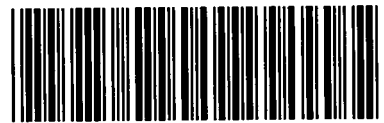


Company Registration Number 10741539 (England and Wales)

FASHION APPAREL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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COMPANIES HOUSE

Company information

Directors	M A Destombes D M Jacobs L Granger Rodriguez G H Melamet
Company Registration Number	10741539
Registered office	73 Cornhill London EC3V 3QQ
Auditors	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ

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Strategic report

The directors present the strategic report for the year ended 30 June 2022.

Fair review of the business and key performance indicators

The company's key performance indicators are turnover, represented by the sale of ladies fashion merchandise, and net profit before taxation. In addition, forward orders from customers are monitored on a weekly basis for planning purposes and to ensure maximum utilisation of available factory production capacity.

Fashion International Swaziland ("FIS"), the company's wholly owned subsidiary, manufactures in Eswatini (formerly Swaziland) and supplies ladies fashion merchandise to the South African retail market. Following disrupted trading due to a Covid 19 lockdown in the previous financial year we are pleased to report that trading of FIS has recovered to pre-pandemic levels. Group turnover for the year rose to \$24,777,971 (2021: \$20,092,652) which represented an increase of 23.3%, and this led to the group reporting a profit before tax of \$367k (2021: \$88k) from the previous year.

The directors are mindful that there are significant cost pressures due to the rising inflation rates across the world, which could have more of an impact on the results of the group going forward.

The financial position of the group remains sound and management continues to monitor the business on a monthly basis to ensure the company performs profitably and achieves agreed targets and budgets.

Principal risks and uncertainties

The risk implications of business decisions affecting the group are considered by the directors. The directors assess these risks on a regular basis to ensure that any risks arising from changes in the company's operations to the external environment are identified and appropriately managed. The individual risks have been categorised into the following area:

- taxation;
- management;
- financing;
- economic climate;
- health and safety; and
- public health.

The nature of the specific risk areas and related controls are as follows:

Taxation risk

The group is exposed to financial risks from increases in tax rates and changes to the basis of taxation including corporation tax and VAT.

Management risk

The group is reliant on its small high calibre team of professionals and the directors. The next generation of the leadership team are being developed and certain tasks are currently being delegated to them.

Financing risk

See financial instruments.

Economic climate

The directors have identified and evaluated risks and uncertainties and has controls in place to mitigate these. Regular board meetings are held to ensure the issues arising are debated and address in a timely manner.

Responsibility for management of each key risk is identified and delegated. The group has exposure to the risks of the current economic climate that could lower the group's revenues and operating results in the future.

Health and safety

Health and safety is taken very seriously by the company and its wholly owned subsidiary FIS. The risk of non-compliance with health and safety legislation is minimised through comprehensive training, development and review policies and procedures to maintain standards. A dedicated health and safety team ensure that we comply with any new standards and that all employees are suitably training on the equipment that they are required to operate as part of their day to day job.

Public health

Like most of the UK economy, the business was impacted by the Covid-19 pandemic. When the full lockdowns were implemented in both the UK and Swaziland, the Swaziland factory of FIS was forced to close. The results for June 2022 are a significant improvement on June 2021 as the pandemic eased and normality return. However, we remain mindful that future strains of the virus could materialise causing significant disruption once again.

Financial instruments

The group's principal instrument is cash and cash management. The group trades with a small number of customers and the collection of their outstanding balances in a timely manner is imperative for benefit of the group. The main purpose of this instrument is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

During the year, the group has been exposed to risks of supplier cost increases, credit risks, liquidity risk and cash flow risk. The directors do not consider any other risks attaching to the use of financial instruments to be material on an assessment of its financial position.

On behalf of the board,

M A Destombes



Date: 23 March 2023

Directors' report

For the period ended 30 June 2022

The Directors present the Annual Report and the audited financial statements for the year ended 30 June 2022.

Principal activity

The principal activity of the Group are clothing manufacturing specialising in ladies clothing. The Group operates principally in South Africa and the UK. The head office is based in the UK.

Directors

The Directors of the company who were in office during the period and up to the date of signing of the financial statements were:

- M A Destombes
- D M Jacobs
- L Granger Rodriguez
- G H Melamet

Dividends

The results are set out on page 11.

There were no dividends declared in the year under review.

Trade payables payment policy

The Group's current policy concerning the payment of trade creditors is to:

- Settle the terms of payment with suppliers when agreeing the terms of each transaction;
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with the group's contractual and other legal obligations

Auditor

Gerald Edelman LLP were reappointed as auditor to the group and in accordance with section 485 of the Companies Act 2006.

Statement of disclosure to auditors

The Directors confirm that:

So far as the Directors are aware, there is no relevant audit information, (i.e. information needed by the Group's auditors in connection with preparing their report), of which the Group's auditors are unaware.

The Directors have taken all steps that they ought to in order to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

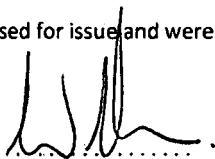
The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons.

Having reviewed the Group's financial forecasts and expected future cash flows, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing these financial statements.

Events after the statement of financial position

There have been no significant events or developments since 30 June 2022.

Authorised for issue and were signed on its behalf by:



.....
M A Destombes
Director

Date: **23** March 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with the Companies Act 2006 and applicable UK regulations.

The Directors have elected to prepare the Group and Parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that year.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union, subject to any material departures discussed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Fashion Apparel Limited

Opinion

We have audited the financial statements of Fashion Apparel Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2022, which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statement of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated and Parent Company statement of cash flows;
- notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and the Companies Act 2006. 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report to the members of Fashion Apparel Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Fashion Apparel Limited (continued)

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit procedures were primarily directed towards testing the accounting systems in operation which we have based our assessment of the financial statements for the year ended 30 June 2022.

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.

Independent auditor's report to the members of Fashion Apparel Limited (continued)

- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas; posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the Group and Parent Company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation, employment and health and safety.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent 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 group or the parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing correspondence with HMRC.

Independent auditor's report to the members of Fashion Apparel Limited (continued)

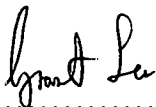
The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent company and the Parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Grant Lee BSc FCA (Senior Statutory Auditor)

For and on behalf of Gerald Edelman LLP
Chartered Accountants
Statutory Auditor
73 Cornhill, London
EC3V 3QQ

Date: 27 March 2023

Consolidated statement of comprehensive income

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Revenue from contracts with customers	1	24,777,971	20,092,652
Cost of sales		(21,580,390)	(16,914,258)
Gross profit		3,197,581	3,178,394
Administrative expenses		(2,640,984)	(2,932,683)
Other income	1	59	1,114
Operating profit	2	556,656	246,825
Finance costs	5	(189,691)	(165,862)
Profit before tax		366,965	80,963
Taxation charge	6	(58,139)	(27,726)
Profit for the year		308,826	53,237
Foreign exchange gain arising from translation		705,277	974,870
Total comprehensive loss/(profit) for the year		1,014,103	1,028,107

All of the above results are derived from continuing operations.

Consolidated statement of financial information

As at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Assets			
Non-current assets			
Property, plant and equipment	8	450,028	689,455
Right-of-use assets	8	336,368	176,844
Deferred tax asset	6	216,809	219,302
		1,003,205	1,085,601
Current assets			
Inventories	10	3,858,668	3,156,654
Trade and other receivables	11	10,231,347	11,611,071
Derivative financial instrument	12	327,267	-
Cash and cash equivalents		747,454	233,352
		15,164,736	15,001,077
Total assets		16,167,941	16,086,678
Liabilities			
Current liabilities			
Trade and other payables	13	(5,478,134)	(4,822,106)
Lease liabilities	17	(91,379)	(97,715)
Provisions	14	(217,892)	(301,647)
Finance lease liability	16	(138,751)	(163,004)
Derivative financial instrument	12	-	(91,120)
		(5,926,156)	(5,475,592)
Non-current liabilities			
Lease liabilities	17	(280,105)	(113,271)
Finance lease liability	16	(70,672)	(210,357)
		(350,777)	(323,628)
Total liabilities		(6,276,934)	(5,799,220)
Net assets		9,891,007	10,287,458
Equity			
Share capital	21	8,726,105	8,726,105
Foreign currency translation reserve		(760,518)	(55,241)
Retained earnings		1,925,420	1,616,594
Total equity – attributable to equity shareholders of the company		9,891,007	10,287,458

The financial statements of Fashion Apparel Limited (company registration number 10741539) were approved by the Board of Directors, authorised for issue and were signed on **23** March 2023 on its behalf by:

A handwritten signature in black ink, appearing to be 'M A Destombes', written in a cursive style.

M A Destombes

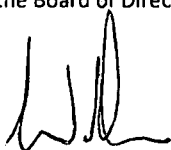
Company statement of financial position

As at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Assets			
Non-current assets			
Investments	7	5,314,930	5,314,930
		5,314,930	5,314,930
Current assets			
Trade and other receivables	11	3,480,437	3,833,191
Cash and cash equivalents		746,788	232,909
		4,227,225	4,066,100
Total assets		9,542,155	9,381,030
Liabilities			
Current liabilities			
Trade and other payables	13	(23,000)	(17,000)
		(23,000)	(17,000)
Total liabilities		(23,000)	(17,000)
Net assets		9,519,155	9,364,030
Equity			
Share capital	21	8,726,105	8,726,105
Retained earnings		793,050	637,925
Total equity – attributable to equity shareholders of the company		9,519,155	9,364,030

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was \$155,125 (2021: \$61,694).

The financial statements of Fashion Apparel Limited (company registration number 10741539) were approved by the Board of Directors, authorised for issue and were signed on **23** March 2023 on its behalf by:



M A Destombes

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
		\$	\$	\$	\$
At 1 July 2020		5,315,058	(1,030,111)	1,551,635	5,836,582
Total comprehensive income					
Profit for the year		-	-	64,959	64,959
Issue of share capital		3,411,047	-	-	3,411,047
Exchange differences on translation of foreign subsidiary			974,870		974,870
At 30 June 2021		8,726,105	(55,241)	1,616,594	10,287,458
Total comprehensive income					
Profit for the year		-	-	308,826	308,826
Exchange differences on translation of foreign subsidiary		-	(705,277)	-	(705,277)
At 30 June 2022		8,726,105	(760,518)	1,925,420	9,891,007

Company statement of changes in equity

For the year ended 30 June 2022

	Notes	Share capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020		5,315,058	576,231	5,891,289
Total comprehensive income				
Issue of share capital		3,411,047	-	3,411,047
Profit for the year		-	61,694	61,694
At 30 June 2021		8,726,105	637,925	9,364,030
 Balance at 1 July 2021		 8,726,105	 637,925	 9,364,030
Total comprehensive income				
Profit for the year		-	155,125	155,125
At 30 June 2022		8,726,105	793,050	9,519,155

Consolidated statement of cash flows

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Operating activities			
Cash (outflow)/inflow from operations	22	1,055,807	(412,124)
Interest paid		(189,691)	(165,862)
Tax paid		(73,967)	(80,794)
Net cash from operating activities		839,084	(658,780)
Investing activities			
Purchase of property, plant and equipment		(397,439)	(47,968)
Net cash used in investing activities		(397,439)	(47,968)
Financing activities			
Repayment of finance leases		(91,468)	(155,836)
Proceeds from finance leases		276,525	47,527
Payments of lease liabilities		(92,107)	(92,017)
Net cash used in financing activities		92,950	(200,326)
Increase/(Decrease) in cash and cash equivalents		534,595	(907,164)
Cash and cash equivalents at beginning of year		(1,106,575)	(199,411)
Cash and cash equivalents at end of year	24	(571,980)	(1,106,575)

Company statement of cash flows

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Operating activities			
Cash inflow from operations	23	405,025	(1,013,124)
Interest paid			
Tax paid		(12,010)	(21,238)
Net cash from operating activities		393,015	(1,034,362)
Investing activities			
Interest received		120,864	84,223
Net cash used in investing activities		120,864	84,223
(Decrease)/Increase in cash and cash equivalents		513,879	(950,139)
Cash and cash equivalents at beginning of year		232,910	1,183,049
Cash and cash equivalents at end of year	25	746,789	232,910

Notes to the Consolidated Financial Statements

1. Principal accounting policies

Reporting entity

Fashion Apparel Limited (the "Company") is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006, and registered in England and Wales, with a company registration number of 10741539. The address of the Company's registered office is 73 Cornhill, London, EC3V 3QQ.

The consolidated financial statements of for the year ended 30 June 2022 present the results and financial position of the Company and its subsidiary (together referred to as the "Group") for the year ended 30 June 2022.

Accounting convention

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Items included in the financial results of each of the Group entities are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in US Dollars (\$), which is the Group's presentation currency. The subsidiaries' functional currency is Swazi Lilangeni.

Going concern basis

Having reviewed the Group's financial forecasts and expected future cash flows, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing these financial statements.

Based on the considerations set out above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of preparation

The Group and Parent Company financial statements have been prepared on the historical cost convention, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

Changes in accounting standards, amendments and interpretations

New standards, interpretations and amendments effective from 1 July 2021

The company has applied, where applicable, the following new and revised IFRS standards, interpretations and amendments for the first time for their annual reporting period commencing 1 July 2021:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Covid-19 Related Rent Concessions (Amendment to IFRS 16)

New standards, interpretations and amendments not yet effective

The following standards and interpretations (and amendments thereto), have been issued by the IASB and IFRIC which are not yet effective and have not been adopted early in these financial statements:

Property, Plant and Equipment; Proceeds before Intended Use (Amendments to IAS16)
Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
Reference to Conceptual Framework (Amendment to IFRS 3)
Annual Improvement Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2020. There was no significant impact of new standards and interpretations adopted in the year. No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 July 2021, or later periods, have been adopted early. At this stage management are continuing to evaluate the impact of the introduction of these standards.

Notes to the Consolidated Financial Statements

1. Principal accounting policies for the consolidated financial statements (continued)

Significant accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Basis of consolidation

These financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up for the year ended to 30 June 2022.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential and conditional voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation.

The cost of an acquisition is measured as the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

Subsequent to initial measurement, goodwill is never amortised, but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

Notes to the Consolidated Financial Statements

(b) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Depreciation

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of corresponding items of property, plant and equipment, as follows:

Motor vehicles	Straight-line over useful economic life of 5 years
Office equipment and furniture	Straight-line over useful economic life of 5 years
Plant and machinery	Straight-line over useful economic life of 5-10 years
Computer equipment	Straight-line over useful economic life of 3 years

The carrying values of property, plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any indicators exist, the assets are tested for impairment to estimate the assets' recoverable amounts. Impairment losses are recognised in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Assets with a value below \$405 are written off immediately in the period in which they are acquired.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other assets with finite life are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Non-financial assets including intangible assets, plant and equipment, property and investment properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGU's"). Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

(c) Intangible assets - Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill arises on acquisitions of subsidiaries, associates and joint ventures and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Any excess of fair value of net assets over consideration on acquisition are recognised directly in the statement of profit or loss.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using actual cost. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

(e) Financial instruments

Financial assets

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL")), and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVPL")

All the financial assets held by the group during the year and as at year end were classified as those measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Impairment of financial assets

The group assesses the expected credit losses associated with its financial assets carried at amortised cost and FVOCI.

Notes to the Consolidated Financial Statements

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Financial liabilities are non-derivative financial liabilities with fixed or determinable payments and they are included in current liabilities, except for maturities greater than 12 months after the reporting period where the item is classified as a non-current liability. The Group's financial liabilities comprise trade payables, other payables, bank borrowings and other borrowings.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included within borrowings in current liabilities on the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability

Notes to the Consolidated Financial Statements

that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging foreign currency on borrowings. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging foreign currency borrowings is recognised in the statement of comprehensive income within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within 'other gains/ (losses) — net'. Changes in the fair value of the hedge foreign currency borrowings attributable to foreign currency are recognised in the statement of comprehensive income within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other gains/(losses)-net'.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within 'other gains/ (losses) — net'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive within 'other gains/ (losses) — net'.

(b) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive within 'other gains/ (losses) — net'.

Gains and losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is partially disposed of or sold.

(h) Provisions for liabilities

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the Consolidated Financial Statements

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income during the period in which it arises.

(i) Deferred tax and current tax

The tax expense represents the sum of current tax and deferred tax payable. Current income tax liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. A provision is made for corporation tax for the reporting period using the tax rates that have been enacted or substantively enacted for the Group at the reporting date.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for the current tax is calculated using tax rates that have been substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided in full on a non-discounted basis, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(j) Employee benefits

Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense in the period in which the associated services are rendered by employees.

The Group recognises the cost of any unused holiday entitlement in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate employment of an employee or to provide termination benefits.

(k) Borrowings

Obligations for loans and borrowings are recognised at commencement of the related contracts. They are initially measured at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at an amortised cost using the

Notes to the Consolidated Financial Statements

effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised in the profit or loss account in the period in which they are incurred.

(l) Revenue

Revenue is derived from sale of a range of ladies clothing and sportswear. Revenue is recognised when the goods are dispatched to the customer and this is deemed when control of the goods is passed to them.

Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

(m) Expenses

Financial expenses

Financial expenses comprise of interest payable on bank loans and other financial costs and charges. Interest payable is recognised on the accruals basis.

(n) Other income and expenses

Other income and expenses are recognised in the profit or loss account in the period to which it relates.

(o) Interest received

Interest received is recognised in the profit or loss account as it accrues.

(p) Ordinary share capital

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

(q) Dividend policy

In accordance with IAS 10 'Events after the Reporting Period Date', dividends declared after the statement of financial position date are not recognised as a liability at that statement of financial position date, but are only recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.

(r) Leases

The group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(t) Critical accounting judgements and estimates in applying the Group's accounting policies

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

(u) Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in total Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments are valued at cost less any provision for impairment.

(v) Inventories

Inventories are valued at the lower of cost and net realisable value on weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Costs of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and any other directly attributable costs, less trade discounts and rebates.

Notes to the Consolidated Financial Statements

The Group's inventory balance is made up of raw materials, work in progress, finished goods and goods in transit.

(w) Taxation

The company is subject to income tax and has transactions for which the ultimate tax determination may be uncertain during business. The company recognises liabilities for anticipated tax charges. Where the final outcome of a transaction is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

1. Revenue

	2022	2021
	\$	\$
Income for the year consists of the following:		
Revenue from continuing operations - sale of garments	24,777,971	20,092,652
Other income not included within revenue in the income statement:		
Interest income	59	1,114
Total income for the year	24,778,030	20,093,766

All revenue originates from the fulfilment of contracts in Swaziland to clients based in South Africa.

2. Operating profit

Profit from operations is stated after charging/(crediting) the items set out below:

	2022	2021
	\$	\$
The following items have been charged in arriving at the operating profit:		
Depreciation: owned assets	190,298	183,950
Depreciation: leased assets	84,607	99,675
Depreciation: right of use assets	101,297	96,401
Cost of stocks recognised as an expense	<u>15,380,049</u>	<u>11,683,801</u>

Notes to the Consolidated Financial Statements

3. Auditor's remuneration

	2022 \$	2021 \$
Auditors' remuneration:		
Fees payable to Company's auditor for the audit of its annual accounts	17,000	17,000

Fees of \$27,591 (2021: \$24,802) were payable to the subsidiary's auditor

4. Staff costs and numbers

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(a) Staff costs (including directors):				
<i>Wages and salaries:</i>				
Direct wages and salaries	6,332,247	5,292,837	42,654	51,716
Indirect administrative expenses	1,113,755	1,297,349	-	-
Social security costs	144,579	128,965	3,618	5,098
Total staff costs	7,590,581	6,719,151	46,272	56,814

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
(b) Directors remuneration				
Emoluments	118,576	130,872	48,973	51,716

	Group Number	Group Number	Company Number	Company Number
(c) Staff numbers (including directors):				
Factory staff	1,997	1,676	-	-
Administrative	4	4	1	1
Total number of staff	2,001	1,680	1	1

Notes to the Consolidated Financial Statements

5. Finance costs

	2022 \$	2021 \$
Interest payable and similar charges:		
Interest on bank loans and overdraft	147,959	114,097
Interest on finance leases and lease liabilities	41,732	51,765
Total finance costs for the year	189,691	165,862

6. Taxation

(a) Tax expense

	Current tax \$	Deferred tax \$	Total \$
Year ended 30 June 2022			
UK	12,110	-	12,110
Overseas	70,162	(24,033)	46,129
Total tax charge	82,272	(24,033)	58,239

	Current tax \$	Deferred tax \$	Total tax \$
Year ended 30 June 2021			
UK	11,772	-	11,772
Overseas	57,345	(41,341)	16,004
Total tax charge	69,117	(41,341)	27,776

Notes to the Consolidated Financial Statements

(b) Tax reconciliation

The standard rate of UK corporation tax applied to reported profit is 19% (2021: 19%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit before tax as follows:

	Year ended 30 June 2022	Year ended 30 June 2021
	\$	\$
Profit/(loss) before tax	366,965	80,963
Tax charge at 19.00% (2021: 19.00%) thereon	69,723	15,383
Tax effect of expenses that are not deductible in determining taxable profit	12,097	2,157
FX gains not allowable		6,939
Other adjustments		1,112
Effect of different tax rates of subsidiaries operating in other jurisdictions	12,518	2,135
Tax expense for the year	94,338	27,726

Deferred tax asset

Group	2022	2021
	\$	\$
Deferred income tax asset	216,809	219,302
	216,809	219,302

Movements in the year:

	2022	2021
	\$	\$
Net asset at 1 July	219,302	144,757
Charge to Statement of Comprehensive Income	(24,033)	41,341
Foreign exchange adjustment	21,540	33,203
	216,809	219,302

Notes to the Consolidated Financial Statements

7. Investment in subsidiary undertaking

Company	\$
Cost	
As at 1 July 2021	5,314,930
Additions during the year 30 June 2022	-
As at 30 June 2022	5,314,930
Accumulated impairment	
At 1 July 2021 and 30 June 2022	-
Carrying amount	
At 30 June 2022	5,314,930
At 30 June 2021	5,314,930

The group has no investments

Notes to the Consolidated Financial Statements

8. Property, plant and equipment

Year ended 30 June 2022

Group	Right-of use Assets	Building and Leasehold Improvements	Motor Vehicles	Plant & Machinery	Office Equipment and Furniture	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 July 2021	399,858	133,533	28,798	3,302,540	186,461	158,105	4,209,295
FX movements on translation	(27,834)	(15,429)	(3,327)	(386,809)	(21,601)	(18,268)	(473,268)
Additions	290,602	-	-	105,716	1,127	-	397,445
Disposals	-	-	-	-	-	-	-
At 30 June 2022	662,626	118,104	25,471	3,021,447	165,987	139,837	4,133,472
Accumulated depreciation and impairment							
At 1 July 2021	(223,015)	(106,913)	(22,296)	(2,683,189)	(162,857)	(144,726)	(3,342,996)
FX movements on translation	(1,947)	12,512	2,726	322,064	19,440	17,326	372,121
Depreciation during the year	(101,297)	(3,228)	(3,025)	(243,805)	(12,624)	(12,223)	(376,202)
Impairment during the year	-	-	-	-	-	-	-
At 30 June 2022	(326,259)	(97,629)	(22,595)	(2,604,930)	(156,041)	(139,623)	(3,347,077)
Cost							
At 1 July 2020	331,166	110,593	23,851	2,696,017	153,880	130,944	3,446,451
FX movements on translation	68,692	22,940	4,947	559,218	31,918	27,161	714,876
Additions	-	-	-	47,305	663	-	47,968
Disposals	-	-	-	-	-	-	-
At 30 June 2021	399,858	133,533	28,798	3,302,540	186,461	158,105	4,209,295
Accumulated depreciation and impairment							
At 1 July 2020	(98,724)	(84,914)	(15,773)	(2,005,841)	(122,521)	(101,991)	(2,429,764)
FX movements on translation	(20,479)	(17,613)	(3,272)	(416,059)	(25,414)	(21,155)	(503,993)
Depreciation during the year	(103,812)	(4,386)	(3,251)	(261,289)	(14,922)	(21,580)	(409,240)
Disposals during the year	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-
At 30 June 2021	(223,015)	(106,913)	(22,296)	(2,683,189)	(162,857)	(144,726)	(3,342,996)
Net Book Value at 30 June 2022	336,368	20,475	2,876	416,517	9,946	214	786,394
Net Book Value at 30 June 2021	176,843	26,620	6,502	619,351	23,604	13,379	866,299

Carrying amount of attributable to assets under finance leases

	2022	2021
	\$	\$
Cost — capitalised finance leases (Plant, machinery and motor vehicle)	2,671,210	2,757,435
Accumulated depreciation	(2,371,654)	(2,287,048)
Net book value	299,556	470,387

The company has no plant, property and equipment at 30 June 2022 or 30 June 2021.

Notes to the Consolidated Financial Statements

9. Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest as at 30 June 2022	Non-Controlling interests Ownership/voting interest at 30 June 2022
Fashion International Swaziland (Proprietary) Limited	Eswatini	100%	100%

All subsidiaries are directly owned by Fashion Apparel Ltd.

The principal activity of Fashion International Swaziland (Proprietary) is that it operates as a clothing manufacturer specialising in ladies clothing.

10. Inventories

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Raw materials	795,103	605,090	-	-
Work in progress	1,050,933	482,161	-	-
Finished goods	1,521,596	1,574,646	-	-
Goods in transit	491,036	494,757	-	-
Finished goods and goods for resale	3,858,668	3,156,654	-	-

11. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables	9,962,763	11,404,225	-	-
Other receivables	203,434	145,232	128	128
Prepayments and accrued income	65,150	61,614	-	-
Amounts owed by group undertakings	-	-	3,480,309	3,833,063
Total trade and other receivables	10,231,347	11,611,071	3,480,437	3,833,191

The fair value of trade and other receivables is not materially different from the carrying value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Notes to the Consolidated Financial Statements

12. Derivative financial instrument

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
Forward foreign exchange contract	327,267	-	-	91,120
Total derivative financial instruments	327,267	-	-	91,120

The Group had outstanding forward exchange contracts amounting to \$5.8m and recognised a foreign exchange gain on the derivative of \$429,738 (2021 - loss \$339,260)

The Group's principal financial instrument foreign currency exposures are to US Dollars. From a sensitivity perspective, the group is protected from any significant increase or decrease in the value of the US \$ Dollar relative to the Swazi Lilangeni at the reporting date, assuming all other variables remain unchanged. Even a 10% increase or decrease in the value would only see an impact of approximately \$50,000 on the profit before tax.

The following assumptions were used in the calculation above:

- All hedging relationships are fully effective
- Translation of foreign inter-company balances and investments into the Group's presentational currency have been ignored.

13. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade payables	3,648,872	2,913,005	-	-
Accruals	477,159	524,554	23,000	17,000
Other taxation and social security	32,669	44,620	-	-
Amounts owed to group undertakings	-	-	-	-
Bank overdraft and loan	1,319,434	1,339,927	-	-
Other payables	-	-	-	-
Total trade and other payables	5,478,134	4,822,106	23,000	17,000

The fair value of trade and other payables is not materially different from the carrying value.

Notes to the Consolidated Financial Statements

14. Provisions

	Group		Company	
	2022	2021	2021	2020
	\$	\$	\$	\$
Provision for fabric disposal	40,181	125,809	-	-
Bonus and leave pay provision	177,711	175,838	-	-
Total provisions	217,892	301,647	-	-

	2022	2021	2021	2020
	\$	\$	\$	\$
Movements on provisions:				
At 1 July 2021	301,647	122,165	-	-
Provision in the year (net of releases)	(83,755)	179,482	-	-
Total at 30 June 2022	217,892	301,647	-	-

The provision for fabric disposal is based on assumed write-down value which is done 2 times per year at 50% of all fabric other than what is currently used at that point.

The leave pay provision relates to vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is utilised when employees, who are entitled to leave pay, leave the employment of the Company or when accrued entitlement is utilised, by taking day(s) off.

15. Borrowings

	Group		Company	
	2022	2021	2021	2020
	\$	\$	\$	\$
Bank overdraft	1,319,434	1,339,927	-	-
Total borrowings	1,319,434	1,339,927	-	-

Notes to the Consolidated Financial Statements

16. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2022 \$	2021 \$	2022 \$	2021 \$
Amounts payable under finance leases:				
Within one year	142,120	152,956	138,681	163,004
In the second to fifth years inclusive	86,793	253,956	70,742	210,357
	228,914	406,912	209,423	373,361
Less: future finance charges	(19,490)	(33,551)	-	-
Lease liabilities in the financial statements	209,423	373,361	209,423	373,361

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 \$	2021 \$
Current finance lease liability	138,751	163,004
Non-current finance lease liability	70,672	210,357
Lease liabilities in the financial statements	209,423	373,361

Amounts recognised in profit or loss include the following:

	2022 \$	2021 \$
Interest on finance lease liabilities	14,061	37,758

The fair value of the Group's finance lease obligations as at 30 June 2022 is equal to their carrying amount.

Finance lease liabilities relate to lease agreements owed to Wesbank, a division of First National Bank of Eswatini. The liability bears interest at the prime rate plus 0.70% repayable in monthly instalments of both interest and capital.

Notes to the Consolidated Financial Statements

17. Leases

Lease liabilities included in the statement of financial position

	2022	2021
	\$	\$
Current	91,379	97,715
Non-current	280,105	113,271
Balance as at 30 June 2022	371,484	210,986
Finance costs	18,495	16,702

18. Financial instruments

Financial instruments by category

Trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as 'financial assets' and are held at amortised cost. Bank borrowings, other borrowings and trade and other payables are classified as 'financial liabilities' and are initially measured at fair value and subsequently held at amortised cost.

Financial assets and liabilities

	Amortised cost	Derivative financial instrument	Total
	\$	\$	\$
Carrying amount and fair value - Financial assets			
Trade and other receivables	9,904,080	-	9,904,080
Derivative financial instrument	-	327,627	327,627
Cash and cash equivalents	747,454	-	747,454
Balance as at 30 June 2022	10,651,534	327,627	10,979,161

	Amortised cost	Derivative financial instrument	Total
	\$	\$	\$
Carrying amount and fair value - Financial assets			
Trade and other receivables	11,611,071	-	11,611,071
Derivative financial instrument	-	-	-
Cash and cash equivalents	233,352	-	233,352
Balance as at 30 June 2021	11,844,423	-	11,844,423

Having assessed their credit worthiness, the Directors consider there to be no significant concerns over the credit worthiness of other financial assets, including cash and cash equivalents and other receivables.

Notes to the Consolidated Financial Statements

Fair values

The fair values of financial assets and liabilities are the same as their carrying amount.

Basis for determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Cash and cash equivalents

Cash and cash equivalents earn interest at prevailing variable market rates of interest such that the carrying value of cash and cash equivalents is deemed to reflect fair value.

Trade receivables and other receivables

Trade receivables and other receivables assets are short term assets with a remaining life of less than one year such that the amortised cost carrying value of the assets is deemed to reflect fair value.

Trade and other payables

Trade and other payables are short term liabilities with a remaining life of less than one year such that the amortised cost carrying value of the liabilities is deemed to reflect fair value.

Bank and other borrowings

Bank and other borrowings are measured at amortised cost.

19. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and cash flow interest rate risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group transacts internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities

Notes to the Consolidated Financial Statements

are denominated in a currency that is not the group's functional currency. The group's significant exposure to foreign exchange is with respect to borrowings.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

Fair value interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The group's income and operating cash flows are affected, but not to a significant extent, by changes in market interest rates. The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group's current borrowings are variable interest rate borrowings and as such they expose the group to cash flow risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The group's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored.

Credit risk with respect to trade receivables is limited due to the reputation of the companies dealt with. Accordingly, the group has no significant concentration of credit risk.

The carrying amounts of financial assets included in the statement of financial position represent the group's exposure to credit risk in relation to these assets.

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The group remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Management monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

Notes to the Consolidated Financial Statements

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years
	\$	\$	\$
Trade payables	3,648,872	-	-
Borrowings	1,319,434	-	-
Lease liabilities	138,751	350,777	-
Obligations under finance leases	-	-	-
Other payables	509,828	-	-
Balance as at 30 June 2022	5,616,886	350,777	-

	Less than 1 year	Between 2 and 5 years	Over 5 years
	\$	\$	\$
Trade payables	2,913,005	-	-
Borrowings	1,339,927	-	-
Lease liabilities	260,719	323,628	-
Derivative financial instrument	91,120	-	-
Obligations under finance leases	-	-	-
Other payables	569,174	-	-
Balance as at 30 June 2021	5,173,945	323,628	-

20. Capital risk management

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

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

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Notes to the Consolidated Financial Statements

21. Share capital

Authorised, issued and fully paid	Number of £1 shares	
	Year ended 30 June 2022	Year ended 30 June 2021
Brought forward	6,350,000	4,000,000
<u>Issued in the period</u>		<u>2,350,000</u>
At 30 June	6,350,000	6,350,000

	Nominal value	
	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Brought forward	8,726,105	5,315,058
<u>Issued in the period</u>		<u>3,411,047</u>
At 30 June	8,726,105	8,726,105

22. Reconciliation of profit after tax to cash generated used in operations - group

	2022 \$	2021 \$
Profit before income tax	366,965	80,963
<i>Adjustments for:</i>		
Depreciation	376,202	409,241
Amortisation		
Foreign exchange (gain)/loss	(740,998)	791,514
Foreign exchange (gain)/loss - Derivative	(418,387)	317,169
Interest expense	189,691	165,862
Movements in working capital		
Increase in inventories	(702,012)	(1,541,135)
Decrease / (increase) in trade and other receivables	1,379,724	(1,902,216)
Increase in trade payables and provisions	604,626	1,266,478
Cash from operations	1,055,810	(412,124)

Notes to the Consolidated Financial Statements

23. Reconciliation of profit after tax to cash generated used in operations – company

	2022	2021
	\$	\$
Profit after income tax	155,125	49,972
<i>Adjustments for:</i>		
Taxation	12,010	11,722
Investment income	(120,864)	(84,222)
Movements in working capital		
Decrease / (increase) in trade and other receivables	352,754	(970,663)
Increase / (decrease) in payables and provisions	6,000	(19,933)
Cash from operations	405,025	(1,013,124)

24. Reconciliation of changes in cash to the movement in net cash/(debt) – group

Net cash/(debt):	2022	2021
	\$	\$
At the beginning of the year	(1,106,575)	(199,411)
Movements in the year:		
Non-cash movements in the year		
Cash inflow/(outflow)	534,595	(907,164)
At the end of the year	(571,980)	(1,106,575)

Represented by:	At 1 July 2020	Cash flow movements in the year	Non- cash flow movements in the year	At 30 June 2021
	\$	\$	\$	\$
Cash and cash equivalents	1,183,507	(950,155)	-	233,352
Overdraft	(1,382,918)	42,991	-	(1,339,927)
	(199,411)	(907,164)	-	(1,106,575)

	At 1 July 2021	Cash flow movements in the year	Non- cash flow movements in the year	At 30 June 2022
	\$	\$	\$	\$
Cash and cash equivalents	233,352	514,102	-	747,454
Overdraft	(1,339,927)	20,493	-	(1,319,434)
	(1,106,575)	534,595	-	(571,980)

Notes to the Consolidated Financial Statements

25. Reconciliation of changes in cash to the movement in net cash/(debt) – company

Net cash/(debt):	2022	2021
	\$	\$
At the beginning of the year	(1,106,575)	(199,411)
Movements in the year:		
Non-cash movements in the year	-	-
Cash inflow/(outflow)	534,595	(907,164)
At the end of the year	(571,980)	(1,106,575)

Represented by:	At 1 July 2020	Cash flow movements in the year	Non- cash flow movements in the year	At 30 June 2021
	\$	\$	\$	\$
Cash and cash equivalents	1,183,049	(950,139)	-	232,910
	1,183,049	(950,139)	-	232,910

	At 1 July 2021	Cash flow movements in the year	Non- cash flow movements in the year	At 30 June 2022
	\$	\$	\$	\$
Cash and cash equivalents	232,910	513,878	-	746,788
	232,910	513,878	-	746,788

26. Contingent liabilities and guarantees

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from such contingencies.

The subsidiary has an existing guarantee of approximately \$7,000 with its bankers.

27. Related party transactions

The company has taken advantage of the exemption under terms of IFRS not to disclose transactions involving wholly owned subsidiaries.

Notes to the Consolidated Financial Statements

28. Ultimate controlling party

The ultimate controlling party is M Destombes.