Company Registration No. 09107183 (England and Wales)

SUNBIRD BUSINESS SERVICES LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M J Aldridge Mr J McDonough Mr I McFadyen Mr W Sykes Mr W Kenyanjui Ms S Muna Mr M Insley
Company number	09107183
Registered office	5th floor, 8 City Road London, England EC1Y 2AA
Independent Auditors	Grant Thornton UK LLP 30 Finsbury Square London, England EC2A 1AG
Bankers	Barclays Bank Plc 1 Churchill Place Leicester Leicestershire LE87 2BB

SUNBIRD BUSINESS SERVICES LIMITED

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SUNBIRD BUSINESS SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2018

Introduction

Sunbird Business Services Limited (the "Group") is a provider of flexible offices in Eastern and Southern Africa namely Kenya, Tanzania, Uganda, Zambia and South Africa. These services are provided via Service Centers that offer clients a choice of flexible private offices, desks or meeting rooms as well as associated services including Facilities Management.

Strategy

We define our strategic objectives as:

- Create, operate and maintain sophisticated workspace environments for businesses in Africa
- Use technology to enhance space and power services for our clients
- Focusing only on the private sector enterprise, including SMEs and multinationals
- Become the flexible office provider of choice across Africa

Market Indicators for our Services

Workspace environments are evolving globally to meet the demands of a changing workforce due to technology and change in habits. From individuals to multinationals there is a growing trend to outsource workspace to experts so that businesses can focus on core activities as well as enjoying enhanced benefits from the variety of designed spaces which are available in a flexible workspace. This is particularly valuable in developing markets where there is a greater degree of uncertainty and replicating modern work environments is more difficult.

Performance

The Group continues to be loss making (2018: $4.67m, 2017: $12.35m) with revenue not yet at a level capable of supporting the large overhead base. Despite restructuring its operations during the year, and reducing ongoing costs, the Group needs to further scale up its operations before it becomes profitable.

During the year the Group restructured its operations to concentrate on its two core service lines: Serviced Offices and Facilities Management. The disposal of non-core activities resulted in a reduction in overall revenue from $9.8m in FY2017 to $6.7m in FY2018. However, revenue from continuing activities increased from $4.0m to $6.0m.

The Serviced Office business performed well during the year delivering increased revenues from its existing sites in Kenya, Tanzania and Uganda. Occupancy has been over 85% for all Centers in the year, with Tanzania and Uganda operating at 100% for most of the year. This has driven group serviced office revenue to increase from $3.6m in FY2017 to $4.4m in FY2018.

The largest increase in revenue has been in the Facilities Management division where revenue from continuing operations increased from $0.25m in FY2017 to $1.6m in FY2018 as a result of new enhanced contracts in South Africa and other Southern territories.

The disposal of the loss making non-core activities, as well as cost savings at a central and country level, resulted in a reduction in operating losses from continuing operations (before exceptional items) from $4.3m in FY2017 to $2.8m in FY2018. Further investment is required in order to scale up the operation to a profitable position.

In the balance sheet, the Group's current liabilities have reduced significantly from $14.4m in 2017 to $10.6m at the end of the current year. This reduction is as a result of restructuring the Group's short term debt to longer term facilities, as well as from a reduction in trade and other payable balances.

SUNBIRD BUSINESS SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2018

Summary of activities

During the year the Group focused on expanding the number of desks and Centers in its portfolio. We signed leases during the latter part of the year that, post fit out, will double the desk capacity of the Group. Fit out work began on these Centers at the end of the financial year, with multiple openings scheduled throughout FY2019.

All Centers have adopted our revised space and technology standards. We have aligned our designs with the global benchmark for flexible workspace but combined this with a strong focus on local design, procuring over 50% of furniture from local manufacturers. The Group's continued understanding of supply chains, the specific needs of the African Client, and an ability to hire and train local staff gives a strong platform to grow from.

Our goal is to be the most sophisticated flexible office provider in Africa. To pursue this strategy the Group has focused on its core Serviced Office and Facilities Management service lines and disposed of all other subsidiaries that are now non-core. The disposals were completed in April 2018. In addition, the Group restructured its long term debt into a new three year bond commencing April 2018. This aligns with our planned roll out program for new Centers.

Our Facilities Management division supports our own Centers and provides services to external clients. The business line has established new contracts in the period and the next growth steps will come from increased capability in Kenya, as we put our FM system into our new Center in Riverside Drive. This combination of technology and facilities management inside our Centers is a defined market point of difference.

Key Performance indicators

Key performance indicators which are relevant for understanding the performance of the Group are as follows:

Increase in:	**2018**	**2017**
Available desk space	16.4%	14.7%
Desk occupancy rates	20.9%	(1.5%)
Gross profit per desk	3.7%	2.5%

Principal Risks

Our principal risks can be seen in broad terms to encompass Currency, Political, Commercial, Credit, Ability to Raise Finance, Health and Safety, Control Environment and Compliance Obligations.

Risk committee commitment
Our Risk Committee is constituted by the Board and works alongside the Audit Committee and Remuneration Committee. It provides scope for which risks are analysed and proposes mitigation in respect of such risks.

Currency
The Group expects to operate and conduct its services in jurisdictions which could generate revenue, expenses and liabilities in currencies other than our functional currency which is the US Dollar. As a result, we will be subject to the foreign currency risks. Where appropriate the Group will consider entering into forward contracts to limit the exposure.

Political
The Group is continuously monitoring the political environment in Africa. Although the Group does no work directly for the public sector, the sector agnostic requirement for workspace infers that this risk of political impact is materially mitigated. In regards other political risk such as terrorism and war, the Group ensures such political risks are covered within the insurance policy cover.

Principal Risks (continued)

Commercial
The Group commercial risks include, but are not limited to, customer and supplier due diligence, resource forecasting, and governance and control policies. The Group carries out checks on material customers and suppliers.

Credit
The Group on the whole will be exposed to the credit risk of clients related to the non-payment for services or non-reimbursement of costs incurred. The Group may also be subject to strict performance metrics that could increase its credit risk, requiring effort by management to retrieve payment for services. Failure by any clients to pay for services or reimburse costs may adversely increase the Group's credit risk that could have an impact on its profitability.

Ability to raise finance
The Group has successfully raised finance through various forms including debt, equity and listed bonds since its formation. The working capital assumptions for the next twelve months assume this will continue as additional funding through debt and equity is required to support the business. The inability to raise further finance to provide development capital to existing service lines and their contract pipeline will have a significant detrimental effect on the

Group's ability to achieve its commercial and strategic goals. As at the date of signing these financial statements some of the Group's larger investors have committed additional capital and the Group is in advanced discussions for additional debt facilities. Management are confident that this will allow the Group to continue its strategy. See going concern note for further detail.

Compliance obligations
Owing to the breadth of countries in which the Group operates, working to compliance obligations is integral to our business. We continually work to ensure that we obtain and continue to comply with all necessary approvals, licenses or permits.

Health and Safety
The Group puts health and safety firmly at the top of the list for every single project it undertakes from construction services to running serviced commercial offices. Occupational Health and Safety directives are constantly assessed through robust management systems - at a local and a global level. The Group ensures all sub-contractors adhere to equally high standards.

Control Environment
The Group operates subsidiaries in East and South Africa where the control environment expectations are different to those in the United Kingdom. This increases the risk of a weaker control environment in our operating subsidiaries. Management work to the principal that the control environment will be maintained across the Group to the highest standard.

Environmental

Our business activity has an impact on business ecosystem in the region and the communities surrounding areas where we operate. We are committed to working on sustainability policies, and environmental solutions, to assist our clients as they enter and expand into the market.

Corporate Social Responsibility commitment
Our workspace solutions enable local and international businesses to establish themselves and grow, impacting communities in the countries in which we operate. By enabling businesses we provide a platform for job creation as well as catering for the emerging entrepreneurial class of East Africa.

SUNBIRD BUSINESS SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2018

The year ahead

The Group's key focus for FY2019 and beyond is to continue the expansion of Service Centers. We opened new Centers in FY2019 and will continue to deliver further locations from our pipeline of over 5,000 desks. This will include further Centers in core countries as well as possible new markets. The decision on opening cadence and geography will continue to be a function of client and market demand as well as the availability of financing.

The business has improved supply chain capability and site planning systems to increase return on capital expenditure. We have invested in our sales system to deliver faster wins improving payback capability, alongside a sophisticated approach to space, technology and service to sustain retention rates of clients. As part of our product evolution we have rebranded our legacy serviced office brand ESBC to KOFISI.

During FY2019 the Group achieved its financing goals, albeit at the lower end of the range, after raising a significant level of debt and equity finance from existing investors and new capital providers. At the date of signing these financial statements discussions are at an advanced stage for the next round of funding, with significant amounts already committed. This will further stabilise the business and provide the capital for its growth plans.

We believe we are in a strong position to achieve our objective of becoming the number one provider of flexible workspace solutions across the African Continent.

Approved by the Board on 14 February 2020 and signed on its behalf by:

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Mr Michael James Aldridge
Director

The directors present their annual report and audited financial statements for the year ended 31 July 2018.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

Mr M J Aldridge	
Mr W Sykes	
Mr J McDonough	
Mr R Bains	(Resigned 12 November 2019)
Mr I McFadyen	
Mr M Insley	(Appointed 23 February 2018)
Mr W Kenyanjui	(Appointed 23 February 2018)
Ms E Wagner	(Appointed 19 April 2018, resigned 27 June 2019)
Mr K Akinola	(Appointed 11 September 2019, resigned 13 February 2020)
Mr R Benton	(Resigned 14 February 2018)
Mr P G J A Simon	(Resigned 8 March 2018)
Mr P H Haskell	(Resigned 9 November 2017)
Ms S Muna	(Appointed 1 August 2019)
Mr R Dean (Secretary)	(Resigned 21 June 2018)

Principal activity

The principal activity of the Company continued to be the provision of integrated services to its subsidiaries and to act as a holding Company. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

The principal activity of the Group is the provision of serviced offices and facilities management in the East and South African region. During the year ended 31 July 2018 the Group also provided construction services and development consulting services, however the Directors decided to exit these activities and disposed of the construction and developments businesses on 19 April 2018.

Results and dividends

In reference to the performance outlined in the Strategic Report, the results for the year are set out on page 12.

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 July 2018 (2017: $nil).

A review of future developments is given in the Strategic Report on page 5.

Going concern

The Group incurred a loss for the year of $4.7m and has net liabilities of $8.5m at the year ended 31 July 2018. The group has $5.6m in current borrowings and convertible loans which it requires to rollover.

The Group's growth strategy is reliant on its ability to complete on the already advanced negotiations regarding raising finance on the global capital markets over the next year. The forecast for new desk openings gives the Group capacity to support the business with organic cash once those sites are open and mature. The Group currently meets its day-to-day working capital requirements through its facilities from private and institutional providers on rolling terms.

Going concern (continued)

There is uncertainty over the outcome of the rollover of some of the debt instruments and there is no finalised refinancing arrangement yet in place. These conditions indicate the existence of a material uncertainty which casts significant doubt over the Group's ability to continue as a going concern.

The Group has a history of successful fundraising programmes and achieved its financing target during its Series C fundraise, which completed at the end of the 2018 calendar year. As at the date of signing these financial statements, the Series D equity raise, which commenced at the start of the 2019 calendar year, is ongoing. To date $2.7m of new equity has been raised, with nearly $1.0m of that raised in the last four months. In addition, discussions are at an advanced stage with two institutions who are looking to refinance the existing debt arrangements. Further details of equity and other finance raised since the year are given in note 35.

The Directors have a reasonable expectation that the desired finance will be raised and the Group can continue as a going concern for at least 12 months from the date of signing the accounts. The financial statements have been prepared on that basis and do not include the adjustments that would result if the Group was unable to continue as a going concern.

Post balance sheet events - Non-adjusting events after the year end

The Group completed its Series C fundraise in December 2018, and negotiated new terms to extend facilities for its Service Center capital expenditure. As at the date of signing the financial statements, the Group is part way through its Series D fundraise. Full details are provided in note 35.

In July 2019 the Group began work on its first center in West Africa, in Lagos, Nigeria and the Group Serviced Office trading brand ESBC was renamed KOFISI.

Risk management

For a review of the risks faced by the Group, and the management of those risks, please refer to pages 3-4 in the Strategic Report and note 32 for more details.

Directors' interest in shares

The directors' interests in the shares of the company were as stated below:

	At start of year	Bought	Sold	At end of year
Directors	**Number**	**Number**	**Number**	**Number**
Mr William Sykes	4,168,056	125,455	-	4,293,511
Mr Michael James Aldridge	4,678,260	-	-	4,678,260
Mr John McDonough	362,225	118,473	-	480,698
Mr Rupinder Bains	-	133,401	-	133,401
	9,208,541	377,329	-	9,585,870

Total Directors' interest in shares represents 1,249,758 of A1 Ordinary shares (2017: 872,429) and 8,336,112 A2 Ordinary shares (2017: 8,336,112).

Disclosure of information to the auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

SUNBIRD BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements on pages 12 to 72 were approved by the Board of Directors on 14 February 2020 and signed on its behalf by

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Mr Michael James Aldridge
Director

SUNBIRD BUSINESS SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Sunbird Business Services Limited (the 'parent company') and its subsidiaries (the Group) for the year ended 31 July 2018 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Cash Flow Statement, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We do not express an opinion on the accompanying financial statements of the Group or the parent company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

In respect of the group's and parent's activities in Africa, we were unable to obtain sufficient appropriate audit evidence regarding the comparative figures and opening balances. This was as a result of amongst other matters, a low response rate for bank confirmations and lack of supporting documentation in respect of revenue, liabilities and other transactions provided to the predecessor auditors in the prior year. Furthermore in the current year we have not been able to obtain sufficient appropriate audit evidence with respect to these matters.

The Group has subsequently disposed of 8 subsidiaries giving rise to a profit on disposal of $1.2m. As a result of the issues noted above we are unable to obtain sufficient appropriate evidence to evaluate the assets and liabilities of these entities as at the point of disposal and therefore confirm the associated impact on the Group's results.

Due to a lack of supporting information including a low response to bank confirmations, we were unable to confirm or verify by alternative means certain current liabilities and current assets held on the balance sheet in both the group and parent company.

In addition, the group have released $1.3m of accruals by way of a prior year adjustment (See note 23) for which the audit evidence was limited. We were unable to obtain sufficient appropriate audit evidence to ascertain the period into which this transaction should have been processed or whether the accruals should continue to be recognised as a liability.

As a result of these matters, we were unable to determine whether any adjustments might have been necessary in respect of the financial results, financial position and notes to the group and parent company financial statements.

Material uncertainty related to going concern

We draw attention to note 1.3 and 36.3 in the financial statements, which indicates that the Group incurred a net loss of $4.7m (parent company: $5.3m) during the year ended 31 July 2018 and has net liabilities of $8.5m (parent company: $7.9m) at the year end. As of that date the group had $5.6m (parent company: $5.2m) in borrowings and convertible loans which it required to rollover, As stated in note 1.3 and 36.3, these events or conditions, along with the other matters as set forth in note 1.3 and 36.3, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent's ability to continue as a going concern. Although this report is a disclaimer of opinion on the financial statements, it is not modified by this matter.

Overview of our audit approach

- Overall materiality: $137,000, which represents 2% of the Group's total revenue;
- Due to the Disclaimer of Opinion, we consider it possible that material and pervasive adjustments would be required if there were additional evidence enabling us to complete our procedures.
- As we have disclaimed the opinion on the group financial statements we are prohibited from reporting Key Audit Matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be $137,000, which is 2% of Revenue. This benchmark is considered the most appropriate because the Group is still in the growth stage and is focused on increasing revenue. We determined materiality for the audit of the parent company financial statements to be $113,000 which was 2% based on preliminary total assets. This benchmark is considered the most appropriate because revenue generated is intercompany and the Parent is a Holding Company where assets are the key focus.

Materiality for the current year is lower than the level that was determined for the year ended 31 July 2017 to reflect the performance of the Group.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality for the audit of the group financial statements.

We determined the threshold at which we will communicate misstatements to the audit committee to be $6,850 for the group and $5,650 for the parent company. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of Sunbird Business Services Limited business and is risk based. The components of the Group were evaluated by the Group engagement team based on a review of materiality considering each as a percentage of total Group assets, liabilities, revenues and loss before taxes, to assess the significance of the component and to determine the planned response.

We identified and concentrated our resources on areas of higher risk, including revenue recognition, management override of control, valuation of intangibles and investments in non-current assets, disposal of subsidiaries of the Group, together with those areas of concern to the directors. For those components that were evaluated as significant, either a full scope of targeted audit approach was undertaken based on their relative materiality to the Group and our assessment of the audit risk. In order to address the audit risks described above as identified during our planning procedures our approach included:

- performing full scope audit procedures of the financial information of Sunbird Business Services Limited, in respect of the parent company;
- performing targeted scope procedures of Sunbird Property Services Limited, Sunbird Business Services Africa Limited, Sunbird Support Services Pty Limited, Sunbird Business Services Tanzania Limited, Sunbird Business Services Uganda Limited, Sunbird Business Services Kenya Limited, Sunbird Business Service Zambia Limited and Sunbird TSRY Limited; and
- performing analytical procedures on all other components of the Group

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of our audit:

- the information given in the strategic report and the 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.

Matter on which we are required to report under the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we consider necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement as set out on page 8, 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 group financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Use of our report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
14 February 2020

SUNBIRD BUSINESS SERVICES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2018

		Continuing operations 2018	Discontinued operations 2018	Totals 2018	Continuing operations 2017	Discontinued operations 2017	Totals 2017
		USD '000'	USD '000'	**USD '000'**	USD '000'	USD '000'	**USD '000'**
Revenue	4	5,967	732	**6,699**	3,960	5,820	**9,780**
Cost of sales		(3,522)	(310)	**(3,832)**	(3,242)	(4,259)	**(7,501)**
Gross profit		2,445	422	**2,867**	718	1,561	**2,279**
Administrative expenses comprising:		(5,761)	29	**(5,732)**	(11,278)	(2,025)	**(13,303)**
Admin Expenses excluding exceptional items		(5,299)	(1,169)	**(6,468)**	(4,982)	(2,025)	**(7,007)**
Exceptional items	5	(462)	1,198	**736**	(6,296)	-	**(6,296)**
Operating (loss)/profit	6	**(3,316)**	**451**	**(2,865)**	**(10,560)**	**(464)**	**(11,024)**
Investment income	9	-	-	-	1	-	**1**
Finance costs	10	(1,303)	-	**(1,303)**	(1,061)	-	**(1,061)**
Share of losses from Joint Venture	11	-	-	-	(265)	-	**(265)**
(Loss) / profit before taxation		**(4,619)**	**451**	**(4,168)**	**(11,885)**	**(464)**	**(12,349)**
Income tax expense	12	(503)	-	**(503)**	-	-	[illegible]
(Loss) / profit for the year		**(5,122)**	**451**	**(4,671)**	**(11,885)**	**(464)**	**(12,349)**

SUNBIRD BUSINESS SERVICES LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2018

	Note	2018 USD$ 000	Restated 2017 USD$ 000
Non-current assets			
Goodwill	13	7,378	7,378
Intangible assets	13	685	994
Property, plant and equipment	14	1,358	804
Deferred tax asset	25	-	337
		9,421	9,513
Current assets			
Inventories	16	39	426
Trade and other receivables	17	2,697	3,402
Current tax recoverable		123	197
Cash and cash equivalents		337	748
		3,196	4,773
Total assets		12,617	14,286
Current liabilities			
Trade and other payables	21	5,041	7,785
Borrowings	18	4,096	6,392
Convertible loan notes	19	1,456	212
		10,593	14,389
Net current liabilities		(7,397)	(9,616)
Non-current liabilities			
Borrowings	18	121	764
Provisions	22	2,261	1,679
Convertible loan notes	19	6,455	5,023
Derivative financial instruments	20	1,740	-
		10,577	7,466
Total liabilities		21,170	21,855
Net liabilities		(8,553)	(7,569)
Equity			
Called up share capital	27	205	187
Share premium account	28	20,277	16,608
Shares to be issued	27	100	100
Accumulated losses	29	(29,135)	(24,464)
Total equity		(8,553)	(7,569)

The financial statements were approved by the board of directors and authorised for issue on 14 February 2020 and are signed on its behalf by:

Mr Michael James Aldridge, Director

Company Registration No. 09107183

SUNBIRD BUSINESS SERVICES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

	Called up share capital	Share premium account	Shares to be issued	Accumulated losses	Total equity
	USD$ 000	USD$ 000	USD $ 000	USD$ 000	USD$ 000
Balance at 1 August 2016	149	9,408	-	(12,115)	**(2,558)**
Year ended 31 July 2017:					
Loss and total comprehensive income	-	-	-	(12,349)	**(12,349)**
Issue of share capital	31	5,743	-	-	**5,774**
Shares not issued	-	-	100	-	**100**
Transactions with owners					
Issue of shares to existing owners	7	1,457	-	-	**1,464**
Balance at 1 August 2017	187	16,608	100	(24,464)	**(7,569)**
Year ended 31 July 2018:					
Loss and total comprehensive income	-	-	-	(4,671)	**(4,671)**
Issue of share capital	6	1,238	-	-	**1,244**
Transactions with owners					
Issue of shares to existing owners	12	2,431	-	-	**2,443**
Balance at 31 July 2018	205	20,277	100	(29,135)	**(8,553)**

SUNBIRD BUSINESS SERVICES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 USD$ 000	2018 USD$ 000	2017 USD$ 000	2017 USD$ 000
Cash flows from operating activities					
Cash absorbed by operations	31		(2,088)		(9,108)
Net cash outflow from operating activities			(2,088)		(9,108)
Investing activities					
Cash acquired on acquisition of subsidiaries	15	-		543	
Purchase of intangibles, property, plant and equipment		(728)		(1,278)	
Net cash (used in)/generated from investing activities			(728)		(735)
Financing activities					
Proceeds from issue of shares		2,605		6,152	
Proceeds from issue of convertible debts		-		1,250	
Proceeds from issue of borrowings	24	912		3,537	
Repayments of loan notes	24	(400)		(690)	
Finance lease repayments	24	(518)		(73)	
Interest paid	24	(165)		(603)	
Net cash generated from financing activities			2,434		9,573
Net decrease in cash and cash equivalents			(382)		(270)
Cash and cash equivalents at beginning of year			748		1,053
Exchange differences on cash and cash equivalents			(29)		(35)
Cash and cash equivalents at end of year			337		748

Company information
Sunbird Business Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 City Road, London, EC1Y 2AA.

1 Accounting policies

1.1 Accounting convention

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated), issued by the IFRS Interpretations Committee (IFRS IC).

The Group has consistently applied accounting policies for similar transactions, events and conditions.

The financial statements have been prepared in United States Dollars and on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Accounting disclosures

(a) New and amended standards adopted by the group

Amendments to IAS 7 Statement of Cash Flows

The amendments aim to increase disclosure of the financing activities of an entity. The evaluation of changes in liabilities requires disclosure of changes in financing cash flow, changes in control of subsidiaries or other business, the effect of foreign exchange rates and changes in fair value. The amendments are effective for accounting periods beginning on or after 1 January 2017.

Amendments to IAS 12 Income Taxes

The amendments clarify the recognition of deferred tax assets for unrealised losses. The amendments clarify that unrealised losses on debt instruments give rise to deductible temporary differences regardless of whether the carrying amount of the debt instrument is recovered by sale or through use. Assessments of deferred tax assets should be performed by type of assets in the event tax law restricts the utilisation of tax losses. The amendments are effective for accounting periods beginning on or after 1 January 2017.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 August 2017 and not early adopted

IFRS 7 Financial Instruments: Disclosures

IFRS 7 addresses the disclosure requirements relating to the significance of financial instruments to an entity and the nature and extent of risks associated with those financial instruments. Additional hedge accounting disclosures will be required when IFRS 9 becomes effective. The group is yet to assess the full impact of the standard.

1.2 Accounting disclosures (continued)

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. The management concludes that no major impact has been brought in the preparation of the financial statement after the review of the standard.

IFRS 15 Revenue from Contracts with Customers

The management has assessed the core principle of IFRS 15 which is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It has been concluded by the management, the standard has no impact on the preparation of the financial statement.

IFRS 16 Leases

The Standard assesses the use of off-balance sheet leases, bringing most lessee leases on-balance sheet and eliminating the distinction between operating and finance lease leaving lessor accounting largely unchanged. The Standard is effective for periods beginning on or after 1 January 2019. The group is yet to assess the full impact of the standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would expect to have a material impact on the group.

1.3 Going concern

The Group incurred a loss for the year of $4.7m and has net liabilities of $8.5m at the year ended 31 July 2018. The group has $5.6m in current borrowings and convertible loans which it requires to rollover.

The Group's growth strategy is reliant on its ability to complete on the already advanced negotiations regarding raising finance on the global capital markets over the next year. The forecast for new desk openings gives the Group capacity to support the business with organic cash once those sites are open and mature. The Group currently meets its day-to-day working capital requirements through its facilities from private and institutional providers on rolling terms.

There is uncertainty over the outcome of the rollover of some of the debt instruments and there is no finalised refinancing arrangement yet in place. These conditions indicate the existence of a material uncertainty which casts significant doubt over the Group's ability to continue as a going concern.

The Group has a history of successful fundraising programmes and achieved its financing target during its Series C fundraise, which completed at the end of the 2018 calendar year. As at the date of signing these financial statements, the Series D equity raise, which commenced at the start of the 2019 calendar year, is ongoing. To date $2.7m of new equity has been raised, with nearly $1.0m of that raised in the last four months. In addition, discussions are at an advanced stage with two institutions who are looking to refinance the existing debt arrangements. Further details of equity and other finance raised since the year are given in note 35.

The Directors have a reasonable expectation that the desired finance will be raised and the Group can continue as a going concern for at least 12 months from the date of signing the accounts. The financial statements have been prepared on that basis and do not include the adjustments that would result if the Group was unable to continue as a going concern.

1.4 Revenue

Revenue comprises the fair value of the consideration received or receivable by the Group from the provision of its services. Those services include facilities management, construction services and the provision of serviced office workspaces.

Revenue is shown net of sales and value added taxes, returns, rebates and discounts.

The Group recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- Specific criteria have been met for each of the activities.

1.5 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses. Any gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least 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 subsequently reversed.

1.6 Intangibles assets

Trade name and customer relationship acquired in the business combination that qualify for separate recognition are recognised as intangible assets at their fair value.

Amortisation is provided on trade names and customer relationships with a definite life on a straight line basis over their useful economic lives of 5.5 years. Amortisation is charged to administrative expenses in the income statement.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvement	5 years straight line
Fixtures and fittings	3 years straight line
Plant and equipment	4 - 10 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.8 Investments in associates and joint ventures

The Group's share of the results of associates and joint ventures is included in the Groups' consolidated income statement using the equity method of accounting. The carrying value of investments is assessed for impairment in value and any impairment losses are recognised immediately in profit or loss.

1.9 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal considerations are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 Cash and cash equivalents

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

1.12 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. For financial instruments which are not designated as hedging instruments, the change in fair value is accounted for at fair value through profit and loss (FVTPL).

1.13 Financial assets

Financial assets are recognised in the group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Available for sale financial assets

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1.13 Financial assets (continued)

Impairment of financial assets
Impairment provisions are recognised 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 Group 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 consolidated 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.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

1.14 Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

1.15 Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.16 Equity instruments

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised 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 the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Foreign exchange

Transactions in currencies other than United States Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.20 Financial instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

1.21 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the group's underlying performance.

1.22 Basis of consolidation

The financial statements consolidate the financial statements of the company and all its subsidiaries. Subsidiaries are all entities over which the group has control. Subsidiaries are fully consolidated from the date on which control passes to the group and are deconsolidated from the date that control ceases. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intra-group transactions, balances, income, expenses and unrealised gains have been eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the group. All subsidiaries have a reporting date 31 July.

1.23 Business combinations

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is re-measured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in the profit and loss. When the consideration for the acquisition includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in the business combination. Changes in the fair value of the contingent consideration are adjustments against goodwill.

2 Critical accounting estimates and judgements

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Critical judgements

Leases

The Group has entered into a facility for the financing of fixtures, fittings and equipment installed and used in its Centers. Management considers that the terms of the facility are such that the Group receives substantially all the risks and rewards incidental to ownership of the assets and have therefore classified the facility as a finance lease. As a substantial portion of the assets leased under this arrangement are fixtures and fittings which are integral to the building, the nature of the assets would make it difficult for them to be returned to the lessor at the end of the lease term, therefore management considers there to be no residual economic value.

Critical accounting estimates

Carrying value of Goodwill

In assessing impairment, management estimates the recoverable amount of each cash-generating unit based on discounted expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Full details are provided in note 13, on page 29.

3 Segmental reporting

Management currently identifies the Group's service lines as its operating segments:

- Serviced offices – the provision of flexible office workspaces throughout Southern and Eastern Africa
- Facilities Management – the provision of add on services, such as maintenance, to customers within our serviced offices as well as other external customers
- Construction Services – the construction of commercial and leisure facilities for external clients. This service line was discontinued during the current financial year and the results are presented as discontinued operations.

These operating segments are monitored by the Group's chief operating decision maker and form the basis of management's internal reporting.

31 July 2018	Services offices	Facilities management	Construction services	Other revenue	Central	**Totals**
	USD 000	USD 000	USD 000	USD 000	USD 000	**USD 000**
Revenue						
From external customers	4,351	1,616	-	-	-	**5,967**
Discontinued operations	-	424	195	113	-	**732**
Segment revenues	**4,351**	**2,040**	**195**	**113**	**-**	**6,699**
Direct cost						
Property costs	(2,328)	(82)	(43)	-	(106)	**(2,559)**
Construction costs	-	-	(376)	-	-	**(376)**
Cost of materials	-	(613)	-	-	-	**(613)**
Staff costs	(633)	(1,097)	(194)	-	(1,316)	**(3,240)**
Other admin overheads	(953)	(429)	-	(3)	(556)	**(1,941)**
Depreciation	(468)	(143)	(20)	-	(62)	**(693)**
Amortisation	(142)	-	-	-	-	**(142)**
Segment operating (loss) /profit	**(173)**	**(324)**	**(438)**	**110**	**(2,040)**	**(2,865)**
Segment assets	**3,587**	**887**	**-**	**-**	**8,143**	**12,617**

SUNBIRD BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

3 Segmental reporting (continued)

31 July 2017	Services offices	Facilities management	Construction services	Other revenue	Central	**Totals**
	USD 000	USD 000	USD 000	USD 000	USD 000	**USD 000**
Revenue						
From external customers	3,640	639	5,436	65	-	**9,780**
Segments revenue	**3,640**	**639**	**5,436**	**65**	**-**	**9,780**
Direct cost					-	
Property cost	(2,228)	(82)	(43)	-	(106)	**(2,459)**
Construction costs	-	-	(4,877)	-	-	**(4,877)**
Cost of materials	-	(550)	-	-	-	**(550)**
Staff costs	(606)	(680)	(1,097)	-	(1,599)	**(3,982)**
Other admin overheads	(943)	(322)	(1,430)	(3)	(5,523)	**(8,221)**
Depreciation	(407)	(12)	(36)	-	(62)	**(517)**
Amortisation	(121)	(77)	-	-	-	**(198)**
Segment operating (loss) /profit	**(665)**	**(1,084)**	**(2,047)**	**62**	**(7,290)**	**(11,024)**
Segment assets	**3,906**	**966**	**622**	**-**	**8,792**	**14,286**

The Group's non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are located into the following geographic regions:

	2018	**2017**
	USD$ 000	**USD$ 000**
Kenya	944	273
Tanzania	175	151
Uganda	37	60
South Africa	189	128
United Kingdom	13	38
Discontinued operations:		
Kenya	-	154
	1,358	**804**

4 Revenue

	2018 USD$ 000	2017 USD$ 000
Revenue analysed by class of business		
Serviced offices	4,351	3,640
Facilities management	2,040	639
Construction services	195	5,436
Other revenue	113	65
	6,699	**9,780**

Included in revenue are amounts for discontinued operations as follows:

	2018 USD$ 000	2017 USD$ 000
Facilities management	424	384
Construction services	195	5,436
Other revenue	113	-
	732	**5,820**

Facilities management revenue has been included within discontinued entities as a result of the disposal of Sunbird Business Services Mozambique LDA.

Revenue by geographical location can be analysed as follows:

	2018 USD$ 000	2017 USD$ 000
Revenue by geographical location		
Continuing operations		
Kenya	2,915	2,616
Tanzania	1,231	796
Uganda	406	266
South Africa	1,415	282
Discontinued operations		
Kenya	281	5,436
Mozambique	451	384
	6,699	**9,780**

5 Exceptional items

	2018 USD$ 000	2017 USD$ 000
Gain on redemption of preference shares	-	1,086
Impairment of goodwill - TFA	-	(5,539)
Impairment of other investments	-	(1,843)
Write-off of irrecoverable amounts in relation to disposed entities	(462)	-
Gain on disposal of subsidiaries	1,198	-
	736	**(6,296)**

Gain on disposal of subsidiaries
As part of the restructuring, the directors have focused on serviced offices and facilities management service lines. Investments outside of these two core services lines were disposed of in the period resulting in an exceptional gain of $1,197,672 in FY2018. See note 15 for the further workings.

Write off of irrecoverable amounts in relation to disposed entities
Transactions with the disposed entities, after the date of disposal, were deemed irrecoverable and written off. This resulted in a loss of $462,000.

Gain on redemption of preference shares
In the prior year an agreement was signed for the remaining preference shares to be redeemed at an amount which represented a discount over the amounts initially recognised as consideration for the underlying investments in TFA Business Services Limited. The resulting gain was recognised as an exceptional item.

6 Operating (loss) / profit

	2018 USD$ 000	2017 USD$ 000
Operating (loss) / profit for the year is stated after charging:		
Net foreign exchange losses	161	98
Fees payable to Group's auditors and its associates for the audit of parent company and consolidated financial statements	102	198
Fees payable to the company's auditors for non-audit services		
- other services	-	5
- tax advisory services	-	3
Fees payable to associates of the company's auditors for other services		
- tax advisory services	-	-
Depreciation of property, plant and equipment	693	518
Impairment of goodwill	-	5,539
Amortisation of intangible assets	142	198

The fees payable to the auditors are split as follows, for the company is $12,000 (2017: $64,898) and for consolidation is $90,000 (2017: $133,038).

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2018 Number	2017 Number
Admin	22	22
Support	153	147
Group	21	21
	196	190

Their aggregate remuneration comprised:

	2018 USD$ 000	2017 USD$ 000
Wages and salaries	3,696	3,173
Social security costs	55	90
Pension costs	43	51
	3,794	3,314

8 Directors' remuneration

	2018 USD$ 000	2017 USD$ 000
Remuneration for qualifying services	915	665

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	505	210

9 Investment income

	2018 USD$ 000	2017 USD$ 000
Interest income		
Other interest income	-	1

10 Finance costs

	2018 USD$ 000	2017 USD$ 000
Interest expense on debt financing	1,250	334
Interest expense on other financing liabilities	53	727
Total interest expense	1,303	1,061

11 Other gains and losses

	2018 USD$ 000	2017 USD$ 000
Share of losses from joint venture	-	(265)

The joint venture was disposed of in the current year.

12 Income tax expense

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. A further reduction to 18% (effective 1 April 2020) was substantially enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax accordingly.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2018 USD$ 000	2017 USD$ 000
Loss before taxation	(4,168)	(12,349)
Expected tax credit based on a corporation tax rate of 19.00%	(792)	(2,346)
Permanent difference for impairment of Goodwill	-	1,403
Unutilised tax losses carried forward	792	943
Deferred tax asset write off	503	-
Taxation charge for the year	**503**	**-**

13 Intangible assets

	Goodwill	Other intangible assets	Total
	USD$ 000	USD$ 000	USD$ 000
Cost			
At 1 August 2017 (restated)	12,917	1,192	**14,109**
Disposal	-	(167)	**(167)**
At 31 July 2018	12,917	1,025	**13,942**
Amortisation and impairment			
At 1 August 2017	5,539	198	**5,737**
Charge for the year	-	142	**142**
At 31 July 2018	5,539	340	**5,879**
Carrying amount			
At 31 July 2018	7,378	685	**8,063**
At 31 July 2017	7,378	994	**8,372**

Other intangibles relate to Trade name and customer relationships acquired as part of ESBC acquisition. Goodwill represents the excess of purchase price over the fair value of net assets acquired for ESBC. The carrying value of goodwill which is considered to have an indefinite life is allocated to the cash generating units (CGUs) as follows:

	2018	2017
	USD$ 000	USD$ 000
Serviced Offices	7,378	7,378
Facilities Management	-	-
	7,378	7,378

The Group tests the carrying amount of goodwill annually for impairment, or more frequently if there are indicators that the carrying value might be impaired.

Impairment is calculated by comparing the carrying amount to the value in use. Management have calculated the value in use by reference to the net present value of the CGU's future cash flows over a period of 5 years. Using a weighted average cost of capital of 18.8% and a growth rate of 1%, a net present value of $9.0m was determined.

Reasonable possible changes to key assumptions would not cause the recoverable value to fall below the carrying value. A reduction in cash inflows of 5% would result in a reduction in the new present value to $8.6m.

Prior year adjustment

A review of liabilities relating to the years 2012 – 2015 was conducted during the year and revealed $1,304,000 of surplus accruals in relation to the ESBC acquisition. The write back of these surplus accruals has resulted in a reduction to the opening goodwill balance as well as in the opening trade and other payables balance. There was no impact on the group statement of comprehensive income or on the value of total equity in the group statement of financial position. Further details are provided in note 23.

14 Property, plant and equipment

	Leasehold land and buildings USD$ 000	Fixtures and fittings USD$ 000	Plant and equipment USD$ 000	Motor vehicles USD$ 000	Total USD$ 000
Cost					
At 1 August 2017	308	917	84	52	**1,361**
Additions	547	-	652	76	**1,275**
Disposals	-	-	-	(40)	**(40)**
At 31 July 2018	855	917	736	88	**2,596**
Accumulated depreciation and impairment					
At 1 August 2017	124	310	84	39	**557**
Charge for the year	71	140	459	23	**693**
Disposal	-	-	-	(12)	**(12)**
At 31 July 2018	195	450	543	50	**1,238**
Carrying amount					
At 31 July 2018	660	467	193	38	**1,358**
At 31 July 2017	184	607	-	13	**804**

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the statements approximate to their fair values.

Leasehold improvements and furniture

The Group holds leasehold improvements and furniture with an estimated useful life of 3 years under five year finance lease.

15 Subsidiaries

Details of the company's subsidiaries at 31 July 2018 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Sunbird Property Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Business Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Support Services Limited	United Kingdom	100%	100%	Holding company
Sunbird TRSY Limited	United Kingdom	100%	100%	Group financing
Sunbird Facilities Management Limited	United Kingdom	100%	100%	Facilities Management
Sunbird Developments Limited	United Kingdom	100%	100%	Property development
Sunbird Consortium Support Services Limited	United Kingdom	100%	100%	Dormant
Sunbird Business Services Africa Limited	United Kingdom	99%	99%	Holding company
Sunbird Business Services Botswana Limited	Botswana	100%	100%	Dormant
Sunbird Business Services Uganda Limited	Uganda	100%	100%	Property services
Sunbird Business Services Tanzania Limited	Tanzania	99%	99%	Property services
Sunbird Business Services Kenya Limited	Kenya	100%	100%	Property services
Big Bird Holding Tanzania Limited	Tanzania	99%	99%	Holding company
Sunbird Support Services Kenya Limited	Kenya	100%	100%	Support services
Sunbird Support Service (Pty) Limited	South Africa	100%	100%	Facilities management
Sunbird Business Services Zambia Limited	Zambia	100%	100%	Dormant
Sunbird Business Services Namibia Limited	Namibia	100%	100%	Dormant

15 Subsidiaries (continued)

Below are the registered offices in each country

	Country	Registered office
1	United Kingdom	8 City Road, London, EC1Y 2AA
2	Uganda	5th floor Rwenzori Tower, Kampala, Uganda
3	Tanzania	Kilwa House, Oysterterbay, Dar Es Salaam, Tanzania
4	Kenya	4th floor, Eden Square Complex, Westlands Nairobi, Kenya
5	South Africa	Westwood Building, 57 6th Rd Hyde Park, Johannesburg, South Africa
6	Zambia	3rd floor Mpile office Park, 74 Independence Avenue, Lusaka, Zambia
7	Botswana	Acumen Park, Plot 50370, Fairground, Gaborone
8	Namibia	Unit 5 Ground floor, Ausspann Plaza, Dr. Agostinho Neto Road, Windhoek, Namibia

Each of the investments listed are private companies for which there are no quoted market prices available for their shares.

Dissolved dormant entities

As part of the management restructuring, the following entities were dissolved after the year end as part of a rationalisation of the Group:

1. Sunbird Group Limited - dissolved 18.09.2018
2. Sunbird Support Services Limited - dissolved 30.10.2018
3. Sunbird Trsy Limited - dissolved 30.10.2018
4. Sunbird BPO Limited - dissolved 30.10.2018
5. Sunbird Real Estate Services Limited - dissolved 18.09.2018
6. Sunbird Consortium Support Services Limited - dissolved 18.09.2018

Disposed entities

In April 2018, management disposed of Sunbird Asset Finance Ltd and Sunbird Construction Services Ltd in line with the Group's strategy to focus on its Service Office and Facilities Management service lines. Consideration for each disposed entity was USD 1. The two disposed companies had the following subsidiaries:

1. Procurement and Logistics do Indico
2. Terra Firma Africa (Kenya) Limited
3. Terra Firma Developments (Tanzania) Limited
4. TFA Business Services Limited
5. TFA East African Investment Limited
6. TFA Zanzibar Limited
7. Sunbird Mauritius Limited
8. Sunbird Business Services Mozambique LDA
9. Kay Two Zambia Limited

15 Subsidiaries (continued)

The gain on disposal was calculated as follows:

	Sunbird Asset Finance Ltd USD$ 000	Sunbird Construction Services Ltd USD$ 000	Total USD$ 000
Property, plant and equipment	115	142	257
Total non-current assets	115	142	**257**
Inventories	-	314	**314**
Trade and other receivables	303	577	**880**
Cash and cash equivalents	11	4	**15**
Total current assets	314	895	**1,209**
Trade and other payables	182	2,482	**2,664**
Total current liabilities	182	2,482	**2,664**
Total net assets / (liabilities)	247	(1,445)	**(1,198)**
Consideration in cash	-	-	-
(Loss) / gain on disposal	**(247)**	**1,445**	**1,198**

Consideration for the disposals was USD 2, resulting in an exceptional gain on disposal of $1,197,672.

Operating losses of the disposed entities until the date of disposal, and the profit arising on the disposal of the assets and liabilities are summarised below:

	2018 USD$ 000	2017 USD$ 000
Revenue	732	5,820
Cost of sales	(310)	(4,259)
Gross profit	422	1,561
Administrative expenses	(1,169)	(2,025)
Operating loss	(747)	(464)
Profit on disposal	1,198	-
Profit / (loss) for the year from discontinued operations	451	(464)

15 Subsidiaries (continued)

The statement of cash flows includes the following related to discontinued operations:

	2018 USD$ 000	2017 USD$ 000
Operating activities	(686)	(1,353)
Investing activities	-	-
Financing activities	-	-
	(686)	(1,353)

Cash acquired on acquisition of subsidiaries

During the FY 2017 the Group acquired a controlling interest in the ESBC Group and TFA Group. Cash in the businesses at the date of acquisition amounted to $543,000. Consideration for the acquisitions was deferred to future years, leading to a positive cash inflow on acquisition in 2017.

16 Inventories

	2018 USD$ 000	2017 USD$ 000
Work in progress	39	426

17 Trade and other receivables

	2018 USD$ 000	2017 USD$ 000
Trade receivables	1,177	1,729
Other receivables	535	913
VAT recoverable	117	41
Prepayments	868	719
	2,697	3,402

18 Borrowings

	2018 USD$ 000	2017 USD$ 000
Unsecured borrowings at amortised cost		
Series B Notes	1,514	4,379
Revolver Debt	1,873	2,140
Other borrowings	830	637
	4,217	7,156

18 Borrowing (continued)

Analysis of borrowings
Borrowings are classified based on the amounts to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018 USD$ 000	Restated 2017 USD$ 000
Current liabilities	4,096	6,392
Non-current liabilities	121	764
	4,217	7,156

Series B Notes
The Series B Notes are unsecured loans created on 16 June 2015. The repayment date is 15 months from the issue date. Until such time as the Principal amount of the loan notes is paid off in full, interest shall accrue from the issue date daily in arrears on the basis of a 365 day year and actual days elapsed. Interest is payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December. Interest stops accruing on repayment of the loan notes. Interest on the loan notes is calculated at the rate of 14% per annum on the Principal Amount of loan notes outstanding from time to time. As at 31 July 2018, the Company has issued USD $1,514,137 (2017: USD $4,379,000). Included in the balance is $141,637 of accrued interest (2017: $69,166). During the year an additional $67,500 (2017: $1,860,000) of loan notes were issued while $3,005,000 of loan notes were settled ($1,700,000 and $1,125,000 were converted into 3 Year Bonds and Revolver Debt respectively and $180,000 were capitalised to A1 equity). The Series B Notes are listed on the Bermudan stock exchange.

Revolver Debt
Revolver Debt are unsecured loans with a maturity of 360 days from issue. Interest on the loan is calculated at 9% per annum. As at 31 July 2018, the Company has in issue USD $1,834,333 of loan notes (2017: $2,126,590) and accrued interest at the year end amounted to USD $38,740 (2017: $13,233). During financial year 2018, new loan notes of $2,095,392 were issued ($844,140 were related to new cash raised, $1,125,000 were converted from Series B Notes and the $126,252 were related to interest conversion), and loan notes of USD $2,417,648 were settled (of which $2,205,840 were converted into 3 Year Bonds, $22,475 were capitalised to A1 equity and $189,333 were paid back).

Other Borrowings
Other borrowings include $333,000 (2017: $488,000) in relation to C Ordinary shares issued as part of a share for share exchange in the acquisition of ESBC Property Services Limited. The shares carry no voting rights and no rights to appoint a director and they offer a pro rata priority dividend in respect of income generated from the investment. The Group has entered into a loan agreement to redeem these shares and, as such, the amount outstanding at the year end has been classified as a liability in these financial statements.

Prior year restatement
$88,000 of borrowings incorrectly included as due in less than one year have been reclassified to due in more than one year. Further details are provided in note 23.

19 Convertible loan notes

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

Principal

	2018 USD$ 000	2017 USD$ 000
Shareholder Loans	-	3,197
Series A Notes	1,250	1,350
3 Year Bond	6,455	-
	7,705	4,547
Liability component due within 12 months	1,250	100
Liability component due after 12 months	6,455	4,447
	7,705	4,547

Accrued interest

	2018 USD$ 000	2017 USD$ 000
Shareholder Loans	-	674
Series A Notes	-	14
3 Year Bond	206	-
	206	688
Liability component due within 12 months	206	112
Liability component due after 12 months	-	576
	206	688

<u>Series A Notes</u>

As at 31 July 2018, the Company had in issue USD $1,250,000 Series A Notes (2017: $1,350,000) which are listed on the Bermudan stock exchange. The interest rate on these notes is fixed at 10% with a repayment date of 15 months from the date of issue. Each Series A Note holder shall have the right to convert all their principal amount and any accrued interest into fully paid A1 Ordinary Shares of the Company subject to relevant fundraise (the Company raising over USD $3,000,000 from an issue of Shares to any person(s)) at the Conversion Price (a price per Share being a 10% discount to the price per Share paid for Shares by the investors pursuant to that Relevant Fund Raising). During the year, $100,000 Series A Notes were converted into 3 Year Bonds.

19 Convertible loan notes (continued)

Shareholder Loans
As at 31 July 2018, all Shareholder Loans have been settled. During the year, loans totalling USD $3,193,000 were converted into 3 Year Bonds.

3 Year Bonds
3 Year Bonds are unsecured loans with a 3 years maturity from issue. The instrument was created by the Company on 19 April 2018. Interest on the bonds is calculated at 9% per annum and is to be settled at maturity with the principal. Investors have the option to convert any amount of the Loan Notes upon a Relevant Fundraise (being the next $1m equity fundraise) at a strike price of $2.06 ("Conversion Option 1"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 1 then any amount of accrued interest attaching to those Loan Notes being converted shall be cancelled and not payable. Upon any further fundraising after the Relevant Fundraise (where such fundraise is more than $1m), the Investors have the option to convert any amount of their Loan Notes at a strike price of the market value of the shares pursuant to the fundraise less 15% ("Conversion Option 2"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 2 then any amount of accrued interest attaching to those Loan Notes being converted will be cancelled and not payable.

At the year end, the Company has in issue $8,194,502 (including the embedded derivative element of the bond – see note 20) of 3 Year Bonds (2017: $0) and accrued interest at year end amounted to $206,097. Of the $8,194,502 issued, $3,193,000 were converted from Shareholder Loans, $1,700,000 from Series B Notes, $100,000 from Series A Notes, $2,205,840 from Revolver Debt and $995,662 were related to interest conversion.

The conversion feature of the 3 year bond is considered to be a financial liability rather than an equity instrument. As such the derivative liability has been accounted for separately from the host instrument and is carried fair value through profit and loss (see note 20).

20 Derivative financial instruments

The embedded derivative liability of the 3 year bonds (see note 19) has been separated and carried at fair value through the profit and loss (FVTPL).

	2018 USD$ 000	2017 USD$ 000
Embedded derivatives – 3 year bonds	1,740	-

21 Trade and other payables

	2018 USD$ 000	Restated 2017 USD$ 000
Trade payables	1,755	2,148
Accruals	1,113	2,349
Social security and other taxation	14	10
Other payables	2,159	3,278
	5,041	7,785

21 Trade and other payables (continued)

Prior year adjustment
A review of liabilities relating to the years 2012 – 2015 was conducted during the year and revealed $1,304,000 of surplus accruals in relation to the ESBC acquisition. The write back of these surplus accruals has resulted in a reduction to the opening goodwill balance as well as in the opening trade and other payables balance.

The opening accruals balance has also been restated to reclassify the $1,439,000 dilapidations liability from accruals to provisions. Further details of both restatements are provided in note 23.

22 Provisions

The group's obligation to repair and reinstate the leased premises at the end of lease period, provision for unfavourable lease and any settlement of employment liabilities are recorded under provisions. The recognised provision reflects the management's best estimate of the expected cost.

	2018	Restated 2017
	USD$ 000	USD$ 000
Dilapidation cost	1,439	1,439
Provision for unfavourable lease	582	-
Employment settlements	240	240
	2,261	1,679

The opening provisions balance has been restated to reclassify the $1,439,000 dilapidations liability from accruals to provisions. Further details are provided in note 23.

23 Prior year adjustments

Certain prior year balances have been restated and the impact on the Statement of Financial Position is as follows:

	Goodwill	Trade and other payables	Provisions	Borrowings due in less than 1 year	Borrowings due in more than 1 year
	USD$ 000	USD$ 000	USD$ 000	USD$ 000	USD$ 000
As at 1 August 2017 – as stated	8,682	(10,768)	-	(6,480)	(676)
Write off of surplus accruals	(1,304)	1,304	-	-	-
Reclassification from accruals to provisions	-	1,439	(1,439)	-	-
Reclassification of provisions to amounts due after one year	-	240	(240)	-	-
Reclassification of borrowings to amounts due in more than 1 year	-	-	-	88	(88)
As at 1 August 2017 – restated	7,378	(7,785)	(1,679)	(6,392)	(764)

23 Prior year adjustments (continued)

Write off of surplus accruals
A review of liabilities relating to the years 2012 – 2015 was conducted during the year and revealed $1,304,000 of surplus accruals in relation to the ESBC acquisition. The write back of these surplus accruals has resulted in a reduction to the opening goodwill balance as well as in the opening trade and other payables balance.

Reclassification from accruals to provisions
The opening accruals balance has been restated to reclassify the $1,439,000 dilapidations liability from accruals to provisions.

Reclassification of provisions to amounts due after one year
The opening accruals balance was further restated in order to reclassify the employment settlement provision to provisions due in over one year.

Reclassification of borrowings to amounts due in more than 1 year
$88,000 of borrowings incorrectly included as due in less than one year have been reclassified to due in more than one year.

None of the restatements impacted the statement of comprehensive income or the total value of equity in the statement of financial position.

24 Reconciliation of liabilities arising from financing activities

	Long-term borrowings USD$ 000	Short-term borrowings USD$ 000	Total USD$ 000
At 1 August 2017	5,787	6,604	12,391
Cash flows:			
Repayment of principal	-	(918)	(918)
Repayment of interest	-	(165)	(165)
Proceeds	-	912	912
	5,787	6,433	12,220
Non-cash:			
Interest	942	361	1,303
Equity conversion	-	(202)	(202)
Reclassification	1,554	(1,554)	-
Additional facilities	33	514	547
At 31 July 2018	8,316	5,552	13,868

25 Deferred taxation

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Due to the uncertainty over the recoverability of the deferred tax asset in the medium term, the directors have chosen not to recognise the asset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 USD$ 000	2017 USD$ 000
Deferred tax assets – tax losses	-	337

26 Retirement benefit schemes

Defined contribution schemes
The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The total costs charged to income in respect of defined contribution plans is USD $43,291 (2017 - USD $51,379).

27 Called up Share capital

	2018 USD$ 000	2017 USD$ 000
Ordinary share capital		
Issued and fully paid		
12,165,679 (2017: 10,376,284) A1 Ordinary Shares of $0.01 each	122	104
8,336,112 (2017: 8,336,112) A2 Ordinary Shares of $0.01 each	83	83
	205	187
Shares to be issued	100	100

At year end $100,000 of investment had been received but equity not issued.

Reconciliation of movements during the year:

	A1 Number	A2 Number
At 1 August 2017	10,376,284	8,336,112
Issued during the year	1,789,395	-
At 31 July 2018	12,165,679	8,336,112

27 Called up Share capital (continued)

During the year, 1,789,395 A1 Ordinary shares (2017: 3,803,922 A1 Ordinary shares) having an aggregate nominal value of $17,894 (2017: $38,039) were allotted for an aggregate consideration of $3,687,000 (2017: USD $7,439,000). The share premium was reduced by USD $0 (2017: USD $200,000) for expenses directly related to the fundraising of these shares.

During the year no new A2 Ordinary shares were allotted.

There is a third class of authorised shares, A3 Ordinary shares, which would be issued on conversion of the redeemable preference shares. To date, no such shares were issued.

A1 and A2 Ordinary shares have voting rights but the voting rights to appoint directors do not attach to the shares. For A1 Ordinary shares only certain investors have the right to appoint directors subject to their shareholdings. For A2 Ordinary shares, only 2 shareholders (Michael Aldridge and William Sykes) who are also directors have rights to appoint directors. A3 Ordinary shares have no voting rights.

All classes have equal rights to dividends and rank pari passu in that regard. A1 and A2 Ordinary shares have pre-emption rights priority whereas A3 Ordinary shares have no pre-emption rights. A1 Ordinary shares rank ahead of A2 and A3 Ordinary shares upon a liquidation or winding up event.

28 Share premium account

	2018 USD$ 000	2017 USD$ 000
At 1 August 2017	16,608	9,408
Issue of new A1 Ordinary shares	3,669	7,400
Share issue expenses	-	(200)
At 31 July 2018	20,277	16,608

29 Accumulated losses

	2018 USD$ 000	2017 USD$ 000
At 1 August 2017	(24,464)	(12,115)
Loss for the year	(4,671)	(12,349)
At 31 July 2018	(29,135)	(24,464)

30 Controlling party

The ultimate controlling parties are Mr William Sykes and Mr Michael Aldridge who jointly control the group and the company and have a majority shareholding between them. They are also directors of the company.

31 Cash generated from operations

Group	2018 USD$ 000	2017 USD$ 000
Loss for the year after tax	(4,671)	(12,349)
Adjustments for:		
Loss on disposal of intangible assets	-	293
Exceptional items	(736)	6,296
Finance costs	1,303	1,061
Investment income	-	(1)
Deferred tax asset write off	503	-
Share of losses in Joint venture	-	265
Amortisation and impairment of intangible assets	142	198
Depreciation and impairment of property, plant and equipment	693	518
Movements in working capital:		
Decrease/(increase) in work in progress	387	(1,763)
Decrease/(increase) in trade, VAT and other receivables	779	(4,336)
(Decrease)/increase in trade and other payables	(488)	710
Cash absorbed by operations	(2,088)	(9,108)

32 Financial instruments

Categories of financial assets and financial liabilities

Financial assets

	Amortised cost USD$ 000	FVTPL USD$ 000	Total USD$ 000
At 31 July 2018			
Cash and cash equivalents	337	-	337
Trade and other receivables	1,829	-	1,829
	2,166	-	2,166

At 31 July 2017	Amortised cost USD $ 000	FVTPL USD $ 000	Total USD $ 000
Cash and cash equivalents	748	-	748
Trade and other receivables	2,683	-	2,683
	3,431	-	3,431

Prepayments of $868,000 (2017: $719,000) have not been included as a financial asset.

32 Financial instruments (continued)

Financial liabilities

	Amortised cost	FVTPL	Total
	USD$ 000	USD$ 000	USD$ 000
At 31 July 2018			
Borrowings	4,217	-	4,217
Convertible loan notes	7,911	-	7,911
Derivative financial Instruments	-	1,740	1,740
Trade and other payables	5,041	-	5,041
	17,169	1,740	18,909

	Amortised cost	FVTPL	Total
At 31 July 2017	USD $ 000	USD $ 000	USD $ 000
Borrowings	7,156	-	7,156
Convertible loan notes	5,235	-	5,235
Trade and other payables	7,785	-	7,785
	20,176	-	20,176

Fair value measurement of financial instruments

Financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – other techniques for which all inputs which have a significant effect on the recorded value are observable, either directly or indirectly; and
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the fair value hierarchy of financial liabilities:

	Level 1	Level 2	Level 3	Total
	USD$ 000	USD$ 000	USD$ 000	USD$ 000
At 31 July 2018				
Derivative financial instruments	-	1,740	-	1,740
	-	1,740	-	1,740

32 Financial instruments (continued)

There were no financial liabilities held at FVTPL at 31 July 2017.

The embedded derivative liability of the Group's 3 year bonds has been measured using level 2 valuation techniques. The 3 year bonds are not traded in active markets. The instrument has been valued using observable interest rates which correspond to the maturity of the contract. The effects of non-observable inputs are not significant in the valuation.

Financial instruments risk

In the course of business, the Group is exposed to a variety of financial risks such as credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

Foreign currency risk
The group is exposed to foreign currency risk through its head office function in the UK. The majority of the Group's transactions are denominated in US Dollars but certain head office costs are denominated in Sterling.

The group has a natural hedge in its monetary assets and liabilities denominated in foreign currency. These amounts relate to bank and accounts payable denominated in Sterling. A sensitivity to a reasonably possible change in the Sterling against the US dollar exchange rate with all other variables held constant, of the group's loss before tax (due to foreign exchange translation of monetary assets and liabilities) results in a negligible impact.

Interest rate risk
All group borrowings have a fixed rate of interest and are therefore not affected by changes in interest rates. The group has no floating rate debt and thus is not exposed to risks in changes in interest rates.

Liquidity risk
Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments as well as forecast cash inflows and outflows due in day to day business.

The Group considers expected cash inflows from its financial assets, in particular cash resources and trade receivables, in assessing and managing its day to day operational liquidity. Daily, weekly and monthly cash forecasts are closely monitored, as well as the longer term capital needs of the business.

The liquidity forecast for the next twelve months indicates the need for debt refinancing and further capital injections. The Group has successfully completed a Series C fundraise and is in the advanced stages of its Series D fundraise and debt refinancing process.

32 Financial instruments (continued)

At 31 July 2018, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below.

	Less than 1 year USD$ 000	Between 1 and 2 years USD$ 000	Over 2 years USD$ 000	Totals USD$ 000
At 31 July 2018				
Borrowings	3,916	121	-	**4,037**
Interest on borrowings	180	-	-	**180**
Convertible loan notes	1,250	-	6,455	**7,705**
Interest on convertible loan notes	206	-	-	**206**
Trade and other payables	5,041	-	-	**5,041**
	10,593	121	6,455	**17,169**

At 31 July 2017	Less than 1 year USD$ 000	Between 1 and 2 years USD$ 000	Over 2 years USD$ 000	Totals USD$ 000
Borrowings	6,310	764	-	**7,074**
Interest on borrowings	82	-	-	**82**
Convertible loan notes	100	1,250	3,197	**4,547**
Interest on convertible loan notes	112	576	-	**688**
Trade and other payables	7,785	-	-	**7,785**
	14,389	2,590	3,197	**20,176**

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Credit terms are 7-14 days, with advance deposits required from larger customers. The frequency of billing and the volume and diversity of customers ensures that the risk of a large credit loss is mitigated. Trade receivables are monitored regularly and action is taken promptly on overdue debts.

The credit risk in respect of cash balances is managed via diversification of bank deposits and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

32 Financial instruments (continued)

Capital 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 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 equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

	2018 USD$ 000	2017 USD$ 000
Total borrowings	13,868	12,391
Less: cash and cash equivalents	(337)	(748)
Net debt	13,531	11,643
Total equity	(8,553)	(7,569)
Total capital	4,978	4,074
Gearing ratio	158%	153%

The group's strategy is to reduce the gearing ratio to 50% in the medium to longer term.

The group is not subject to any externally imposed capital requirements.

33 Lease commitments

Operating lease commitments

As at 31 July 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 USD$ 000	2017 USD$ 000
Within one year	2,607	1,955
In two to five years inclusive	10,463	10,868
After five years	1,505	3,707
	14,575	16,530

33 Lease commitments (continued)

Finance lease commitments

As at 31 July 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable finance leases, which fall due as follows:

	2018 USD$ 000	2017 USD$ 000
Within one year	321	97
In two to five years inclusive	121	88
After five years	-	-
	442	185

34 Related party transactions

The Group has taken advantage of the exemptions contained within IAS 24 – "Related Party Disclosures" from the requirement to disclosure transactions between Group companies as these have been eliminated on consolidation.

At 31 July 2018, Aldridge Capital Limited, a company in which Michael Aldridge is a director, was owed $466,827 (2017: $150,000) on a 9% revolver loan. Interest outstanding at the year end amounted to $11,741 (2017: $4,512).

At 31 July 2018, Aldridge Capital Limited, a company in which Michael Aldridge is a director, was owed $2,275,695 on a 3 year 9% bond. Interest outstanding at the year end amounted to $57,235. At 31 July 2017, the amount outstanding to Aldridge Capital by way of a shareholder loan was $1,700,000 and accrued interest at 31 July 2017 amounted to $301,428. On 19 April 2018 the shareholder loan and accrued interest were converted to a 3 year bond.

During the year, RMAI Limited, a company in which Michael Aldridge is a director, charged the group rent and add on costs for the use of office space amounting to $31,093 (2017: $53,650). At 31 July 2018, $49,131 (2017: 18,038) was outstanding.

During the year, Terra Firma Kenya Ltd, a company in which William Sykes is a director, was charged consultation fees by the group amounting to $173,004 (2017: nil). At 31 July 2018 all the balances were settled.

Remuneration of key management, which is defined as board directors and non-executive directors, is set out below:

	2018 USD$ 000	2017 USD$ 000
Salaries including bonus	774	497
Allowances	48	70
Non-executive director fees	93	98
	915	665

35 Events after the reporting date

Since the year end, the Group has raised $887,818 of A1 equity through its Series C equity raise ($794,818 in cash and $93,000 by way of debt capitalisation). As part of the Series C equity raise a matching scheme was supported by the founders, who transferred one A2 share per subscribed A1 share. The total number of A2 shares transferred was 1,266,109. No new A2 shares were issued.

The Group has also raised $2,704,968 of A1 equity through its Series D equity raise which is ongoing at the date of signing these financial statements. $1,858,197 was raised from new cash and $846,771 from debt capitalisation. Since the year end, the Group has issued a net $1,754,993 of Revolver Debt (of which $1,067,500 were converted from Series B Notes, $145,928 were related to interest conversion, $607,565 were new cash raised and $66,000 were repaid). $250,000 of Series B Notes were capitalised to equity.

An additional $8,557 of 3 Year Bonds were issued related to interest conversion. $277,435 of new cash was raised through the 3 Year Notes. These Notes have a 3 year maturity with a 12% cash coupon and 8% PIK with the cash interest being paid every 1 July. $1,200,000 of new cash was raised through a new 3 year instrument, carrying a 9% coupon.

Additional facilities were created for capital expenditure on new Centers amounting to $1,062,000. Each of these loans have been a result of Anchor sales made for the Centers.

In July 2019 the Group began work on its first Center in West Africa, in Lagos, and the Group Serviced Office trading brand ESBC was renamed KOFISI.

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2018

	Note	2018	Restated 2017
		USD$ 000	USD$ 000
Non-current assets			
Property, plant and equipment	38	13	38
Investments	39	5,952	5,952
		5,965	5,990
Current assets			
Trade and other receivables	41	1,837	858
Cash and cash equivalents		32	202
		1,869	1,060
Total assets		7,834	7,050
Current liabilities			
Trade and other payables	45	2,168	908
Borrowings	42	3,720	6,392
Convertible loan notes	43	1,456	212
		7,344	7,512
Net current liabilities		(5,475)	(6,452)
Non-current liabilities			
Borrowings	42	-	615
Provisions	46	240	240
Convertible loan notes	43	6,455	5,023
Derivative financial instruments	44	1,740	-
		8,435	5,878
Total liabilities		15,779	13,390
Net liabilities		(7,945)	(6,340)
Equity			
Called up share capital	49	205	187
Share premium account	49	20,278	16,609
Shares to be issued	49	100	100
Accumulated losses	50	(28,528)	(23,236)
Total equity		(7,945)	(6,340)

During the year the Company made a loss of $5,292,000 (2017: $19,826,000).

The financial statements were approved by the board of directors and authorised for issue on 14 February 2020 and are signed on its behalf by:

Mr Michael James Aldridge
Director

Company Registration No. 09107183

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

	Called up Share capital	Share premium account	Accumulated losses	Shares to be issued	Total
	USD$000	USD$ 000	USD$ 000	USD$ 000	USD$ 000
Balance at 1 August 2016	149	9,408	(3,410)	-	6,147
Year ended 31 July 2017:					
Loss and total comprehensive expense	-	-	(19,826)	-	(19,826)
Shares to be issued	-	-	-	100	100
Issue of share capital	31	5,743	-	-	5,774
Transactions with owners					
Issue of shares to existing owners	7	1,458	-	-	1,465
Balance at 31 July 2017 - restated	187	16,609	(23,236)	100	(6,340)
Year ended 31 July 2018:					
Loss and total comprehensive expense	-	-	(5,292)	-	(5,292)
Issue of share capital	6	1,238	-	-	1,244
Transactions with owners					
Issue of shares to existing owners	12	2,431	-	-	2,443
Balance at 31 July 2018	205	20,278	(28,528)	100	(7,945)

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 USD$ 000	2017 USD$ 000
Cash flows from operating activities			
Cash absorbed by operations	54	(1,710)	(2,305)
Net cash outflow from operating activities		(1,710)	(2,305)
Cash flows from investing activities			
Purchase of property plant and equipment		-	(20)
Increase in investments		-	(2,500)
Advances to subsidiaries and joint ventures		(1,458)	(4,891)
Net cash outflow from investing activities		(1,458)	(7,411)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		2,605	6,152
Proceeds from issue of convertible debt, net of issue costs	48	912	1,250
Proceeds from other borrowing draw downs		-	2,948
Repayment of loan note	48	(400)	(690)
Interest paid	48	(116)	(603)
Net cash inflow from financing activities		3,001	9,057
Net decrease in cash and cash equivalents		(167)	(659)
Cash and cash equivalents at beginning of year		202	874
Exchange differences on cash and cash equivalents		(3)	(13)
Cash and cash equivalents at end of year		32	202

36 Accounting policies

36.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The comparative year of the financial statements is for the year to 31 July 2017.

36.2 Accounting disclosures

a) New and amended standards adopted by the company

Amendments to IAS 7 Statement of Cash Flows

The amendments aim to increase disclosure of the financing activities of an entity. The evaluation of changes in liabilities requires disclosure of changes in financing cash flow, changes in control of subsidiaries or other business, the effect of foreign exchange rates and changes in fair value. The amendments are effective for accounting periods beginning on or after 1 January 2017.

Amendments to IAS 12 Income Taxes

The amendments clarify the recognition of deferred tax assets for unrealised losses. The amendments clarify that unrealised losses on debt instruments give rise to deductible temporary differences regardless of whether the carrying amount of the debt instrument is recovered by sale or through use. Assessments of deferred tax assets should be performed by type of assets in the event tax law restricts the utilisation of tax losses. The amendments are effective for accounting periods beginning on or after 1 January 2017.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 August 2017 and not early adopted

IFRS 7 Financial Instruments: Disclosures

IFRS 7 addresses the disclosure requirements relating to the significance of financial instruments to an entity and the nature and extent of risks associated with those financial instruments. Additional hedge accounting disclosures will be required when IFRS 9 becomes effective. The company is yet to assess the full impact of the standard.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. Management concludes that no major impact has been brought in the preparation of the financial statements after the review of the standard.

36.2 Accounting disclosures (continued)

IFRS 15 Revenue from Contracts with Customers

Management has assessed the core principle of IFRS 15 which is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It has been concluded by management that the standard has no impact on the preparation of the financial statements.

IFRS 16 Leases

The Standard assesses the use of off-balance sheet leases, bringing most lessee leases on-balance sheet and eliminating the distinction between operating and finance lease leaving lessor accounting largely unchanged. The Standard is effective for periods beginning on or after 1 January 2019. The company is yet to assess the full impact of the standard.
There are no other IFRSs or IFRIC interpretations that are not yet effective that would expect to have a material impact on the company.

36.3 Going Concern

The Company incurred a loss for the year of $5.3m and has net liabilities of $7.9m at the year ended 31 July 2018. The Company has $5.2m in current borrowings and convertible loans which it requires to rollover.

The Company's growth strategy is reliant on its ability to complete on the already advanced negotiations regarding raising finance on the global capital markets over the next year.

There is uncertainty over the outcome of the rollover of some of the debt instruments and there is no finalised refinancing arrangement yet in place. These conditions indicate the existence of a material uncertainty which casts significant doubt over the Company's ability to continue as a going concern.

The Company has a history of successful fundraising programmes and achieved its financing target during its Series C fundraise, which completed at the end of the 2018 calendar year. As at the date of signing these financial statements, the Series D equity raise, which commenced at the start of the 2019 calendar year, is ongoing. To date $2.7m of new equity has been raised, with nearly $1.0m of that raised in the last four months. In addition, discussions are at an advanced stage with two institutions who are looking to refinance the existing debt arrangements. Further details of equity and other finance raised since the year are given in note 51.

The Directors have a reasonable expectation that the desired finance will be raised and the Company can continue as a going concern for at least 12 months from the date of signing the accounts. The financial statements have been prepared on that basis and do not include the adjustments that would result if the Company was unable to continue as a going concern.

36.4 Revenue

Revenue comprises the fair value of the consideration received or receivable from the provision of services under integrated service agreements to the Company's investments. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- Specific criteria have been met for each of the Company activities.

36.5 Property, plant and equipment

Property, plant and equipment are initially stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.
Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Furniture, fittings and equipment	3 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

36.6 Investments in associates and joint ventures

Investments in subsidiaries and joint ventures are held at the lower of cost and net recoverable amount. The Company initially measures the investments at cost.

36.7 Cash and cash equivalents

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

36.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

36.8 Financial assets (continued)

Impairment of financial assets

Impairment provisions are recognised 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 Group 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 consolidated 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Trade receivables

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

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

36.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost.

36.9 Financial liabilities (continued)

Loans and other borrowings
Interest-bearing loans are recognised initially at cost less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the year to redemption.

Convertible loan notes
Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, subject to a level of fundraising being achieved, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a convertible loan notes is recognised initially at the fair value of a similar liability that does not have an equity conversion option. There is no equity component in the currently issued convertible bonds. Any directly attributable transaction costs are allocated to the liability component.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost. Convertible loan notes are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

36.10 Equity instruments

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

36.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

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

36.12 Foreign exchange

Transactions in currencies other than United States Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

36.13 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

36.14 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. For financial instruments which are not designated as hedging instruments, the change in fair value is accounted for at fair value through profit and loss (FVTPL).

36.15 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance

37 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

Carrying value of investments

Management uses an appropriate discount rate to assess the carrying value of its investments. The choice of discount rate is based on comparisons with external data sources. Management performs sensitivity analysis, including a reasonably possible reduction in assumed results, growth rates and cash flows. See note 39.

38 Property, plant and equipment

	Furniture, fittings and equipment USD$ 000	Motor vehicles USD$ 000	Total USD$ 000
Cost			
At 1 August 2017	90	20	110
At 31 July 2018	90	20	110
Accumulated depreciation			
At 1 August 2017	53	19	72
Charge for the year	24	1	25
At 31 July 2018	77	20	97
Carrying amount			
At 31 July 2018	13	-	13
At 31 July 2017	37	1	38

39 Investments

	2018 USD$ 000	Restated 2017 USD$ 000
Investments in subsidiaries	5,952	5,952

Prior year adjustment

The carrying value of the company's investment in ESBC has been written down by $553,000 in the prior year. Further details are included in note 47.

40 Subsidiaries

Details of the company's subsidiaries at 31 July 2018 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Sunbird Property Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Business Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Support Services Limited	United Kingdom	100%	100%	Holding company
Sunbird TRSY Limited	United Kingdom	100%	100%	Group financing
Sunbird Facilities Management Limited	United Kingdom	100%	100%	Facilities Management
Sunbird Developments Limited	United Kingdom	100%	100%	Property development
Sunbird Consortium Support Services Limited	United Kingdom	100%	100%	Dormant
Sunbird Business Services Africa Limited	United Kingdom	99%	99%	Holding company
Sunbird Business Services Botswana Limited	Botswana	100%	100%	Dormant
Sunbird Business Services Uganda Limited	Uganda	100%	100%	Property services
Sunbird Business Services Tanzania Limited	Tanzania	99%	99%	Property services
Sunbird Business Services Kenya Limited	Kenya	100%	100%	Property services
Big Bird Holding Tanzania Limited	Tanzania	99%	99%	Holding company
Sunbird Support Services Kenya Limited	Kenya	100%	100%	Support services
Sunbird Support Service (Pty) Limited	South Africa	100%	100%	Facilities management
Sunbird Business Services Zambia Limited	Zambia	100%	100%	Dormant
Sunbird Business Services Namibia Limited	Namibia	100%	100%	Dormant

40 Subsidiaries (continued)

Below are the registered offices in each country.

	Country	Registered office
1	United Kingdom	8 City Road, London, EC1Y 2AA
2	Uganda	5th floor Rwenzori Tower, Kampala, Uganda
3	Tanzania	Kilwa House, Oysterterbay, Dar Es Salaam, Tanzania
4	Kenya	4th floor, Eden Square Complex, Westlands Nairobi, Kenya
5	South Africa	Westwood Building, 57 6th Rd Hyde Park, Johannesburg, South Africa
6	Zambia	3rd floor Mpile office Park, 74 Independence Avenue, Lusaka, Zambia
7	Botswana	Acumen Park, Plot 50370, Fairground, Gaborone
8	Namibia	Unit 5 Ground floor, Ausspann Plaza, Dr. Agostinho Neto Road, Windhoek, Namibia

Each of the investments listed are private companies for which there are no quoted market prices available for their shares. Since year end the following entities have been dissolved as part of a rationalisation of the Group:

1) Sunbird Group Limited - dissolved 18.09.2018
2) Sunbird Support Services Limited - dissolved 30.10.2018
3) Sunbird TRSY Limited - dissolved 30.10.2018
4) Sunbird BPO Limited - dissolved 30.10.2018
5) Sunbird Real Estate Services Limited - dissolved 18.09.2018
6) Sunbird Consortium Support Services Limited - dissolved 18.09.2018

41 Trade and other receivables

	2018 USD$ 000	2017 USD$ 000
Other receivables	13	13
Trade receivables	664	10
VAT recoverable	54	11
Amounts due from fellow group undertakings	828	629
Prepayments	278	195
	1,837	858

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Amounts due from fellow group undertakings are repayable on demand and are interest free.

42 Borrowings

	2018 USD$ 000	2017 USD$ 000
Unsecured borrowings at amortised cost		
Series B Notes	1,514	4,379
Revolver Debt	1,873	2,140
Other borrowings	333	488
	3,720	7,007

Analysis of borrowings

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

	2018 USD$ 000	2017 USD$ 000
Current liabilities	3,720	6,392
Non-current liabilities	-	615
	3,720	7,007

Series B Notes

The Series B Notes are unsecured loans created on 16 June 2015. The repayment date is 15 months from the issue date. Until such time as the Principal amount of the loan notes is paid off in full, interest shall accrue from the issue date daily in arrears on the basis of a 365 day year and actual days elapsed. Interest is payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December. Interest stops accruing on repayment of the loan notes. Interest on the loan notes is calculated at the rate of 14% per annum on the Principal Amount of loan notes outstanding from time to time. As at 31 July 2018, the Company has issued USD $1,514,137 (2017: USD $4,379,000). Included in the balance is $141,637 of accrued interest (2017: $69,166). During the year an additional $67,500 (2017: $1,860,000) of loan notes were issued while $3,005,000 of loan notes were settled ($1,700,000 and $1,125,000 were converted into 3 Year Bonds and Revolver Debt respectively and $180,000 were capitalised to A1 equity). The Series B Notes are listed on the Bermudan stock exchange.

Revolver Debt

Revolver Debt are unsecured loans with a maturity of 360 days from issue. Interest on the loan is calculated at 9% per annum. As at 31 July 2018, the Company has in issue USD $1,834,333 of loan notes (2017: $2,126,590) and accrued interest at the year end amounted to USD $38,740 (2017: $13,233). During financial year 2018, new loan notes of $2,095,392 were issued ($844,140 were related to new cash raised, $1,125,000 were converted from Series B Notes and the $126,252 were related to interest conversion), and loan notes of USD $2,417,648 were settled (of which $2,205,840 were converted into 3 Year Bonds, $22,475 were capitalised to A1 equity and $189,333 were paid back).

Other Borrowings

Other borrowings include $333,000 (2017: $488,000) in relation to C Ordinary shares issued as part of a share for share exchange in the acquisition of ESBC Property Services Limited. The shares carry no voting rights and no rights to appoint a director and they offer a pro rata priority dividend in respect of income generated from the investment. The Company has entered into a loan agreement to redeem these shares and, as such, the amount outstanding at the year end has been classified as a liability in these financial statements.

43 Convertible loan notes

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

Principal	**2018**	**2017**
	USD$ 000	**USD$ 000**
Shareholder Loans	-	3,197
Series A Notes	1,250	1,350
3 Year Bond	6,455	-
	7,705	**4,547**
Liability component due within 12 months	1,250	100
Liability component due after 12 months	6,455	4,447
	7,705	**4,547**

Accrued Interest	**2018**	**2017**
	USD$ 000	**USD$ 000**
Shareholder Loans	-	674
Series A Notes	-	14
3 Year Bond	206	-
	206	**688**
Liability component due within 12 months	206	112
Liability component due after 12 months	-	576
	206	**688**

Series A Notes

As at 31 July 2018, the Company had in issue USD $1,250,000 Series A Notes (2017: $1,350,000) which are listed on the Bermudan stock exchange. The interest rate on these notes is fixed at 10% with a repayment date of 15 months from the date of issue. Each Series A Note holder shall have the right to convert all their principal amount and any accrued interest into fully paid A1 Ordinary Shares of the Company subject to relevant fundraise (the Company raising over USD $3,000,000 from an issue of Shares to any person(s)) at the Conversion Price (a price per Share being a 10% discount to the price per Share paid for Shares by the investors pursuant to that Relevant Fund Raising). During the year, $100,000 Series A Notes were converted into 3 Year Bonds.

Shareholder Loans

As at 31 July 2018, all Shareholder Loans have been settled. During the year, Loans totalling USD $3,193,000 were converted into 3 Year Bonds.

43 Convertible loan notes (continued)

3 Year Bonds
3 Year Bonds are unsecured loans with a 3 years maturity from issue. The instrument was created by the Company on 19 April 2018. Interest on the bonds is calculated at 9% per annum and is to be settled at maturity with the principal. Investors have the option to convert any amount of the Loan Notes upon a Relevant Fundraise (being the next $1m equity fundraise) at a strike price of $2.06 ("Conversion Option 1"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 1 then any amount of accrued interest attaching to those Loan Notes being converted shall be cancelled and not payable. Upon any further fundraising after the Relevant Fundraise (where such fundraise is more than $1m), the Investors have the option to convert any amount of their Loan Notes at a strike price of the market value of the shares pursuant to the fundraise less 15% ("Conversion Option 2"). If the Investors choose to convert any amount of the Loan Notes pursuant to Conversion Option 2 then any amount of accrued interest attaching to those Loan Notes being converted will be cancelled and not payable.

At the year end, the Company has in issue $8,194,502 (including the embedded derivative element of the bond – see note 44) of 3 Year Bonds (2017: $0) and accrued interest at year end amounted to $206,097. Of the $8,194,502 issued, $3,193,000 were converted from Shareholder Loans, $1,700,000 from Series B Notes, $100,000 from Series A Notes, $2,205,840 from Revolver Debt and $995,662 were related to interest conversion.

The conversion feature of the 3 year bond is considered to be a financial liability rather than an equity instrument. As such the derivative liability has been accounted for separately from the host instrument and is carried fair value through profit and loss (see note 44).

44 Derivative financial instruments

The embedded derivative liability of the 3 year bonds (see note 43) has been separated and carried at fair value through the profit and loss (FVTPL).

	2018 USD$ 000	2017 USD$ 000
Embedded derivatives – 3 year bonds	1,740	-

45 Trade and other payables

	2018 USD$ 000	Restated 2017 USD$ 000
Trade payables	536	304
Amounts due to fellow group undertakings	-	25
Accruals	579	563
Other payables	1,053	16
	2,168	908

45 Trade and other payables (continued)

Amounts due to fellow group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The opening trade and other payables balance has been restated to reclassify $240,000 of provisions as due in more than one year. There was no impact on the statement of comprehensive income or on the total value of equity in the statement of financial position. Further details are provided in note 47.

46 Provisions

	2018 USD$ 000	Restated 2017 USD$ 000
Employment settlement	240	240
	240	240

$240,000 of opening provisions have been reclassified from trade and other payables due in less than one year. There was no impact on the statement of comprehensive income or on the total value of equity in the statement of financial position. Further details are provided in note 47.

47 Prior year adjustment

Certain prior year balances have been restated and the impact on the Statement of Financial Position is as follows:

	Investments USD $ 000	Trade and other payables USD $ 000	Provisions USD $ 000	Accumulated losses USD $ 000	Borrowings due in less than 1 year USD $ 000	Borrowings due in more than 1 year USD $ 000
At 1 August 2017 – as stated	6,505	(1,148)	-	22,683	(6,480)	(527)
Reclassification from accruals to provisions	-	240	(240)	-	-	-
Impairment of investment	(553)	-	-	553	-	-
Reclassification of borrowings to amounts due in more than 1 year	-	-	-	-	88	(88)
At 1 August 2017 - restated	5,952	(908)	(240)	23,236	(6,392)	(615)

Reclassification from accruals to provisions
The opening accruals balance has been restated to reclassify the $240,000 employment settlement provision to provisions due in after one year.

Impairment of investment
The carrying value of the company's investment in ESBC has been written down by $553,000 in the prior year when the company acquired a controlling interest.

Reclassification of borrowings to amounts due in more than 1 year
$88,000 of borrowings incorrectly included as due in less than one year have been reclassified to due in more than one year.

48 Reconciliation of liabilities arising from financing activities

	Long term borrowings USD $ 000	Short term borrowings USD $ 000	Total USD $ 000
At 1 August 2017	5,638	6,604	12,242
Cash flows:			
Repayment of principal	-	(400)	(400)
Repayment of interest	-	(116)	(116)
Proceeds	-	912	912
	5,638	7,000	12,638
Non-cash:			
Interest	818	117	935
Equity conversion	-	(202)	(202)
Reclassification	1,739	(1,739)	-
	8,195	5,176	13,371

49 Called up share capital and share premium account

	2018 USD$ 000	2017 USD$ 000
Ordinary share capital		
Authorised, allotted, called up and fully paid shares		
12,165,679 (2017: 10,376,284) A1 Ordinary shares of $0.01 each	122	104
8,336,112 (2017: 8,336,112) A2 Ordinary shares of $0.01 each	83	83
	205	187
Shares to be issued	100	100

At the year end $100,000 (2017: $100,000) of investment had been received but equity not issued.

	2018 USD$ 000	2017 USD$ 000
Share premium account		
At 1 August 2017	16,609	9,408
Issue of new A1 Ordinary shares	3,669	7,401
Share issue expenses	-	(200)
At 31 July 2018	20,278	16,609

49 Called up share capital and share premium account (continued)

During the year, 1,789,395 A1 Ordinary shares (2017: 3,803,922 A1 Ordinary shares) having an aggregate nominal value of $17,894 (2017: $38,039) were allotted for an aggregate consideration of $3,687,000 (2017: USD $7,439,000). The share premium was reduced by USD $0 (2017: USD $200,000) for expenses directly related to the fundraising of these shares.

During the year no new A2 Ordinary shares were allotted.

There is a third class of authorised shares, A3 Ordinary shares, which would be issued on conversion of the redeemable preference shares. To date, no such shares were issued.

A1 and A2 Ordinary shares have voting rights but the voting rights to appoint directors do not attach to the shares. For A1 Ordinary shares only certain investors have the right to appoint directors subject to their shareholdings. For A2 Ordinary shares, only 2 shareholders (Michael Aldridge and William Sykes) who are also directors have rights to appoint directors. A3 Ordinary shares have no voting rights.

All classes have equal rights to dividends and rank pari passu in that regard. A1 and A2 Ordinary shares have pre-emption rights priority whereas A3 Ordinary shares have no pre-emption rights. A1 Ordinary shares rank ahead of A2 and A3 Ordinary shares upon a liquidation or winding up event.

50 Accumulated losses

	2018 USD$ 000	Restated 2017 USD$ 000
At 1 August 2017	(23,236)	(3,410)
Loss for the year	(5,292)	(19,826)
At 31 July 2018	(28,528)	(23,236)

51 Events after the reporting date

Since the year end, the Company has raised $887,818 of A1 equity through its Series C equity raise ($794,818 in cash and $93,000 by way of debt capitalisation). As part of the Series C equity raise a matching scheme was supported by the founders, who transferred one A2 share per subscribed A1 share. The total number of A2 shares transferred was 1,266,109. No new A2 shares were issued.

The Company has also raised $2,704,968 of A1 equity through its Series D equity raise which is ongoing at the date of signing these financial statements. $1,858,197 was raised from new cash and $846,771 from debt capitalisation. Since the year end, the Company has issued a net $1,754,993 of Revolver Debt (of which $1,067,500 were converted from Series B Notes, $145,928 were related to interest conversion, $607,565 were new cash raised and $66,000 were repaid). $250,000 of Series B Notes were capitalised to equity.

An additional $8,557 of 3 Year Bonds were issued related to interest conversion. $277,435 of new cash was raised through the 3 Year Notes. These Notes have a 3 year maturity with a 12% cash coupon and 8% PIK with the cash interest being paid every 1 July. $1,200,000 of new cash was raised through a new 3 year instrument, carrying a 9% coupon.

52 Related party transactions

Remuneration of key management personnel

Remuneration of key management, which is defined as board directors and non-executive directors, is set out below

	2018 USD$ 000	2017 USD$ 000
Salaries including bonus	774	497
Allowances	48	70
Non-executive director fees	93	98
	915	665

Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period and are repayable on demand. The Company has not provided or benefited from any guarantees for any related party receivables or payables.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2018 USD$ 000	2017 USD$ 000	2018 USD$ 000	2017 USD$ 000
Subsidiaries	828	629	-	25
	828	629	-	25

No guarantees have been given or received.

53 Controlling party

Mr William Sykes and Mr Michael Aldridge have a majority shareholding between them. They are also directors of the Company.

54 Cash absorbed by operations

	2018 USD$ 000	2017 USD$ 000
Loss for the year after tax	(5,292)	(19,826)
Adjustments for:		
Finance costs	935	1,061
Depreciation for property, plant and equipment	25	36
Exceptional items	2,048	15,850
Movements in working capital:		
Decrease/(Increase) in trade, VAT and other receivables	(686)	200
Increase in trade and other payables	1,260	374
Cash absorbed by operations	(1,710)	(2,305)

55 Financial instruments

Categories of financial assets and financial liabilities

Financial assets

	Amortised cost	FVTPL	Total
At 31 July 2018	**USD$ 000**	**USD$ 000**	**USD$ 000**
Cash and cash equivalents	32	-	32
Trade and other receivables	1,559	-	1,559
	1,591	-	1,591

	Amortised cost	FVTPL	Total
At 31 July 2017	**USD $ 000**	**USD $ 000**	**USD $ 000**
Cash and cash equivalents	202	-	202
Trade and other receivables	663	-	663
	865	-	865

Prepayments of $278,000 (2017: $195,000) have not been included as a financial asset.

55 Financial instruments (continued)

Financial liabilities

	Amortised cost	FVTPL	Total
At 31 July 2018	**USD$ 000**	**USD$ 000**	**USD$ 000**
Borrowings	3,720	-	3,720
Convertible loan notes	7,911	-	7,911
Derivative financial Instruments	-	1,740	1,740
Trade and other payables	2,168	-	2,168
	13,799	1,740	15,539

	Amortised cost	FVTPL	Total
At 31 July 2017	**USD $ 000**	**USD $ 000**	**USD $ 000**
Borrowings	7,007	-	7,007
Convertible loan notes	5,235	-	5,235
Trade and other payables	908	-	908
	13,150	-	13,150

Fair value measurement of financial instruments

Financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – other techniques for which all inputs which have a significant effect on the recorded value are observable, either directly or indirectly; and
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

55 Financial instruments (continued)

The following table shows the fair value hierarchy of financial liabilities:

	Level 1	Level 2	Level 3	Total
	USD$ 000	USD$ 000	USD$ 000	USD$ 000
At 31 July 2018				
Derivative financial instruments	-	1,740	-	1,740
	-	1,740	-	1,740

There were no financial liabilities held at FVTPL at 31 July 2017.

The embedded derivative liability of the Group's 3 year bonds has been measured using level 2 valuation techniques. The 3 year bonds are not traded in active markets. The instrument has been valued using observable interest rates which correspond to the maturity of the contract. The effects of non-observable inputs are not significant in the valuation.

Financial instruments risk

In the course of business, the Company is exposed to a variety of financial risks such as credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

Foreign currency risk

The Company is exposed to foreign currency risk through its head office function in the UK. The majority of the Company's transactions are denominated in US Dollars but certain head office costs are denominated in Sterling.

The Company has a natural hedge in its monetary assets and liabilities denominated in foreign currency. These amounts relate to bank and accounts payable denominated in Sterling. A sensitivity to a reasonably possible change in the Sterling against the US dollar exchange rate with all other variables held constant, of the Company's loss before tax (due to foreign exchange translation of monetary assets and liabilities) results in a negligible impact.

Interest rate risk

All Company borrowings have a fixed rate of interest and are therefore not affected by changes in interest rates. The Company has no floating rate debt and thus is not exposed to risks in changes in interest rates.

Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments as well as forecast cash inflows and outflows due in day to day business.

The Company considers expected cash inflows from its financial assets, in particular cash resources and trade receivables, in assessing and managing its day to day operational liquidity. Daily, weekly and monthly cash forecasts are closely monitored, as well as the longer term capital needs of the business.

The liquidity forecast for the next twelve months indicates the need for debt refinancing and further capital injections. The Company has successfully completed a Series C fundraise and is in the advanced stages of its Series D fundraise and debt refinancing process.

55 Financial instruments (continued)

At 31 July 2018, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below.

Year ended 31 July 2018	Less than 1 year USD $ 000	Between 1 and 2 years USD $ 000	Over 2 years USD $ 000	Total USD $ 000
Borrowings	3,540	-	-	3,540
Interest on borrowings	180	-	-	180
Convertible loan notes	1,250	-	6,455	7,705
Interest on convertible loan note	206	-	-	206
Trade and other payables	2,168	-	-	2,168
	7,344	-	6,455	13,799

Year ended 31 July 2017	Less than 1 year USD $ 000	Between 1 and 2 years USD $ 000	Over 2 years USD $ 000	Total USD $ 000
Borrowings	6,310	615	-	6,925
Interest on borrowings	82	-	-	82
Convertible loan notes	100	1,250	3,197	4,547
Interest on convertible loan notes	112	576	-	688
Trade and other payables	908	-	-	908
	7,512	2,441	3,197	13,150

Credit risk

There are no significant concentrations of credit risk within the Company. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. All trade receivables relate to receivables from related parties, where risk of default is considered low.

Capital management

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

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

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

55 Financial instruments (continued)

	2018 USD$ 000	2017 USD$ 000
Total borrowings	13,371	12,242
Less: cash and cash equivalents	(32)	(202)
Net debt	13,339	12,040
Total equity	(7,945)	(6,340)
Total capital	5,394	5,700
Gearing ratio	168%	190%

The Company's strategy is to reduce the gearing ratio to 50% in the medium to longer term.

The company is not subject to any externally imposed capital requirements.