"BDO ARMENIA" CJSC

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Contents

Country of incorporation of Company:	Republic of Armenia
Legal form:	Closed Joint Stock Company
Principal activities:	Principal activities are presented in Note 1
Managing Partner:	Mr. Vahagn Sahakyan

"BDO ARMENIA" CJSC

Consolidated statements of profit or loss and other comprehensive income
For the years ended 31 December 2020

	Notes	2020 AMD'000	2019 AMD'000
Revenue		**763,327**	830,318
Cost of sales	5	**(501,708)**	(553,547)
Gross profit		**261,619**	276,771
Other operating income		**6,903**	1,781
Administrative expenses	5	**(186,572)**	(199,130)
Distribution expenses	5	**(4,665)**	(10,735)
Other expenses	5	**(8,332)**	(3,580)
Profit from operations		**68,953**	65,107
Finance income		**-**	-
Profit before tax		**68,953**	65,107
Tax expense/(income)	8	**(15,650)**	(15,246)
Profit for the year		**53,303**	49,861
Other comprehensive income		**-**	-
Total comprehensive income for the year		**53,303**	49,861

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Vahagn Sahakyan

Managing Partner

Hovik Muradyan

Chief Accountant

Validation date` 31.03.2021

“BDO ARMENIA” CJSC

Consolidated statement of financial position
As at 31 December 2020

	Notes	31 December 2020 AMD'000	31 December 2019 AMD'000
Assets			
Current Assets			
Trade and other receivables	6	**134,351**	145,597
Profit tax prepayment		**6,219**	-
Inventory		**6,503**	2,912
Cash and cash equivalents		**39,659**	64,498
		186,732	13,007
Non-Current Assets			
Property, plant and equipment		**24,146**	20,984
Deferred tax asset	8	**20,200**	22,991
		44,346	43,975
Total Assets		**231,078**	256,982
Liabilities			
Current Liabilities			
Trade and other payables	7	**27,410**	60,075
Profit tax payable		**-**	4,348
Provision		**109,289**	109,483
		136,699	173,906
Total Liabilities		**136,699**	173,906
Net assets		**94,379**	83,076
Equity			
Share capital	9	**7,000**	7,000
Share premium		**16,395**	16,395
Other reserve		**6,050**	6,050
Accumulated reserve		**64,934**	53,631
		94,379	83,076

“BDO ARMENIA” LLC

Consolidated statement of cash flows
For the year ended 31 December 2020

	2020 AMD’000	2019 AMD’000
Cash flows from operating activities		
Cash received from customers	**848,326**	898,124
Cash paid to suppliers	**(136,598)**	(224,886)
Payments to employees and on their behalf	**(415,851)**	(341,483)
Profit tax paid (payments to budget)	**(23,243)**	(34,205)
Other taxes and duties paid	**(243,634)**	(223,842)
Outflows from other operating activities	**(7,056)**	(649)
Net cash from operating activities	**21,944**	73,059
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(10,923)**	(4,794)
Net cash used for investing activities	**(10,923)**	(4,794)
Cash flows from financing activities		
Dividends paid	**(39,295)**	(46,293)
Net cash flows used for financing activities	**(39,295)**	(46,293)
Net gain/(loss) on revaluation of cash in foreign currencies	**(3,435)**	(24)
Net increase/(decrease) in cash and cash equivalents	**(24,839)**	21,948
Balances of cash at the beginning of the period	**64,498**	42,550
Balances of cash at the end of the period	**39,659**	64,498

“BDO ARMENIA” LLC

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital AMD'000	Share premium AMD'000	Other reserve AMD'000	Retained earnings AMD'000	Total AMD'000
31 December 2019	**7,000**	**16,395**	**6,050**	**53,631**	**83,076**
Comprehensive income for the year					
Profit			-	53,303	53,303
Total comprehensive Income for the year	**-**	**-**	**-**	**53,303**	**53,303**
Contributions by and distributions to owners					
Dividends				(42,000)	(42,000)
Total contributions by and distributions to owners				**(42,000)**	**(42,000)**
31 December 2020	**7,000**	**16,395**	**6,050**	**64,934**	**94,379**
31 December 2018	7,000	13,965	-	76,251	97,216
Comprehensive Income for the year					
Profit			-	49,861	49,861
Total comprehensive Income for the year	-	-	-	49,861	49,861
Contributions by and distributions to owners					
Dividend				(64,000)	(64,000)
Reclass	-	2,430	6,050	(8,480)	-
Total contributions by and distributions to owners	-	2,430	6,050	(72,480)	(64,000)
31 December 2019	7,000	16,395	6,050	53,631	83,076

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Notes to the financial statements

1. Company background

"BDO Armenia" CJSC (hereinafter referred to as "the Company") was registered by State Register Agency of Legal Entities of the Republic of Armenia on January 21, 2010 (Registration number 273.120.05398; Certificate N 03Ա 086921). Later on the Company merged with "Ameria Audit" CJSC and the merger was registered by State Register Agency of Legal Entities of the Republic of Armenia on November 19, 2012.

The objective of the Company is to implement economic activities for the purpose of deriving profit.

The Company conducts its activities based on the audit license N 082, issued by the Ministry of Finance of the Republic of Armenia. It renders audit and audit related services, as well as accounting and consulting services.

The Company's business and postal addresses are as follows: 23/6 Davit Anhaght St., 5th Floor, Room 7, 0069 Yerevan, Armenia.

On January 11, 2018, SOS Audit LLC merged with the Company.

On April 19, 2018, the Company set up a new subsidiary BDO Advisory cjsc.

On September 03, 2018, the Company issued additional shares, which were acquired by the shareholders of Paradigma Armenia CJSC as an exchange of 100% of Paradigma Armenia shares.

As a result, Paradigma Armenia CJSC (registered in RA) became 100% subsidiary of BDO Armenia CJSC and later was renamed to BDO Accounting, Tax and Legal cjsc.

__Subsidiary__

Information about subsidiaries is presented below:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December	
		2020	**2019**
BDO Advisory cjsc	Republic of Armenia	**100%**	100%
BDO Accounting, Tax and Legal cjsc	Republic of Armenia	**100%**	100%

2. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in note 12. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in Armenian drams (AMD), which is also the Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2020

The following new standards and amendments were in effect for the annual reporting period commencing 1 January 2020:

- *Definition of Material – amendments to IAS 1 and IAS 8*
- *Definition of a Business – amendments to IFRS 3*
- *Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7*
- Revised *Conceptual Framework for Financial Reporting*
- IFRS 16 lease concessions- COVID 19

The above new standards, interpretations and amendments do not have an impact on the Company's current year financial statements.

b) New standards, interpretations and amendments not yet effective

There were no new standards, interpretations and amendments that are not yet effective that will have or may have an impact on the Company's future financial statements.

3. Critical accounting estimates and judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Trade receivables – collectability of trade receivables (see Note 4- Credit risk).

Depreciation method and useful life of Property, plant and equipment – useful lives of Property, plant and equipment are based on management’s estimate and can be revised in the future.

The company estimates the lease term of its office space up to 12 months, taking into account the following circumstances:
(a) no significant improvements have been made to the lease during the term of the lease; no significant economic benefits are expected for the Company;
(b) no costs are to be incurred for terminating the lease.

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

4. Financial Instruments – Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

i. Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Borrowings provided
- Cash and cash equivalents
- Trade and other payables

ii. Financial instruments by category

	Loans and receivables	
Financial assets	**2020**	**2019**
	AMD'000	**AMD'000**
Trade and other receivables	**122,783**	113,993
Cash and cash equivalents	**39,659**	64,498
	162,442	178,491

	Financial liabilities at amortized cost	
Financial liabilities	**2020**	**2019**

	AMD'000	AMD'000
Trade and other payables	**5,257**	10,702
	5,257	10,702

iii. Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings provided.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings provided approximates their fair value.

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. The Company is mainly exposed to credit risk from credit sales.

Credit risk also arises from cash and cash equivalents and deposits with banks. The Company policy is that only largest banks are acceptable.

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Fair value and cash flow interest rate risk

The Company is exposed to cash flow interest rate risk from long-term borrowings at variable rate. The Company has no loans and borrowings at variable rate; hence there is no cash flow interest rate risk.

Foreign exchange risk

Currency risk is the risk that the fair value of a financial instrument or its future cash flows will fluctuate with changes in foreign exchange rates. Currency risk The Company's propensity is related to trade transactions, recognized assets and liabilities denominated in currencies other than the functional currency.

The exchange rates applied by the Company to translate foreign currency denominated assets and liabilities are those published by the Central Bank of Armenia as at the reporting date, which are presented in the table below (the value of one foreign currency unit is expressed in AMD).

	2020 AMD	2019 AMD
1 USD	**522.59**	641.11
1 EUR	**479.70**	537.26

As of 31 December, the Company's net exposure to foreign exchange risk was as follows:

	31.12.2020	31.12.2019
Net foreign currency financial assets /(liabilities)	**AMD'000**	**AMD'000**
EUR	**6,570**	25,783
USD	**38,704**	31,271
Total net exposure	**45,274**	57,054

The effect of a 10% strengthening of USD against AMD at the reporting date on the USD-denominated net assets carried at that date would, all other variables held constant, have resulted in a increase in pre-tax profit for the year and increase of net assets of AMD 3 million (2018: AMD 3 million). A 10% weakening in the exchange rate would, on the same basis, have decreased pre-tax profit and decreased net assets by AMD 3 million (2018: AMD 3 million).

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. In that context, the Company aims to keep sufficient cash to meet its obligations.

Liquidity risk is the risk that the Company will have difficulty in performing its financial liabilities that will be settled by providing cash or other financial assets.

The Company has no derivative financial liabilities.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities of the Company.

	Up to 3 month	Between 3 and 12 months	Between 1 and 2 months	Between 2 and 5 years	Over 5 years
	AMD'000	**AMD'000**	**AMD'000**	**AMD'000**	**AMD'000**
At 31 December 2020					
Trade and other payables	**5,257**	**-**	-	-	-
	5,257	**-**	-	**-**	**-**

	Up to 3 month	Between 3 and 12 months	Between 1 and 2 months	Between 2 and 5 years	Over 5 years
	AMD'000	**AMD'000**	**AMD'000**	**AMD'000**	**AMD'000**
At 31 December 2019					
Trade and other payables	10,702	-	-	-	-
	10,702	-	-	-	-

5. Expenses by nature

2020	Total	Cost of sale	Administrative expenses	Selling expenses	Other expenses
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
Employee benefits	**549 215**	**443 217**	**102 722**	**3 276**	**-**
Office expenses	**39 516**	**6**	**39 510**	**-**	**-**
Depreciation and amortization	**7 049**	**-**	**7 049**	**-**	**-**
Other expenses	**105 497**	**58 485**	**37 291**	**1 389**	**8 332**
	701 277	**501 708**	**186 572**	**4 665**	**8 332**

2019	Total	Cost of sale	Administrative expenses	Selling expenses	Other expenses
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
Employee benefits	541,685	430,342	108,576	2,767	-
Office expenses	40,473	76	40,397	-	-
Depreciation and amortization	5,294	-	5,294	-	-
Other expenses	179,540	123,129	44,863	7,968	3,580
	766,992	553,547	199,130	10,735	3,580

6. Trade and other receivables

	2020 AMD'000	2019 AMD'000
Trade receivables	**121,898**	110,286
Receivables from related parties	**885**	3,707
Total financial assets other than cash and cash equivalents classified as loans and receivables	**122,783**	113,993
Prepayments	**10,671**	30,277
Other receivables	**897**	1,327
Total trade and other receivables	**134,351**	145,597

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

Receivables from related parties are disclosed in Note 9.

7. Trade and other payables

	2020 AMD'000	2019 AMD'000
Trade payables	**3,898**	4,523
Other payables	**1,359**	6,179
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortized cost	**5,257**	10,702
Received prepayments	**499**	22,414
Taxes payable	**21,654**	26,959
Total trade and other payables	**27,410**	60,075

The carrying value of trade and other payables classified as financial liabilities measured at amortized cost approximates their fair value.

8. Tax expense and deferred tax asset (liability)

(i) Tax expense

According to the "Tax Code" of the Republic of Armenia, the profit tax rate for the reporting year is set at 18% (2019-20%)

	2020 AMD'000	2019 AMD'000
Current tax expense	**12,859**	29,488
Deferred tax expense/(income)	**2,791**	(14,628)
	15,650	15,246

	2020 AMD'000	2019 AMD'000
Profit (loss) before tax	**68 953**	65 107
Tax at the set rate	**12 412**	13 021
Non-deductible expenses for tax purposes (non-taxable income), net	**3 238**	2 225
Total tax expense (reimbursement)	**15 650**	15 246

(ii) Deferred tax assets (liabilities)

Deferred tax is calculated on temporary differences at tax rate 18% (December 31, 2019 - 20%). Below is the movement of deferred taxes.

	2020 AMD'000	2019 AMD'000
At 01 January	**22 991**	8 363
Unpaid vacations	**(2 225)**	14 185
Other	**(495)**	443
At 31 December	**20 200**	22 991

9. Share capital and total equity

	2020 AMD'000	2019 AMD'000
Share capital	**7,000**	7,000

The Company's share capital is AMD 7,000,000 (seven million), which comprises 7,000 (seven thousand) shares with a par value of AMD 1'000 (one thousand) per share.

All 7,000 shares are issued and fully paid.

10. Related Party Disclosures

The Company enters into transactions with related parties under conditions equal to those of transactions between independent parties.

(i) Management remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Managing partner, deputy directors and heads of units.

Remuneration received by the key management personnel during the year is presented below:

	2020	2019

	AMD'000	AMD'000
Salary and other benefits	**162,250**	133,492

(ii) Other related party transactions

a) Transactions with companies under common control

	Transaction amount	Balance owed
Type of transaction	**2020 AMD'000**	**2019 AMD'000**
Purchase of services	**45,270**	17,045
Sale of services	**24,419**	21,661
Prepayment	**308**	-
Receivables	**577**	3,707
Payables	**-**	1,162

11. Contingent liabilities

The Company is not enrolled in legal cases, which can materially affect financial statements of the Company.

12. Effects of changes in accounting policies

No changes in the accounting policies have been accounted for in 2020.

13. Accounting policies

Revenue

Revenue from the sales of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognized in the period in which they are rendered.

Foreign currency

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which they operate are recorded at the rates prevailing at the dates when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. The average exchange rate of the Armenian dram against the foreign exchange in the foreign exchange market published by the Central Bank of the Republic of Armenia is accepted as the exchange rate. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Financial assets

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

To measure expected solvency losses on trade receivables, Company applies the simplified approach in IFRS 9 using the estimated full-life expected loss of solvency. This process assesses the probability of non-payment of commercial receivables. This probability is then multiplied by the amount of the projected loss to estimate the expected loss over the full term of the trade receivables. In the event of a confirmation of the uncollectibility of trade receivables, the gross carrying amount of the asset is offset against the provision for that asset:

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Borrowing costs

Borrowing costs are capitalized, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leased assets

Lease liabilities are measured at the present value of the contractual lease term at the discounted rate of the lease, if that rate can be easily determined. Otherwise (usually occuring cases), the calculation is made using the borrower's additional borrowing rate. Variable rent payments are included in the rental liability calculation only if they depend on the index or rate. In this case, the initial measurement of the lease assumption assumes that the variable portion will remain stable over the lease term. Other variable rent payments are considered period costs.

Assets in use are initially measured at the amount of the lease liability less lease incentives received plus the following:

• Rent paid on or before the start date

• any direct start-up costs incurred by the lessee;

• an estimate of the costs that the lessee will incur in dismantling or dismantling the underlying asset.

After the commencement date, the lease liability increases by the amount of interest accrued on the balance: decreases by the amount of rent made by the lessee.

Assets for the right of use are amortized on a straight-line basis over the lease term or the asset's useful life (if the lease is shorter than the lease term)

Externally acquired intangible assets

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives.

The significant intangibles recognized by the Company, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	**Useful economic life**	**Valuation method**
Licenses and trademarks	10 years	Multiple of estimated revenues and profits
Contractual relationships	Term of contract (up to 5 years)	Estimated discounted cash flow

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Company is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalized development costs are amortized over the periods the Company expects to benefit from selling the products developed. The amortization expense is included within the cost of sales line in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the consolidated statement of comprehensive income as incurred.

Dividends

Dividends are recognized when they become legally payable, this is when approved by the shareholders.

Deferred taxation

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities.

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment	- 20% per annum straight line
Computer equipment	- 20% per annum straight line
Motor vehicles	- 10% per annum straight line

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

FIFO cost is used to determine the cost of ordinarily interchangeable items.

Provisions

The Company recognizes provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Impairment of assets

The carrying amount of the Company's property, plant and equipment is reviewed at each reporting date to determine whether there is any indication that the asset may be depreciated. If any such indication exists, the recoverable amount of that asset (or group of assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is small, the carrying amount is reduced to and the recoverable amount and Impairment losses are recognized immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is any conclusive evidence that any financial asset (or group of similar assets) is impaired at cost or amortized cost. If there is conclusive evidence of impairment, the Company recognizes an impairment loss on profit or loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset (or group of assets) is added to its revalued amount, but not more than the amount that would have been determined if no impairment loss had been recognized on the asset (or asset group) in previous years. Reversals of impairment losses are recognized immediately in profit or loss.