Menu

SAPO PLC - Final Results

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SAPO PLC - Final Results London Stock Exchange
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SAPO Plc

("SAPO" or "the Company")

Final results

SAPO (AQSE: SAPO), the investment vehicle which seeks to invest in the developing market for rural broadband, today announces its Final Results for the year ended 31 December 2019.

Chairman's Statement

I was invited to join the board of our Company in February of this year as Executive Chairman, following the sad and untimely passing of my predecessor, Michael Meyer. I would like to express my sympathies for his family and friends. Michael saw an exciting yet undeveloped business opportunity in the UK and beyond in which SAPO could invest and grow. That opportunity has been made all the more pressing and real by the Covid-19 crisis that in the past few months has enveloped the world. My principal role as Chairman is to ensure that we take full advantage of the promise presented, for the benefit of our shareholders. I have been working with my colleagues and advisors to do just that. I am pleased to report that we have already made good progress in achieving the first of our

Keith Harris
Chairman

25 June 2020

The Directors of SAPO PLC accept responsibility for this announcement.

For further information, please contact:

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	Note	Year ended 31 December 2019 £'000	Period fr 2 Decem
Revenue - rental income		-	
Total revenue		-	
Total cost of sales		(25)	
Gross loss		**(25)**	
Investment management fees		-	
Other administration fees and expenses		(352)	
Administrative expenses		**(352)**	
Reversal of impairment of assets held for sale		-	
Impairment of third party loan		-	
Operating loss		**(377)**	
Finance income		10	
Foreign exchange (loss)/gain		(5)	
Net finance income		**5**	
Profit on disposal of subsidiary undertakings		-	
Loss before income tax		**(372)**	
Income tax expense		-	
Loss for the year/period		**(372)**	
Attributable to:			
- Owners of the Parent		(372)	
		(372)	
Basic and diluted loss per share (pence) attributable to the owners of the Parent during the year/ period	3	**(0.42)**	

Consolidated Balance sheet
at 31 December 2019

	As at 31 December 2019 £'000	As at 31 Decen
Assets		
Non-current assets		
Subscriptions due	750	
Current assets		
Third party loan	-	
Trade and other receivables	547	
Cash at bank	94	
Total current assets	**641**	
Total assets	**1,391**	
Equity		
Capital and reserves attributable to owners of the Parent:		
Issued share capital	1,663	
Retained earnings	(556)	
Total equity	**1,107**	
Liabilities		
Current liabilities		
Trade and other payables	284	
Total current liabilities	**284**	
Total liabilities	**284**	
Total equity and liabilities	**1,391**	

Consolidated statement of changes in equity
For the year ended 31 December 2019

Attributable to owners of the parent

		reserve				
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2017	623	360	314	1,297	(940)	357
Comprehensive expense						
Loss for the period	-	-	(498)	(498)	-	(498)
Other comprehensive expense						
Accumulated foreign exchange differences arising on subsidiary operations reclassified from equity to profit and loss	-	(360)	-	(360)	-	(360)
Total comprehensive expense for the period	-	(360)	(498)	(858)	-	(858)
Transactions with owners						
Sale of subsidiary	-	-	-	-	940	940
Total transactions with owners	-	-	-	-	940	940
Balance at 31 December 2018	**623**	**-**	**(184)**	**439**	**-**	**439**
Balance at 1 January 2019	623	-	(184)	439	-	439
Comprehensive expense						
Loss for the year	-	-	(372)	(372)	-	(372)
Total comprehensive expense for the year	-	-	(372)	(372)	-	(372)
Transactions with owners						
Issue of shares	1,040	-	-	1,040	-	1,040
Total transactions with owners	1,040	-	-	1,040	-	1,040
Balance at 31 December 2019	**1,663**	**-**	**(556)**	**1,107**	**-**	**1,107**

	Year ended 31 December 2019 £'000	Period 1 July 2 Decem
Cash flows from operating activities		
Loss for the year/period before tax	(372)	
Adjustments for:		
Finance income	(10)	
Impairment of third party loan	-	
Profit on disposal of subsidiary undertakings	-	
Foreign exchange loss/(gain)	5	
Operating loss before changes in working capital	**(377)**	
Decrease in trade and other receivables	11	
Increase/(Decrease) in trade and other payables	137	
Cash used in operations	**(229)**	
Interest received	-	
Net cash used in operating activities	**(229)**	
Cash flows from investing activities		
Net cash on disposal of subsidiaries	-	
Net cash used in from investing activities	**-**	
Cash flows from financing activities		
Issue of shares	290	
Net cash generated from financing activities	**290**	
Net increase/(decrease) in cash and cash equivalents	61	
Cash and cash equivalents at beginning of the year/period	33	
Foreign exchange losses on cash and cash equivalents	-	
Cash and cash equivalents at end of the year/ period	**94**	

1. General information

The financial information set out above does not constitute statutory accounts for the purpose of the Isle of Man Companies Act 2006. The financial information has been extracted from the statutory accounts of SAPO plc and is presented using the same accounting policies, which have not yet been filed with the Registrar of companies, but on which the auditors gave an unqualified report on 25 June 2020.

The preliminary announcement of the results for the year ended 31 December 2019 was approved by the board of directors on 25 June 2020.

SAPO PLC (formerly known as South African Property Opportunities Plc) (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 27 June 2006 as a public limited company with registered number 117001C. On 7 January 2011 with the approval of Shareholders in general meeting, the Company was re-registered as a company under the Isle of Man Companies Act 2006 with registered number 006491v. SAPO PLC and its subsidiaries' (the "Group") investment objective over the last couple of years was the orderly realisation of a portfolio of real estate assets in South Africa and the subsequent return of capital to the shareholders. The realisation has been completed and the Company has no further property interests. The investment strategy of the Company is now focused towards investing in the developing market for rural broadband.

The Company's property activities were managed by Group Five Property Developments (Pty) Limited ("Group Five"). Bridgehead Real Estate Fund (Pty) Ltd ("Bridgehead") was appointed as the replacement investment manager with effect from 1 July 2014 until 2 May 2019. The Company's administration is delegated to Galileo Fund Services Limited (the "Administrator"). The registered office of the Company is Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB.

Pursuant to a prospectus dated 20 October 2006 there was an authorisation to place up to 50 million shares. Following the close of the placing on 26 October 2006, 30 million shares were issued at a price of 100p per share.

The shares of the Company were admitted to trading on the AIM Market of the London Stock Exchange ("AIM") on 26 October 2006 when dealings also commenced. On the same date the shares of the Company were admitted to the Official List of the Channel Islands Stock Exchange (the "CISX").

As a result of a further fundraising in May 2007, 32,292,810 shares were issued at a price of 106p per share, which were admitted to trading on AIM on 22 May 2007.

On 4 June 2018 the listing of the Company's shares on the AIM market of the London Stock Exchange and on TISE was cancelled.

Pursuant to a prospectus dated 2 December 2019 there was a placing of 29,000,000 shares on 2 December 2019. On the same date the shares of the Company were admitted to trading on the Aquis Stock Exchange (formerly the NEX Exchange Growth Market).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on a going concern basis, with assets stated at realisable amounts and provisions of the estimated liquidation costs.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A number of new standards, amendments to standards and interpretation are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. The relevant standards are as follows.

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS17	Insurance contracts	Principles for the recognition, measurement, presentation and disclosure of insurance	1 January 2021
Amendments to IAS1 and IAS 8	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; and Accounting Policies	These amendments use a consistent definition of materiality and clarify the explanation of the definition of material	1 January 2020
Amendments to IFRS 3	Business Combinations	This amendment revises the definition of a business.	1 January 2020

IFRS17: Interest Rate Benchmark Reform	Instruments: Recognition and Measurement; and Insurance Contracts	rate benchmark reform	
Amendments to References to the Conceptual Framework in IFRS Standards		This amendment revises references to the Conceptual Framework in IFRS Standards	1 January 2020

2.2 Significant accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Trade receivables and Loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the company income statement.

different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates; and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income is re-attributed to the non-controlling interests. In any other partial disposal of a foreign operation, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified to profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of inventory in the ordinary course of the Group's activities and rental income received or receivable in relation to operating leases. Revenue is shown net of value added tax.

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the period.

Expenses are accounted for on an accruals basis.

2.5 Basis of consolidation

Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the company considers all relevant facts and circumstances including the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights, substantive potential voting rights held by the company and by other parties, other contractual arrangements and historic patterns in voting attendance.

Notes to the Financial Statements (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be included until control is lost or ceases. During the year the Company exchanged its holding in Madison Park Properties (40) Pty Limited on 29 September 2019. Costs incurred by Madison Park Properties (40) Pty Limited up to the date of exchange are included in the consolidated accounts.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.6 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of the Company.

The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Based on this internal reporting to the Board, it has been determined that there is only one operating segment, property development in the Republic of South Africa.

2.7 Financial assets and financial liabilities

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Board determine the classification

Trade and other receivables

Trade and other receivables and loans to third parties are stated at their cost, less any impairment losses

Cash at bank

Cash at bank are stated at fair value.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

2.8 Assets and Liabilities Held for Sale and Disposal Groups

Assets and disposal groups are classified as held for sale when it is established that management have a committed plan to sell which is unlikely to be significantly changed or withdrawn, the assets are available for immediate sale with an active programme initiated to locate a buyer and are being marketed at a reasonable price in relation to fair value with a sale being highly probable within 12 months of classification.

Assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in profit or loss. Once classified as held for sale, these assets are not depreciated and are disclosed separately on the face of the balance sheet within current assets.

2.9 Taxation

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent. The Group is liable for tax in the Republic of South Africa on the activities of its subsidiaries.

The tax expense represents the sum of the tax currently payable, which is based on taxable profits for the period. The Group's liability is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

that the related tax benefit will be realised.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Distributions

Distributions are recognised as a liability in the period in which they are declared and approved.

3. Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of shares in issue during the year.

	Year ended 31 December 2019	Perioc 31 [
Loss attributable to equity holders of the Company (£'000)	(372)	
Weighted average number of shares in issue (thousands)	87,896	
Basic loss per share (pence per share)	**(0.42)**	

The Company has no dilutive potential ordinary shares; the diluted loss per share is the same as the basic loss per share.

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