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

DRINKiQ.COM

Available for a limited time only.
Until stocks last.

DON'T DRINK AND DRIVE



SAME
GREAT
TASTE

LIMITED EDITION
250 YEARS OF SEYHELLES
SEYBREW®
PREMIUM Sesel 1770-2020 LAGER BEER
18+

280ML = 11G ALCOHOL = 451KJ/108KCAL
BEST SERVED CHILLED. BEST BEFORE: SEE NECK
CONTAINS MALTED BARLEY. DRINK RESPONSIBLY.
ENERGY: 100ML PROVIDES 161KJ/38.5KCAL.
INGREDIENTS: WATER, MALT, SUCROSE, HOPS.
PRODUCED BY: SEYHELLES BREWERIES LTD, O'BRIEN HOUSE,
P.O. BOX 273, LE ROCHER MAHE, SEYHELLES TEL: 248 4382700

280ml ALC 4.9% VOL
5 010103 934039

FINANCIAL HIGHLIGHTS

Figures in SCR'000	2020	2019	% Change
Revenue	424,441	422,177	0.54 %
Operating profit	114,162	113,648	0.45 %
Profit before tax	112,826	111,790	0.93 %
Total comprehensive income	81,902	80,996	1.12 %
Interim dividend declared	—	18,900	(100.00) %
Final dividend declared	47,250	28,350	66.67 %
Total equity	400,367	346,816	15.44 %
Data per SCR 5 share			
Basic and diluted earnings per share (SCR)	6.5	6.43	1.09 %
Interim dividend declared (SCR)	0	1.5	(100.00) %
Final dividend declared/proposed (SCR)	3.75	2.25	66.67 %
Net equity (SCR)	31.78	27.53	15.43 %

The directors recommend, subject to approval at the next Annual General meeting, the payment of a final dividend of SCR 47,250,000 (2019: SCR 28,350,000), which, based on the number of ordinary shares in issue at year end, represents a dividend of SCR 3.75 per ordinary share (2019: SCR 2.25). No interim dividend was paid for the financial year ended June 30, 2020 (2019: SCR 18,900,000, dividend per ordinary share in 2019: SCR 1.50). The dividend is subject to deduction of withholding tax at the applicable rates.



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 that on Friday 27th November 2020 that the 52nd Annual General Meeting ("AGM") of Seychelles Breweries Limited will be held for the year 2020 via electronic communication at 11:00 am to (i) deal with such business as may lawfully be dealt with at the Meeting and (ii) 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 Friday 27th November 2020.

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 present or who are represented by proxy at this Meeting is required

1. Ordinary Resolution No 1 – Approving Minutes of the 2019 AGM

To present, consider and accept the Minutes of the AGM held on 06 December 2019

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 2020

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 2020.

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 2020.



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 directors (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 Conor Neiland as managing director

To elect Conor Neiland, who was appointed as director on 1 May 2020 in terms of the Company's Articles of Association, being eligible and offering himself for appointment as Managing Director.

5.2 Ordinary Resolution No 5.2 – Appointment of Rod Thorrington as a director

To elect Rod Thorrington, who was appointed as a director on 1 May 2020 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 and 6.2 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 – Re-appointment of Jean Weeling-Lee as a director

To re-elect Jean Weeling-Lee as a director of the company, in terms of the Company's Articles of Association, the retiring director being eligible and offering himself for re-election.

6.2 Ordinary Resolution No 6.2 – Re-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 3.5m per annum for the financial year 2020/21

NOTICE OF THE ANNUAL GENERAL MEETING (continues)

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

Resolved that shareholders approve the Finance Director remuneration of approximately SCR 2.2M per annum for the financial year 2020/21

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 2020/21.

8. Declaration of a final dividend

To approve that a final dividend be declared for the year ended 30 June 2020. 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.

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

22nd September, 2020

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 Thorington	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
Hina Nagarajan	Non-executive Director	Appointed in February 2019
Nicholas Cook	Managing Director	Resigned in May 2020
Robert Morgan	Non-executive Director	Resigned in May 2020

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 52nd Annual General Meeting of our Company and to present to you the financial statements and reports for the financial year ended on 30 June 2020.

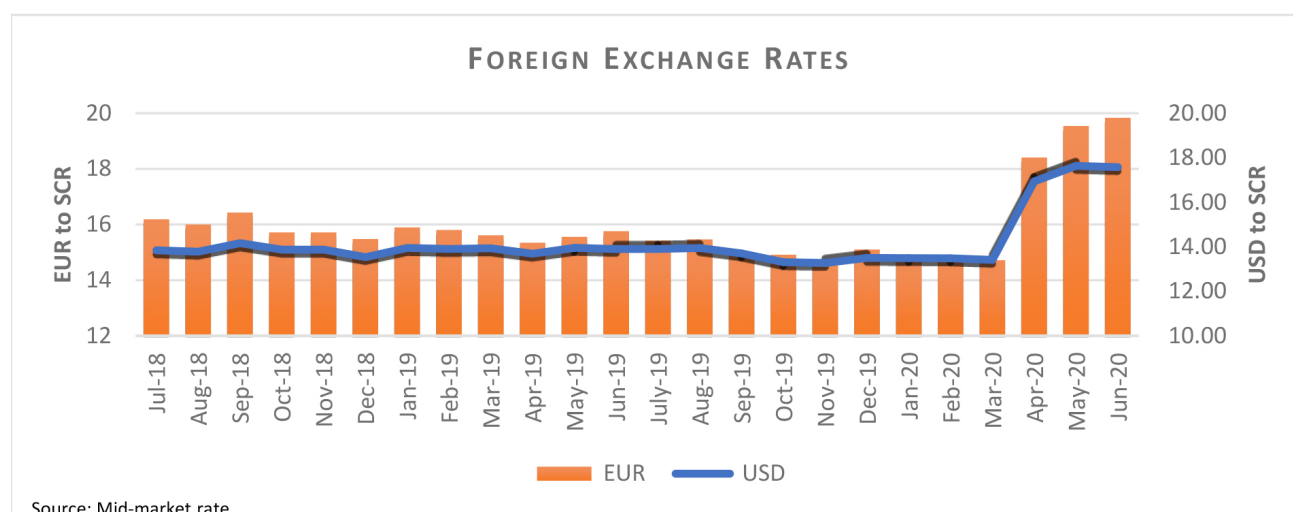
Business Environment

F20 has been a year of two halves. Pre-COVID-19, the economic momentum of Seychelles had been strong, with the country experiencing real GDP growth of 3.9 percent in 2019. In the same year, tourism receipts increased by 5.5 percent as compared to 2018, and all indications were that these positive conditions would continue to accelerate.

However with the global COVID-19 pandemic, the economy has taken a significant down turn and is estimated to contract 10.8 percent in 2020 due to the tourism shutdown. The tourism sector employs about 30% of the labor force and provides more than 70% of hard currency earnings for Seychelles. As a direct consequence of this impact on foreign exchange inflows the Seychelles Rupee depreciated against USD and EUR by circa 35% in April 2020.

A total of 286,243 visitors arrived in Seychelles during F20, which is a decline of 24% versus the same period last year. The trend in the 8 months to end of February was a positive growth of 4.7%, however tourism effectively collapsed in the last 4 months to end June.

Seychelles's economy remains vulnerable to the weakening global outlook particularly in the Eurozone area. The depreciation of the Rupee has a direct consequence on commodity price as the majority of Seychelles requirements are imported and are therefore rising in cost.



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 the Seychelles to continue supporting our brands and our business throughout this extremely difficult period.

I am happy to report that SBL delivered strong performance in F20, despite the adverse impact in the last quarter due to COVID-19. The performance demonstrates the consistent execution of the strategic initiatives taken by the Board and the management, including (a) Continued investment in Supply chain (b) Upweighted investment in people and capabilities (c) Increased investment in our brands and d) Product Innovation.

Revenue

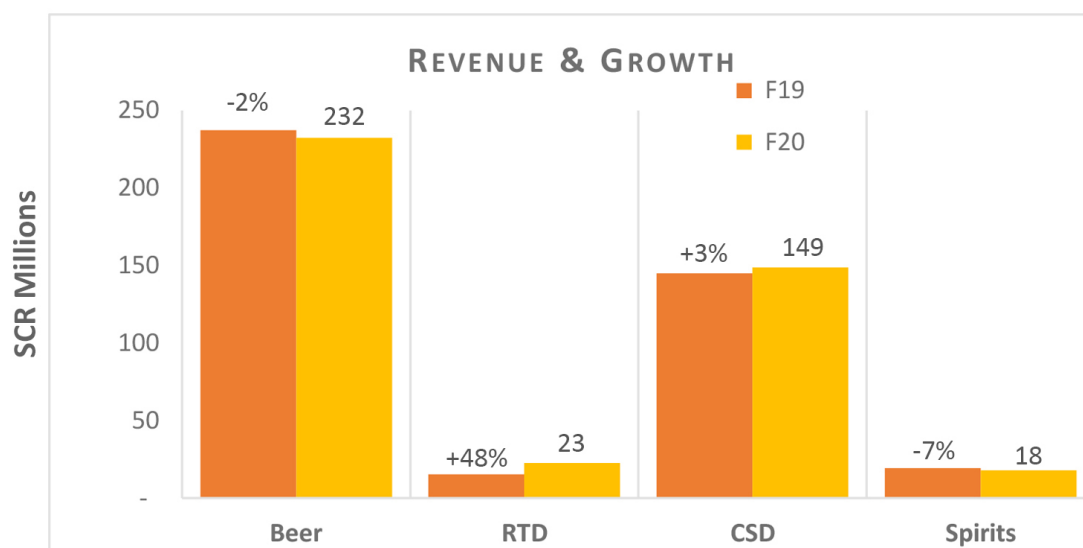
The business registered overall revenue growth of 0.5% in F20 (12.4% in F19). The business had strong momentum for the first 8 months of the year, but the growth was impacted by the lockdown in April and subsequent closure of the On-trade which continued to adversely impact performance in the the last quarter.

Beer revenue declined by 2% in F20 (vs. +9% in F19), due to the tourism shut down and closure of the On-trade in the last quarter. Volumes were positively impacted by improved supply and a higher standard of merchandizing in trade during the year

Revenue from carbonated soft drinks (CSD) increased by 2.7% in F20, driven by improved supply and better activation, and the launch of a new flavour, Seypearl Mixed Berry, which was very well received by consumers.

Revenue from ready-to-drink (RTD) category registered 47.8% growth versus last year as we continued to benefit from the Smirnoff Ice re-launch and the launch of Takamaka Ginger flavour, which we produce under licence.

Spirits declined by 6.9% as we continue to be impacted by parallel Spirits trading, with products imported by non-Diageo approved sellers. Performance was also impacted by On-trade closures and some supply disruption on the back of COVID in the last quarter. In F20 second half we launched the Johnnie Walker 'Scan the Seal' campaign, which has started to gain some positive traction as consumers can now trace the source of the product



Innovation

Innovation remains the key driver of growth for Seychelles Breweries and F20 saw the launch of Seybrew Lite, Seypearl Mixed Berry and Takamaka Ginger. We have a healthy pipeline of Innovation product launches for the current and upcoming years which we believe will excite the trade and complement our Total Beverage Company position.

Given the new launches over the past couple of years, we now are also focusing on upweighting our capability to sustain and grow these innovations.

Supply chain

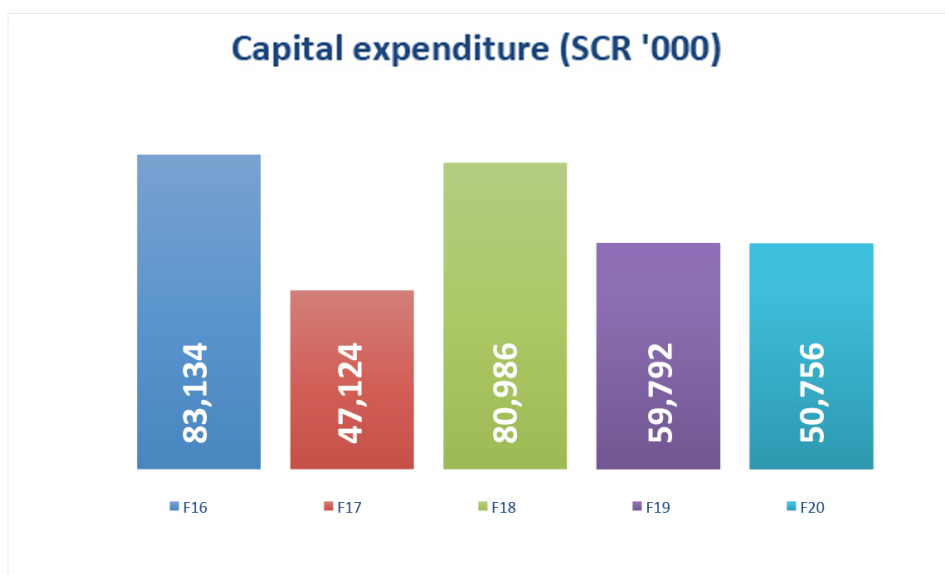
ZERO Lost Time Accidents (LTA)	30% Improvement on water usage. No. 2 most improved site in Diageo Africa	10% Improvement on Operation Efficiencies	Top 3 Best tasting Beer in Diageo Global	10% F20 Global Diageo Supply, Excellence in Cost Management Winner
---	---	--	---	---

F20 will be remembered as a year of further progress underlined by continuously improving Supply KPI's with a couple of notable achievements that we all are proud about. The SBL Supply team were awarded Top 3 Best Tasting Beer in Diageo global and won the important Global Diageo Supply Award in Excellence in Managing Cost Category, with SBL selected from more than 100 Diageo sites globally.

Our flagship brand Seybrew and Seybrew Lite received Silver medals from the Monde Selection Beer Awards, a renowned International Quality Institute based in Belgium, where we were competing against over 3000 other beers from around the world.

In F20 we have also diversified our product portfolio with the installation of the Canning line in Q4. Once fully utilised this offers a significant market share growth opportunity for SBL in F21 across both Beer and CSD's. Additional well-tailored Capex investment programmes including a New Yeast and Fermentation plant as well as new Cleaning In Place Systems have been instrumental in enhancing our quality and improving taste scores even further.

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 forefront. We will continue to invest in CAPEX programmes in the coming year to strengthen our position further.



Profit

In a year that has been unprecedented we have managed to grow gross profit by 7.6% over last year. This growth has been driven by improved efficiencies across the Supply chain, thereby reducing our COGS base. The operating profit was broadly flat vs. LY at SCR 114.1 million (F19: SCR 113.6 million), adversely impacted by a weakening rupee against the major foreign currencies in the last quarter. The devaluation of the currency has a direct impact on the cost of the business as the majority of our Raw Materials and Equipment requirements are imported.



F21 performance outlook

We are taking a prudent medium term approach to the business in light of the existing global volatilities. Our strategy though remains consistent and we continue to invest in capital projects to guarantee world class consistent quality while at the same time also investing in a sustainable supply foot-print. We see further opportunity to embed productivity as we streamline processes and improve efficiency. Our focus areas remain driving improved rigour in our trade 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 suspending the interim dividend earlier in the year, this would be an equal match to last year's total dividend which was SCR 1.50 for interim and SCR 2.25 for final. Given the current operating environment and the challenges faced by the business, we feel this represents a competitive return on investment for investors that is well ahead of other listed businesses, whilst maintaining sufficient reserves to weather whatever storms F21 may bring.

As part of our stated intent to modernise our production plant we have continued with our intensive investment plan in recent years. We have started to see the results of this investment which will be ongoing in the coming years. With the improved performance, the Board's intent is to show steady sustainable dividend pay-out 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 Managing Director Nick Cook for his leadership and contribution over the years.

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 22nd September, 2020

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 2020.

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 30 to 62 which comprises the statement of financial position at 30 June 2020, comprehensive income statement, 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 control relevant to the preparation and presentation of these financial statements that are free from material misstatements, 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

Seychelles Breweries supports HCA in fight against Covid-19

As we are all very aware, the world has been hugely impacted by Covid-19 and Seychelles has been no exception. In our efforts to support the local community we have made a number of donations to the Health Care Agency in its fight against Covid-19.

These donations comprised of 50 infra-red thermometers and 6480 litres of hand sanitizers worth SCR670,000.

The infra-red thermometers are key to the early detection of Covid by capturing the very basic symptoms and will help to break the chain of transmission, whilst the hand sanitizers are an important element in the practice of basic hygiene which is essential to preventing the spread of the disease.

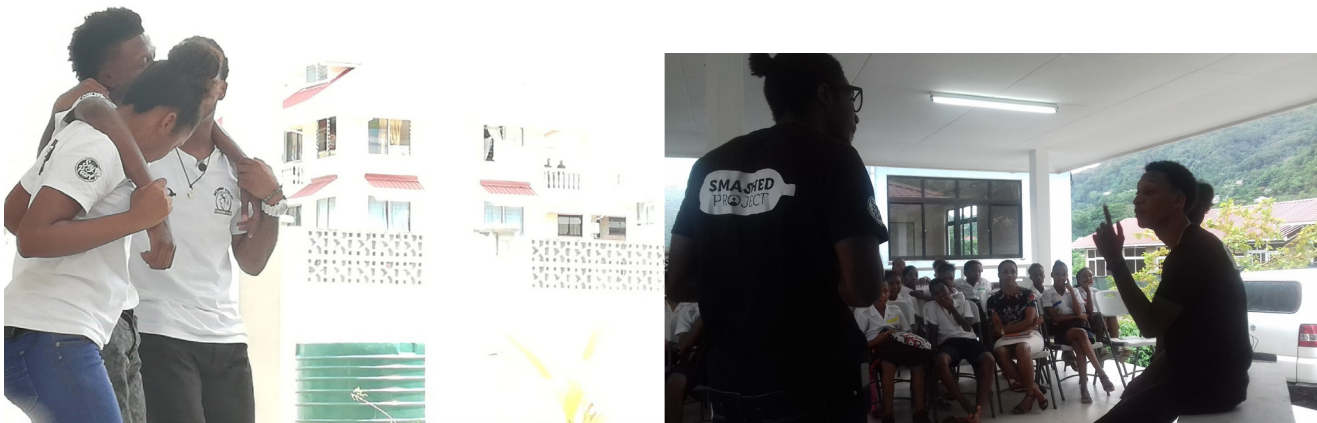


SMASHED for new S1 cohorts

Since underage drinking is a problem which keeps on affecting our communities, Seychelles Breweries continued with its efforts to sensitize youths on the dangers associated with alcohol consumption at an early age.

In partnership with the Ministry of Education and Collingwood Learning in the UK, we extended the SMASHED programme to the new cohort of Secondary One students for 2020.

The Smashed Project as it is called, is a preventative programme intended to help delay the onset of early alcohol use amongst young people by engaging participants in a safe and motivational learning environment, enabling them to explore the dangers and consequences of underage drinking and equipping them with the facts, skills and confidence to make responsible choices and develop a responsible attitude towards alcohol.



As intended, the programme captured the attention of 1,321 students from all secondary students across the country including Mahe, Praslin and La Digue.

Plans to run an extension of the programme DEAD END amongst post-secondary students had to be postponed but will go ahead in F21 because of COVID-19. DEAD END which has been commissioned by Seychelles Breweries addresses the problems associated with drink driving, relevant to young people of this age category.

Caring for the older generation

This year to commemorate International Women's Day, female employees of the company participated in a day of activities at the Home for Elderly at Anse Royale.

Activities included cleaning and painting of the Home for Elderly as well as treating the 12 or so residents living there to lunch.

The afternoon was spent entertaining some of the residents with games of dominos.



The residents really appreciated the time that the SBL staff spent with them and even requested that they come back on another day.

For their part, the employees felt that it was a very positive initiative which should also be extended to the men in the Company.

Supporting farmers in Val D'En Dor

Under our water replenishment programme, we have supported 12 farmers in Val D'En Dor to implement a drip irrigation system on their farms.

The project was made possible through our collaboration with local non-governmental organization, Sustainability for Seychelles or S4S.

We provided funding for the purchase of the piping and connections required for the drip irrigation, but more importantly, through the recycling of materials which we use for production we donated 13 IBC's for the storing of water for them to use on their farms.

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 the amount of water it uses in production of beer and CSD's.

This can be done through local water projects which will benefit the community. Last financial year, our target was 12,283 m3 which we delivered fully through the project at Val D'En Dor.



Board Changes

Since the last Annual General Meeting, Mr Nicholas Cook and Capt Robert Morgan have resigned from the Board. On your behalf we wish to thank them for their contributions to the Company during their tenure. In May 2020, Mr Rod Thorington and myself Conor Neiland were respectively appointed as board members.

The Directors retiring by rotation are Jean Weeling-Lee and Anthony Smith being eligible, hereby offers themselves for re-election.

MANAGING DIRECTOR'S REPORT (continues)

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 2020 were:

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

Directors' interest in contracts

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



Conor Neiland
Managing Director

Signed on 22 September, 2020

SHALL WE?

PINK UP YOUR
SEYPEARL TONIC



AVAILABLE FROM YOUR NEAREST OUTLET
IMPORTED BY SEYCHELLES BREWERIES LIMITED AND
DISTRIBUTED BY SAVY & SONS, QUENCH DISTRIBUTION

18+

DRINK RESPONSIBLY
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

DRINKiQ.COM

DON'T DRINK AND DRIVE



“We ask our customers, consumers, shareholders, governments 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 Ltd. (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 as a whole are 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 21 and 22 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 with schedules to ensure that the Directors could provide the appropriate guidance and necessary approvals 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 and financial reporting and 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 follows 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 programme. This entails reviews of our processes and procedures of 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 results 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 auditor 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 22nd September, 2020

BOARD OF DIRECTORS



Anthony Smith **Chairperson**

Anthony Smith is the Senior Counsel Africa and Corporate Relations 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 rejoined 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 01st February 2020. Conor joined Diageo, the parent Company of Seychelles Breweries in 2005 as part of Ireland's 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 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.



Hina Nagarajan **Director**

Hina is Managing Director of Diageo Africa Emerging Markets since 31 August 2018 leading business operations across Ghana, Ethiopia, Cameroon, Indian Ocean, Angola and several other WACA countries. Hina was previously Sr. Vice President, Regional Director of Reckitt Benckiser North Asia since 2015, leading business operations across China, Hong Kong and Taiwan.

As a top woman leader, she is a strong advocate of creating opportunities for women and contributes extensively to gender diversity programs. Hina holds an MBA from the Indian Institute of Management, Ahmedabad, a Commerce Honors degree from Delhi University and a Diploma in Hotel Management from Pusa Institute, Delhi, India.

Hina brings unique and versatile experience of building high quality and growth businesses in the diverse power markets of India/China/SE Asia across several sectors including; health & hygiene, nutrition, wellness, beauty and home décor.



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 start ups across a range of different industries. With much of his experience lying in luxury retail, import-distribution and investment 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 public and private companies as well as governmental organizations. 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, where he 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 Bank (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 Bank (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



Daphne Raoul

Position:
Commercial Director

Nationality:
Seychellois

Qualification:
B .Com Punjab University, Chandigarh India



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 2020 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 2020 were adequate and the Management Responses to the Auditors findings were satisfactory



Jean Weeling-Lee
Chairman, Audit Committee
Signed on 22nd September, 2020

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 30 to 62 which comprise the Statement of Financial Position as at June 30, 2020, 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, 2020 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.

Key Audit Matter

During our audit we assessed all the areas of material risks for the Company and we highlight below where we believe that significant judgements were made in arriving at the figures disclosed in these financial statements and comprised compliance with the requirements of IFRS 16.

KEY AUDIT MATTER	AUDIT RESPONSE
Adoption of IFRS 16 - Leases	
<ul style="list-style-type: none"> The Company adopted IFRS 16 Leases effective July 1, 2019 which modifies the classification and measurement of leases, with the recognition on the Statement of Financial Position of a right-of-use asset and a lease liability. The right-of-use asset and liability are unwound over the term of the lease, giving rise to an amortisation charge and interest expense respectively. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> ✓ We challenged the key judgements and assumptions used by Management, including those made in relation to the leases portfolio. ✓ For a sample of leases, we recomputed independently and compared the results to that of Management.

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) Key

Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
<i>Adoption of IFRS 16 - Leases</i>	
<ul style="list-style-type: none"> The adoption of IFRS 16 transition is reliant upon a number of key estimates and judgements, primarily determining the appropriate discount rates (incremental borrowing rates) and the lease period for each lease. We considered the IFRS 16 recognition, presentation and disclosure requirements to be a matter of most significance to the audit due to estimation and judgement applied in the transition, i.e., the high volume of leases and the risk of the lease data used in the transition calculation which maybe incomplete or inaccurate. 	<ul style="list-style-type: none"> ✓ We assessed the discount rates used to calculate the lease obligation with support from our valuation experts. This included independently sourcing base rates for each currency and lease origination date, usually linked to inter-bank or sovereign bond rates, and adding a historically adjusted credit spread specific to the Company. Additional adjustments were made to cater for lease term, as well as the requirement for a collateralised incremental borrowing rate per IFRS 16. ✓ We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to the original contract or other supporting information, and checked the integrity and statistical mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment. ✓ We tested the completeness of the lease data by reconciling a sample of the Company's existing lease commitments to the lease data underpinning the IFRS 16 model. ✓ We evaluated the lease terms, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing Management's judgements for the lease periods applied in the lease calculation, to ensure they are accurate and complete.



SEYCHELLES BREWERIES LIMITED

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

Key Audit Matters (Cont'd)

The key estimates and judgements underpinning the Company's IFRS 16 impact assessment were found to be appropriate.

We are satisfied that the accounting disclosure of IFRS 16 Lease as stated in the accounting policy and the related disclosures which are per notes 2(g) & 18 of the financial statements.

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.

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.

SEYCHELLES BREWERIES LIMITED

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

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

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.

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.



SEYCHELLES BREWERIES LIMITED

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

Report on Other Legal 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).

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

Dated: September 22, 2020

Victoria, Seychelles

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

Figures in SCR'000	Notes	2020	2019
Revenue	5	424,441	422,177
Cost of sales	6 & 8	(217,110)	(230,683)
Gross profit		207,331	191,494
Administrative expenses	7 & 8	(56,175)	(60,356)
Advertising and marketing costs	8	(20,449)	(18,572)
Other income/(expenses)	10	(16,544)	1,082
Operating profit		114,163	113,648
Finance income	11(a)	404	44
Finance costs	11(b)	(1,740)	(1,902)
Profit before tax		112,827	111,790
Tax expenses	12	(30,925)	(30,794)
Profit and total comprehensive income for the year		81,902	80,996
Basic and diluted earnings per share – SCR	14	6.50	6.43

The notes on pages 34-62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Figures in SCR'000	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	16	358,609	329,575
Intangible assets	17	6,658	8,322
Right-of-use asset	18(a)	5,302	—
Loan receivable	19	2,106	2,106
Total non-current assets		372,675	340,003
Current assets			
Inventories	20(a)	55,982	52,991
Current tax assets	12	20,976	22,612
Trade and other receivables	21	42,897	50,322
Cash and cash equivalents	21	72,667	22,355
Total current assets		192,522	148,280
Total assets		565,197	488,283
EQUITY			
Share capital	15	63,000	63,000
Actuarial valuation gains		500	500
Retained earnings		336,867	283,316
Total equity		400,367	346,816
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	39,894	34,340
Post-employment provision	23	18,614	16,872
Lease liabilities	18(b)	2,887	—
Total non-current liabilities		61,395	51,212
Current liabilities			
Trade and other payables	24	100,544	90,255
Lease Liabilities	18(b)	2,891	—
Total current liabilities		103,435	90,255
Total liabilities		164,830	141,467
Total equity and liabilities		565,197	488,283

The notes on pages 34-62 are an integral part of these financial statements.



Anthony Smith
Chairperson



Conor Neiland
Managing Director



Devesh Dutt
Finance Director

Signed on 22nd September, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Figures in SCR'000	Share capital	Actuarial valuation gains	Retained earnings	Total equity
Balance at 1 July 2018	63,000	500	233,820	297,320
Total comprehensive income:				
Profit for the year	—	—	80,996	80,996
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	—	—	80,996	80,996
Transactions with owners of the company:				
Interim dividend for 2019 (note 13)	—	—	(18,900)	(18,900)
Final dividend for 2018 (note 13)	—	—	(12,600)	(12,600)
Total transactions with owners	—	—	(31,500)	(31,500)
Balance at 30 June 2019	63,000	500	283,316	346,816
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				
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

The notes on pages 34-62 are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2020

Figures in SCR'000	Notes	2020	2019
Cash flows from operating activities			
Profit before tax		112,826	111,790
Adjustments for:			
Depreciation of property, plant and equipment	16	25,849	23,331
Depreciation of right-of-use assets	18(a)	2,981	—
Amortization of intangible assets	17	1,664	1,664
Tangible assets write off	16	4,810	9,441
Interest received	11(a)	(404)	(44)
Interest paid	11(b)	931	1,902
Post employment benefits charge	23	3,119	4,217
Unrealised exchange difference		(10,359)	—
Total adjustments		141,417	152,301
Changes in working capital:			
(Increase)/Decrease in inventories	20	(2,991)	2,866
Decrease/(Increase) in trade and other receivables	21	7,425	(1,272)
Increase/(Decrease) in trade and other payables	24	10,289	(20,049)
Net changes in working capital		14,723	(18,455)
Cash generated from operating activities			132,646
Interest paid	11(b)	(931)	(1,902)
Interest received	11(a)	404	44
Tax (paid)/received	12(c)	(23,735)	643
Post employment benefits - paid	23	(1,377)	(1,587)
Net cash generated from operating activities		130,501	131,044
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(59,693)	(59,792)
Net cash used in investing activity		(59,693)	(59,792)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	18(b)	(2,505)	—
Dividends paid during the year	13	(28,350)	(31,500)
Net cash used in financing activities		(30,855)	(31,500)
Net increase in cash and cash equivalents		39,953	39,752
Cash and cash equivalents at 1 July		22,355	(17,397)
Effect of movements in exchange rates on cash held		10,359	—
Cash and cash equivalents at 30 June		72,667	22,355

The notes on pages 34-62 are an integral part of these 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 aerated waters, cordials and alcoholic and non-alcoholic beverages. The Company also imports spirits which it supplies to the local market. There were no significant 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 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.

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.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

- Brewery buildings - 40 years
- Office buildings - 50 years
- Plant, equipment and
- Motor vehicles - Over their professionally evaluated remaining useful lives restricted to a maximum period of 10 years from acquisition.

At cost:

- Brewery buildings - 40 years
- Plant – 10 to 15 years
- Equipment - 5 years
- Motor vehicles - up to 6 years

Freehold land and work in progress are not depreciated.

Depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted if appropriate.

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 is 8 years.

g) Leases

(i) Leases under which the Company is the lessee (policy applicable from July 1, 2019)

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 recognizes 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.

(ii) Leases (policy applicable prior July 1, 2019)

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which it is incurred.

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.

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.

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.

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.

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.

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 2019:

(i) IFRS 16 Leases

The Company adopted IFRS 16 during the year and changed its accounting policy for leases where the Company is a lessee. The new standard resulted in the recognition of almost all leases on the Statement of Financial Position. IFRS 16 removes the distinction between operating and finance leases as was the case up to 30 June 2019 and requires recognition of an asset (right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. In adopting the standard, the Company exempted certain lease contracts in accordance with the optional exemption which exists for short term and low-value leases.

The adoption of the standard resulted in the recognition of depreciation on right of use asset and interest expense on the lease liability. The Company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019 and has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 12.70%. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The main difference between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

(ii) IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities when there is uncertainty over a tax treatment. The adoption of IFRIC 23 did not result in any material impact on the financial statements.

The Directors have assessed the effects of other new and amended standards and interpretations that are effective for reporting period commencing 1 July 2019, and have determined that the new and amended standards and interpretations do not have any material impact on the Company's financial statements or are not relevant to the Company.

(iii) Amendments to IFRS 9: Prepayment Features with Negative Compensation

The Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of the amendment had no material impact on the Company's financial statements

(iv) Annual Improvements to IFRS Standards 2015-2017 Cycle

IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

IFRS 3 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

The amendments had no impact on the Company's financial statements.

(v) Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The application of the amendment had no material impact on the Company's financial statements.

(vi) Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The application of the amendment had no material impact on the Company's financial statements.

i. Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2020 or later periods:

Amendments to IFRS 9 and IAS 39: Interest Rate Benchmark Reform and the effects on financial reporting

The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as IBORs. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.

The Directors of the Company do not anticipate that the application of the amendment will have a material impact on the Company's financial statements in the future.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

The Directors of the Company do not anticipate that the application of the amendment will have a material impact on the Company's financial statements in the future.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The Directors of the Company do not anticipate that the application of the amendment will have a material impact on the Company's financial statements in the future.

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 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.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Amendments to IFRS 10 and IAS 28)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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.

Definition of a Business (Amendments to IFRS 3)

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continues)

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

Figures in SCR'000	2020	2019
Trade receivables (Note 21)	36,534	43,695
Receivables from related companies (Notes 21 and 25)	1,836	719
Other receivables (Note 21)	4,206	4,367
Cash and cash equivalents	72,667	22,355
Loan receivable	2,106	2,106
	117,349	73,242

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

Figures in SCR'000	Gross	Impaired	Net
2020			
Current	40,740	—	40,740
Trade and other receivables	40,740	—	40,740
2019			
Current	48,062	—	48,062
0-30 days			
360+ days			
Trade and other receivables	48,062	—	48,062

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

Figures in SCR'000	2020	2019
Balance at start of year	—	17
Bad debt write-back in the year	—	(17)
Balance at end of year	—	—

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

Figures in SCR'000	2020	2019
Current	326	375
0-30 days	425	259
31-60 days	2	78
61-90 days	4	7
91+ days	1,079	—
Receivables from related companies (Note 25(b))	1,836	719

NOTES TO THE FINANCIAL STATEMENTS (continues)

a. 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
2020						
Related party payables	11,516	4,972	6,544	—	—	—
Trade and other payables	89,028	62,304	21,820	4,882	19	3
- Trade payables	33,643	6,919	21,820	4,882	19	3
- Other payables	55,385	55,385	—	—	—	—
Lease liabilities	5,778	—	767	261	1,863	2,887
Total financial liabilities (note 24)	106,322	67,276	29,131	5,143	1,882	2,890
2019						
Related party payables	10,580	8,937	1,643	—	—	—
Trade and other payables	79,675	79,675	—	—	—	—
Total financial liabilities	90,255	88,612	1,643	—	—	—

b. 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.

	Cash and cash equivalent	Debtors	Creditors	Net
2020				
American Dollar	1,342	—	(1,298)	44
British Pound	—	61	(611)	(550)
Euro	1,314	51	(842)	523
Other	—	—	(4,372)	(4,372)
2019				
American Dollar	135	42	(1,228)	(1,051)
British Pound	—	45	(555)	(510)
Euro	—	3	(520)	(517)

The following significant exchange rates applied during the year:

	2020		2019	
	Average rates	Closing rates	Average rates	Closing rates
American Dollar	14.37	17.58	13.91	13.9
British Pound	18.11	21.62	17.95	17.65
Euro	15.89	19.83	15.88	15.76

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 2019.

Figures in SCR'000	2019	2018
(Decrease)/increase on statement of profit or loss		
American Dollar	1,141	730
British Pound	595	451
Euro	785	407
Other	2,195	—
Total	4,716	1,588

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 2020, the Company did not have any financial instruments measured at fair value (2019 - Nil).

5. Revenue

Figures in SCR'000	2020	2019
Sales net of discounts	577,996	559,215
Duty paid on sales	(153,555)	(137,038)
	424,441	422,177

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	2020	2019
Raw materials and consumables (Note 20)	83,852	82,718
Depreciation and impairment (Note 16)	25,074	21,534
Personnel costs	40,040	43,564
Repairs and maintenance of property, plant and equipment	29,407	16,778
Utilities	22,054	24,274
Royalties & technical services fees	7,033	6,978
Distribution and warehousing costs	9,096	15,809
Other costs	554	19,028
	217,110	230,683

7. Administrative Expenses

Figures in SCR'000	2020	2019
Personnel costs	20,217	23,673
Directors' remuneration (note 25(c))	7,849	8,422
Auditor's remuneration	315	315
IT systems	9,730	1,100
Travelling and entertainment	1,969	2,094
Depreciation and impairment (note 16)	775	1,797
Amortisation of intangible assets (note 17)	1,664	1,664
Other administration expenses	13,656	21,291
	56,175	60,356

8. Expenses by nature

Figures in SCR'000	2020	2019
Raw materials and consumables	83,852	82,718
Repairs and maintenance of property, plant and equipment	29,407	16,778
Utilities	22,054	24,274
Royalties & technical services fees	7,033	6,978
Personnel costs (note 9(a))	60,257	67,237
Directors' remuneration (note 25(c))	7,849	8,422
Auditor's remuneration	315	315
Advertising and marketing costs	20,449	18,572
Distribution and warehousing costs	9,096	15,809
Depreciation and impairment (note 16)	25,849	23,331
Amortization of intangible assets (note 17)	1,664	1,664
Travelling and entertainment	1,969	2,094
IT systems	9,730	1,100
Other costs	14,210	40,319
	293,734	309,611
Represented by:		
Cost of sales (note 6)	217,110	230,683
Advertising and marketing costs	20,449	18,572
Administrative expenses (note 7)	56,175	60,356
	293,734	309,611

9. Personnel costs

a) The following items are included within personnel expenses:

Figures in SCR'000	2020	2019
Salaries and wages	41,810	37,089
Post-employment plan service costs	2,191	3,017
Other staff related costs	16,256	27,131
	60,257	67,237

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

Number of employees	2020	2019
Operations and technical	112	115
Sales and marketing	16	15
Finance, IT and Human Resources	11	12
Administration	7	5
Apprentices	7	—
	153	147

NOTES TO THE FINANCIAL STATEMENTS (continues)

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	2020	2019
Below 100,000	29	17
SCR 100,001 - SCR 200,000	78	89
SCR 200,001 - SCR 400,000	33	29
SCR 400,001 - SCR 600,000	6	4
SCR 600,001 - SCR 800,000	3	4
SCR 800,001 - SCR 1,000,000	—	—
SCR 1,000,001 - SCR 1,200,000	—	—
SCR 1,200,001 - SCR 1,400,000	1	1
SCR 1,400,001 - SCR 1,600,000	—	1
SCR 1,600,001 - SCR 1,800,000	2	1
SCR 1,800,001 - SCR 2,000,000	1	—
SCR 2,000,001 and above	—	1
	153	147

10. Other (expenses)/income

Figures in SCR'000	2020	2019
Transactional foreign exchange loss	(3,370)	(820)
Bad debts write-back	—	17
Management fees	(219)	(927)
Other miscellaneous income	2,073	956
Prior year tax penalties and interest	—	5,923
Unrealised foreign exchange gain/Loss	(11,184)	2,403
Tangible assets write-off (note 16)	(4,810)	(9,441)
Returnable packaging deposit liabilities adjustment	966	2,971
	(16,544)	1,082

11 (a) Finance income

Figures in SCR'000	2020	2019
Interest received	404	44

11 (b) Finance cost

Figures in SCR'000	2020	2019
Interest on overdraft	(3)	(702)
Interest on post-employment plan liabilities (note 23)	(928)	(1,200)
Interest on leases (note 18(b))	(809)	—
	(1,740)	(1,902)

12. Current tax

(a) Figures in SCR'000	2020	2019
Amounts recognized in income statement:		
Business tax for the current year at applicable rate (25%)	22,469	18,428
Corporate Social Responsibility tax for the current year (0.50%)	2,902	2,795
Other tax charges	—	46
Tax charge for the year	25,371	21,269
Deferred tax movement (note 22)	5,554	9,525
Total tax expense for the year	30,925	30,794

(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	2020	2019
Profit before tax	112,826	111,790
Tax calculated at tax rate (25%)	28,207	27,947
Adjustments for:		
- Items not deductible for tax purposes	55,578	50,075
- Items not subject to tax	(78,528)	(88,153)
Income tax expense	22,469	18,428
Effective tax rate	20%	16%

(c) Tax recoverable:

Figures in SCR'000	2020	2019
Opening balance	22,612	44,524
Tax paid/(received)	23,735	(643)
Tax charge for the year (note 12(a))	(25,371)	(21,269)
Closing balance	20,976	22,612

(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).

13. Dividend

No interim dividend was paid for the financial year ended June 30, 2020 (2019: SCR 18,900,000, dividend per ordinary share in 2019: SCR 1.50). The Directors recommend the payment of final dividend of 47,250,000 SCR for the year ended 30 June 2020 on 14th December 2020 (2019 – SCR 28,350,000) which represents a dividend of SCR 3.75 per ordinary share (2019: SCR 2.25).

Total dividends paid during the year amounted to SCR 28,350,000 (2019: SCR 31,500,000). This relates to a final dividend of SCR 28,350,000 (2019) paid in financial year 2020.

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 6.5 (2019- SCR 6.43) is based on a profit of SCR 81,902 (2019 – SCR 80,996) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 of 12,600,000 (2019 – 12,600,000). There are no dilutive shares.

15. Share Capital

	Number of shares	Share Capital SCR '000
2020		
Authorised, issued and fully paid		
Balance as at 30 June 2020	12,600,000	63,000
2019		
Authorised, issued and fully paid		
Balance as at 30 June 2019	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.

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 2018	59,035	35,333	302,232	6,067	24,633	427,300
Additions	7,268	—	22,138	734	29,652	59,792
Write-offs	(8,492)	—	(8,447)	—	—	(16,939)
Transfers	2,225	400	9,981	(400)	(12,206)	—
At 30 June 2019	60,036	35,733	325,904	6,401	42,079	470,153
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

Accumulated depreciation and impairment	Bottles & Crates	Freehold Land & Buildings	Plant & Equipment	Fixture & Fittings	Capital Work in Progress	Total
At 1 July 2018	48,411	6,938	64,234	5,162	—	124,745
Charge for the year	3,519	1,418	18,350	294	—	23,331
Write-off adjustment	(5,520)	—	(1,978)	—	—	(7,498)
At 30 June 2019	46,410	8,106	80,606	5,456	—	140,578
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
Carrying amount						
At 30 June 2019	13,626	27,627	245,298	945	42,079	329,575
At 30 June 2020	12,390	27,418	272,208	655	45,938	358,609

Depreciation amounting to SCR 25,074 thousand (note 6) and SCR 775 thousand (note 7) was included in cost of sales and administration expenses respectively (2019: SCR 21,534 thousand and SCR 1,797 thousand).

17. Intangible Assets

Figures in SCR'000	2020	2019
Cost		
Balance at 1 July	13,314	13,314
Balance at 30 June	13,314	13,314
Amortization		
Balance at 1 July	4,992	3,328
Charge for the year	1,664	1,664
Balance at 30 June	6,656	4,992
Carrying amount	6,658	8,322

Amortisation amounting to **SCR 1.66 million** (note 7) (2019: SCR 1.66 million) was included in administration expense.

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.

	Buildings SCR '000	Motor vehicles SCR '000	Total SCR '000
Gross carrying value			
At 30 June 2019 - As reported	—	—	—
IFRS 16 transitional adjustment:			
- Finance leases	—	4,850	4,850
At 1 July 2019	—	4,850	4,850
Additions	1,287	2,146	3,433
At 30 June 2020	1,287	6,996	8,283
Accumulated depreciation			
At 1 July 2019			
Depreciation charge	(586)	(2,395)	(2,981)
At 30 June 2020	(586)	(2,395)	(2,981)
Net carrying value	701	4,601	5,302

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 were 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.

(b) Lease liabilities

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	SCR '000
Operating lease commitments as at 30 June 2019 (note 27 (b))	6,918
Discounting impact	(1,071)
Lease commitments for low-value assets	(620)
Lease commitments for short-term leases	(377)
Lease liabilities as at 1 July 2019	4,850
At 30 June 2019	—
IFRS 16 transitional adjustment (Note 2(a)(i)(a))	4,850
At 1 July 2019	4,850

NOTES TO THE FINANCIAL STATEMENTS (continues)

	SCR '000
Additions	3,433
Repayment of lease liabilities:	
- Payment of the principal portion of the lease liability	(3,314)
- Interest paid on lease liabilities	809
At 30 June 2020	5,778
Presented as:	
Current lease liabilities	2,891
Non-current lease liabilities	2,887
	5,778

19. Loan receivable

Figures in SCR'000	2020	2019
Parcel C2172, situated at Pointe Aux Sel, Mahe	2,106	2,106
Carrying value	2,106	2,106

The loan relates to a loan 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 2020 (2019 Nil).

20. Inventories

(a) Figures in SCR'000	2020	2019
Raw materials and consumables	21,719	11,581
Work in progress	2,032	5,536
Finished goods	10,649	13,126
Engineering spares	28,799	31,343
Less impairment (note 20 (c))	(7,217)	(8,595)
	55,982	52,991

(b) The cost of inventories recognised as expense and included in cost of sales amounted to SCR 83.85 millions (2019: SCR 82.72 millions) as shown on note 6.

(c) Figures in SCR'000	2020	2019
Balance at start of year	8,595	10,888
Addition	4,654	10,466
Release	(6,032)	(12,759)
Net movement in provision for impairment	(1,378)	(2,293)
Balance at end of year	7,217	8,595

21. Trade and other receivables

Figures in SCR'000	2020	2019
Trade receivables	36,534	43,695
Less: Provision for impairment losses	—	—
Receivables from related companies (notes 4(a) and 25(b))	1,836	719
Other receivables	4,206	4,367
Prepayments	321	1,541
	42,897	50,322

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

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	2020	2019
At the beginning of the year	(34,340)	(24,815)
Charged to Statement of Profit or Loss (note 12)	(5,554)	(9,525)
Deferred tax liability at end of year	(39,894)	(34,340)

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	2020	2019
As at July 1	(34,340)	(24,815)
Taxable / (deductible) temporary difference on:		
bad debts	—	(5)
compensation provisions	436	657
movement on restructuring provision	295	—
movement on stock provisions	78	(786)
movement on tangible fixed assets	(9,456)	(9,238)
movement on engineering spares	(425)	214
movement on exchange gains/losses	3,398	(367)
IFRS16 effect	120	—
Movement charged to the Statement of Profit or Loss	(5,554)	(9,525)
As at end June 30	(39,894)	(34,340)

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 2020:			
Deferred tax liabilities			
Property, plant and equipment on historical cost basis	(40,106)	(9,456)	(49,562)
Unrealised exchange gains/losses	(602)	602	—
	40,708	(8,854)	(49,562)
Deferred tax assets			
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)
Year ended 30 June 2019:			
Deferred tax liabilities			
Property, plant and equipment on historical cost basis	(30,868)	(9,238)	(40,106)
Unrealised exchange gains	(235)	(367)	(602)
	(31,103)	(9,605)	(40,708)
Deferred tax assets			
Provision for bad debts	5	(5)	—
Stock provision losses	1,512	(786)	726
Retirement benefit provision	3,561	657	4,218
Engineering Spares provision	1,210	214	1,424
	6,288	80	6,368
Net deferred tax	(24,815)	(9,525)	(34,340)

23. Post employment benefits - Defined benefit plan

The defined benefit plan, to which 100% of employees belong (2019: 100%), consists of two separate defined benefit plans, namely:

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

NOTES TO THE FINANCIAL STATEMENTS (continues)

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	2020	2019
Movement:		
Opening balance	(16,872)	(14,242)
Benefits paid	1,377	1,587
Expense recognized in the statement of profit or loss	(3,119)	(4,217)
Present value of the defined benefit obligation-wholly unfunded	(18,614)	(16,872)
Net expense recognized in Statement of Profit or Loss:		
Post-employment plan liabilities service cost (note 9 (a))	(2,191)	(3,017)
Interest on post-employment plan liabilities (note 11 (b))	(928)	(1,200)
	(3,119)	(4,217)
Key assumptions:		
Assumptions used on valuation on 30th June 2020		
- 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	2020	2019
Trade payables	33,643	26,878
Payables to related companies (notes 4(a) and 25(b))	11,516	10,580
Import taxes for prior years	4,923	4,923
Other payables and accrued expenses	50,462	47,874
	100,544	90,255

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 2020, Guinness Overseas Limited, Diageo Holdings Netherlands BV, Aardvark nominees limited, Seychelles Pension Fund and other shareholders owned 26.00% (2019: 26.00%), 24.40% (2019: 24.40%) 4.00% (2019: 4.00%) 26.31% (2019 26.31%) and 19.29% (2019 19.29%) 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:

Figures in SCR'000	Transaction value		Balance due to/(from)	
	2020	2019	2020	2019
Purchase of goods and services	(45,288)	(39,742)	(10,217)	(9,452)
Sale of goods and services	3,513	1,568	1,836	719
Royalties and technical services fees	(4,593)	(4,700)	(1,299)	(1,128)
	(46,368)	(42,874)	(9,680)	(9,861)
Receivable from related companies (Note 4a & 21)			1,836	719
Payable to related companies (Note 4a & 25)			(11,516)	(10,580)
Net Payable			(9,680)	(9,861)

There were no related party loans and finance costs as at 30 June 2020 (2019: 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	2020	2019
N. Cook	2,410	3,828
C. Neiland	2,284	—
M. Iqbal	—	3,200
D. Dutt	2,729	1,123
R.R. Morgan	126	80
A. Lucas	153	108
J.G. Weeling-Lee	147	83
	7,849	8,422

26. Contingent liabilities

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

27. Capital commitments

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

Figures in SCR'000	2020	2019
Approved and not contracted for	13,376	1,252
Approved and contracted for	9,149	—
Capital expenditure	22,525	1,252

(b) Operating lease commitments

Figures in SCR'000	2020	2019
Operating lease commitments	—	6,918

28. Events after reporting date

COVID-19 was declared a global pandemic by World Health Organisation on March 11, 2020. The impact of the virus has seen an unprecedented global response by governments and numerous industry sectors including Seychelles.

The Company assessed the impact of COVID-19 on the demand for its products, customers and supply chain and a decline was noted in sales volume during FY 20 in Q4 particularly, with spirits and cider category being impacted the most due to decline in tourism.

Post FY 20, with continued Government restrictions on gatherings and social distancing, these measures have the potential to further impact the Company's business in addition to the effect of severe devaluation of the Seychelles Rupee against the US Dollar since most of the raw materials used by the Company is imported. The financial impact cannot at present be reasonably estimated.

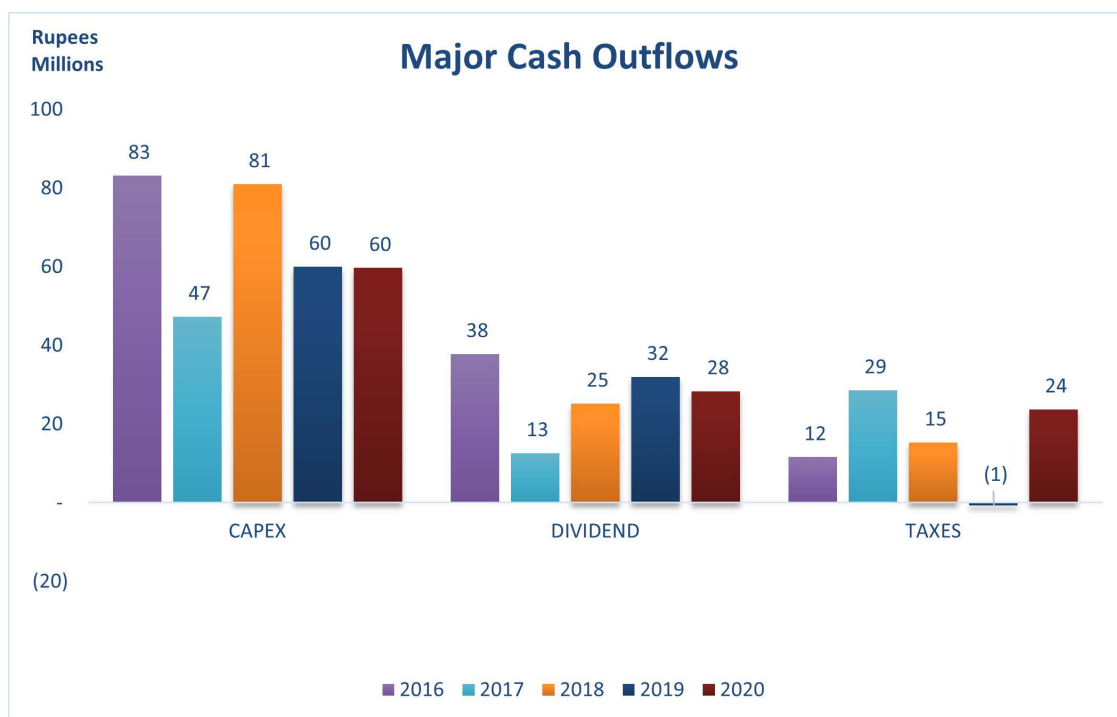
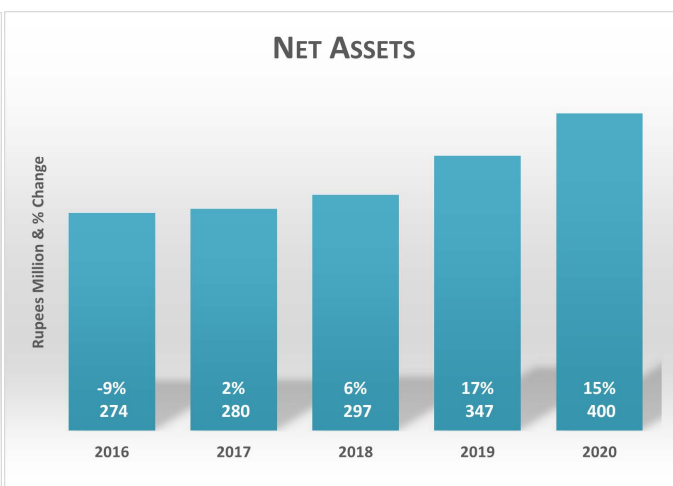
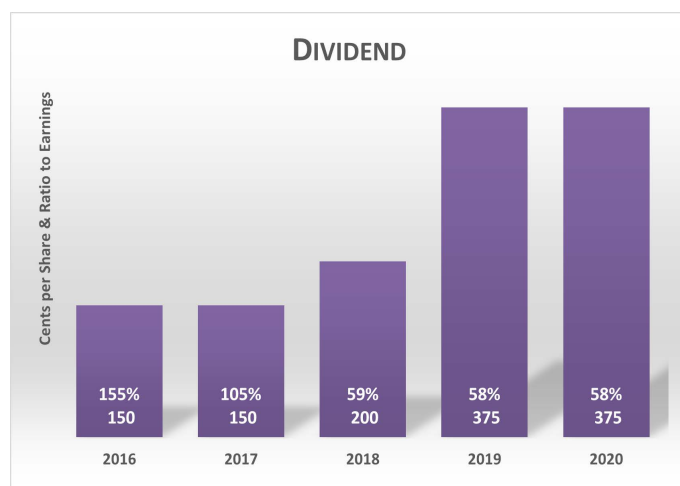
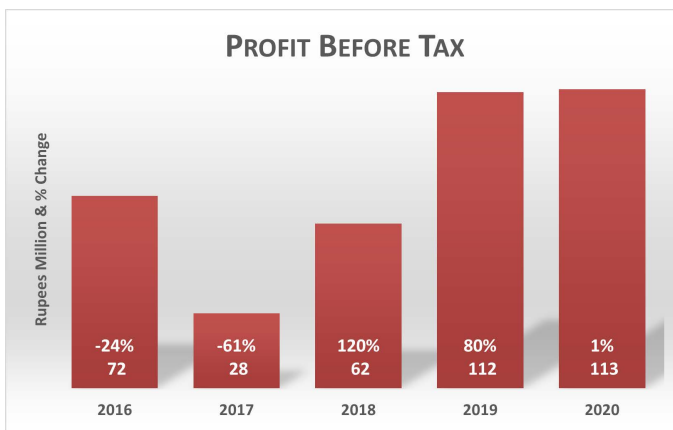
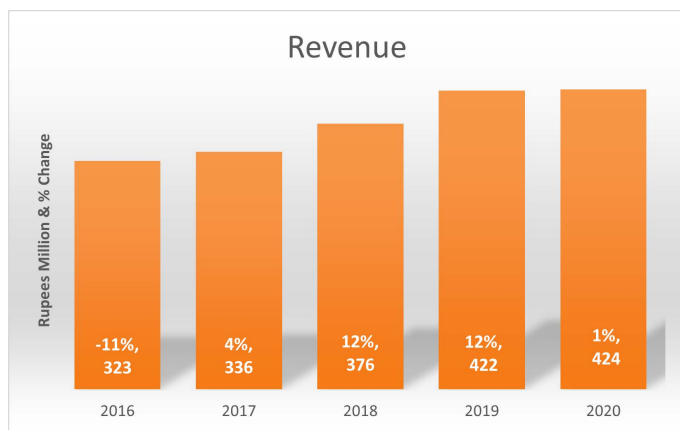
The Directors will continue to monitor and manage the impact of COVID-19 on its financial position and performance and, as new information becomes available, will ensure that these are appropriately reflected in the financial statement.

There has been no other event after the reporting period which requires disclosure in these financial statements.

29. Financial summary

Figures in SCR'000	Year to 30 June 2020	Year to 30 June 2019	Year to 30 June 2018	Year to 30 June 2017	Year to 30 June 2016
Statement of profit or loss and other comprehensive income					
Revenue	424,441	422,177	375,534	335,606	323,109
Profit before taxation	112,826	111,790	62,113	28,428	72,476
Total comprehensive income	81,902	80,996	42,618	18,029	12,200
Dividends declared/proposed	28,350	31,500	25,200	18,900	18,900
Basic and diluted earnings per share	6.50	6.43	3.38	1.43	0.93
Declared/proposed dividend per share	3.75	3.75	2.00	1.50	1.50
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	336,867	283,316	233,820	216,402	210,973
Shareholders' funds	400,367	346,816	297,320	279,902	274,473
Property, plant and equipment	358,609	329,575	302,555	245,609	217,546
Intangible assets	6,658	8,322	9,986	11,650	13,314
Right of use assets	5,302	—	—	—	—
Assets held for sale	—	—	—	5,815	—
Other investments	—	—	—	—	5,815
Loan receivable	2,106	2,106	2,106	2,106	2,106
Inventory	55,982	52,991	55,857	70,156	71,644
Trade and other receivables	42,897	50,322	49,050	56,324	39,627
Current tax recoverable	20,976	22,612	44,524	37,797	19,492
Cash and cash equivalents	72,667	22,355	1,991	1,557	41,977
Bank overdrafts	—	—	(19,388)	(12,621)	—
Lease liabilities	(5,778)	—	—	—	—
Trade and other liabilities	(100,544)	(90,255)	(110,304)	(109,326)	(101,887)
Post-employment provision	(18,614)	(16,872)	(14,242)	(15,244)	(21,178)
Deferred tax assets/(liabilities)	(39,894)	(34,340)	(24,815)	(13,921)	(13,983)
Net Assets	400,367	346,816	297,320	279,902	274,473

GRAPHS TO FINANCIAL SUMMARY

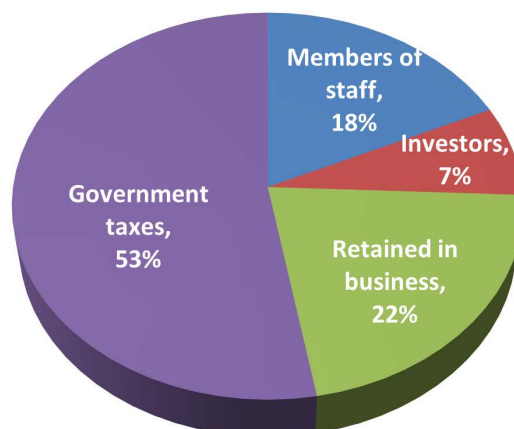


DISTRIBUTION OF WEALTH STATEMENT

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	2020		2019	
Turnover	577,996		559,215	
Paid to suppliers for materials and services	(183,709)		(195,316)	
Other income and expenses	(16,544)		1,082	
Finance costs	(1,740)		(1,858)	
Total wealth created	376,003		363,123	
Wealth distributed as follows				
To Employees & Directors				
Salaries, wages, remuneration, bonuses, pensions and other benefits	68,106	18 %	75,659	21 %
To providers of Capital				
Dividends declared	28,350	8 %	31,500	9 %
To Government				
Trade tax	153,555		137,038	
Company tax	30,925		30,794	
Import duties	14,003		13,641	
	198,483	53%	181,473	50%
Retained in business				
For replacement of property, plant and equipment	25,849		23,331	
For replacement of intangible assets	1,664		1,664	
Net change in retained earnings	53,551		49,496	
	81,064	22 %	74,491	22 %
Total wealth distributed and retained	376,003	100%	363,123	100%

DISTRIBUTED AND RETAINED WEALTH



SHAREHOLDING PROFILE

The share ownership and the categories of shareholders at 30 June 2020 are set out below.

	Number of shares owned	% of total issued shares
Foreign Shareholders		
– Guinness Overseas Limited	3,276,000	26.00%
– Diageo Holdings Netherland BV	3,074,756	24.40%
– Aardvark Nominees Limited	504,000	4.00%
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
995	1 – 500	179,315	1.42 %
163	501 – 1,000	131,322	1.04 %
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 %
2	250,001 – 1,000,000	781,875	6.21 %
3	Over 1,000,000	9,665,362	76.71 %
1,375		12,600,000	100.00 %

Number of Shareholders	Category of Shareholders	Number of shares owned	% of total issued shares
1,351	Individuals	1,911,506	15.17%
3	Diageo Group	6,854,756	54.40%
2	Haase Group	4,605	0.04%
1	Seychelles Pension Scheme	3,314,606	26.31%
18	Other Corporate Bodies	514,527	4.08%
1,375		12,600,000	100.00%

[illegible]

PROXY FORM

The 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, hereby appoint _____

_____ of _____

or failing whom _____ of _____

Or failing 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 27th November 2020 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, P.O Box 7064, 104 First Floor, Waterside Property, Eden Island, Seychelles, not 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.





CELEBRATING
250

• YEARS OF •
SEYCHELLES
WITH SEYCHELLES
BREWRIES LTD



THE SAME
GREAT
TASTE



@SEYPEARLSEYCHELLES

UNTIL STOCKS LAST

DESIGNED BY LOCAL ARTIST
MICHEAL ARNEPHIE

PROUDLY & FRESHLY PRODUCED IN THE SEYCHELLES



NOT FOR SALE TO PERSONS UNDER THE AGE OF 18 | DON'T DRINK & DRIVE

DRINK RESPONSIBLY. 18+

WORLD'S N°1 STOUT BREWED BY SEYCHELLES BREWERIES LTD

MADE OF MORE.

DRINK RESPONSIBLY
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

18+

DRINKiQ.COM

DON'T DRINK AND DRIVE

