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Level of Assurance

1. Level of assurance

These Annual Financial Statements have been audited in compliance with the International Standards of Auditing. The preparation of the annual financial statements was supervised by:

G Hope

Chief Financial Officer

2. Preparer

Dylan Kohler Professional Accountant (SA)
Consultant

Audit and Risk Committee Report

Introduction

The Audit Committee ("the Committee") has pleasure in submitting its report, as required by section 94 of the Companies Act, 2008, and by the JSE Listings Requirements. The Committee acts for Afdawn Group and is accountable to the Shareholders and the Board. It operates within its documented charter and complies with all relevant legislation, regulation and executes its duties in terms of substantially all the King IV requirements.

The Committee was appointed by the AGM on the 24 August 2022.

Committee report

The Committee continues to focus on ensuring effective operation, through sound control and compliance. In the period under review the Committee has focused its attention on the critical risks facing the Group and sustainability of the Group. It has been another difficult year and cash flow was a particular concern with the directors assisting the Group to remain liquid. The Group does not have an internal audit function and the policy is to obtain external specialists to review areas of concern.

The Committee has reviewed the going concern assessment on which the Board has confirmed that it concludes that the Group and the Company are both going concerns refer to note 1.15. The Committee agrees that this conclusion is appropriate and that the basis of accounting for the Group and the Company as a going concern is appropriate.

The Committee has reviewed the Key Audit Matters in the Auditors report and confirm that they agree with the issues that have been raised.

1. Purpose

The main purpose of the Committee is to assist the Board in the oversight of:

- the integrity of the financial statements;
- the effectiveness of internal control over financial reporting;
- independence and qualification of the independent registered auditor;
- the Company's compliance with legal and regulatory requirements;
- approving the expertise of the financial director; and
- review of the Key Audit Matters and confirm that they concur with the issues the Committee believe are important.

2. Composition of the Committee

The members of the Committee consist of one independent non-executive director and one is a non-executive director of the Group and includes:

Name	Qualification
Mr SM Roper^	CA(SA)
Mr B Stagman	CA(SA)
Mr S Blieden	CFA

^ Mr SM Roper resigned on 1 September 2022.

The Committee meetings were attended by invitees throughout the period. All the directors were invited to attend the meetings. The financial director was required to attend. The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of 2008 and Regulation 42 of the Companies Regulation, 2011.

3. Meetings held by the Committee

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. The Committee held four meetings during the period. The attendance of the meetings is set out below:

	Meeting dates			
	7 June 2022	18 July 2022	21 November 2022	28 February 2023
Mr SM Roper (Chair)	Yes	Yes	N/A^	N/A^
Mr B Stagman	Yes	Yes	Yes	Yes
Mr S Blieden	Yes	Yes	Yes	Yes

4. External auditor

PKF Octagon Inc. were reappointed as external auditor during the reporting period. The Committee has satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for appointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements. The information considered included the latest inspection reports, decisions letters and remedial actions to address IRBA's findings on PKF Octagon Inc. and the individual audit partner as well as a summary as approved by the audit firm's head of risk, of internal monitoring review procedures performed, conclusions drawn, together with a description of significant deficiencies and steps taken to resolve or amend them. Based on the review of these documents the audit committee is satisfied with the quality of the work performed by the external auditors.

The audit partner and designated auditor, Mr. W.M. Wasowicz, and the firm are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. The Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved for the 2023 financial year end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. The Committee has a non-audit services policy which determines the nature and extent of any non-audit services which PKF Octagon Inc. may provide to the Company. The policy allows for limited tax and corporate governance advice. PKF Octagon Inc. has performed the audit for first time this year.

The appointment of PKF Octagon Inc. as auditor will be tabled as a resolution at the annual general meeting of African Dawn pursuant to Section 61(8) of the Companies Act.

5. Annual Financial statements

The Committee has evaluated the annual financial statements for the year ended 28 February 2023 and, based on the information provided, considers that the Group complies in all material respects, with the requirements of the Companies Act, International Financial Reporting Standards (IFRS) and the Listing Requirements of the JSE. The requirements of King IV are continuously being assessed and compliance therewith being improved on. The Group substantially complies with the requirements of King IV except in respect of those principles highlighted in the corporate governance report. The King IV requirements will be reviewed in the coming reporting period. The Committee also considered matters including those highlighted by the JSE's Pro-Active Monitoring process with specific reference to its request in respect of Covid-19 disclosures and have incorporated this in this set of Annual Financial Statements where relevant.

6. Accounting practices and internal control

Based on the available and communicated information, together with discussions with the independent external auditor, the Committee is satisfied that there was no material breakdown in the internal accounting controls during the reporting period under review. The Committee reviewed the auditor's management letter and can report that there are no material issues requiring immediate additional attention. The value-added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

The Committee ensured that the appropriate financial reporting procedures exist and are operating as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements.

7. Financial director

The Committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements that the financial director has the appropriate expertise and experience.

The Committee has also evaluated the capability of the finance team and believes that the appropriate skill, expertise and experience resides in the financial function.

8. Company Secretary

The Committee has evaluated the Company Secretary and are satisfied that the level of the secretary's experience, expertise and independence is in line with JSE requirements.

On behalf of the Committee.

B Stagman
Chair Audit Committee Johannesburg

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa (Act 71 of 2008) ("the Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.
It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, and the Companies Act. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with IFRS, the companies act and the JSE Listings Requirements. The annual financial statements are prepared using appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2024 and, in light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 11 to 15.

The directors as stated below hereby confirm that:
(a) the financial statements set out on pages 16 to 56, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer; and
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.
(e) Where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors of the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The financial statements have been prepared on the going concern basis (refer to directors report) and were approved by the board on 28 July 2023 and were signed on its behalf by:

J Slabbert

G Hope

Johannesburg

28 July 2023

Group Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act of 2008

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AFRICAN DAWN CAPITAL LIMITED
REGISTRATION NUMBER: 1998/020520/06

REPORT BY THE COMPANY SECRETARY

We, in our capacity as Company Secretary, hereby certify, in terms of S88(2)(e) of the Companies Act, 71 of 2008, as amended (the Act), that for the year ended 28 February 2023, the Company has lodged with the Commissioner all such returns as are required in terms of the Act, and that all such returns are, to the best of our knowledge and belief, true, correct and up to date.

....
COMPANY SECRETARY
STATUCOR (PTY) LTD
Per: A Rich

10 July 2023

JOHANNESBURG
Wanderers Office Park
52 Corlett Drive, Illovo 2196
Private Bag X60500
Houghton, 2041

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Directors: B Lopes • D Botha • P Ngomeza • S Nkosi • AJ Rich • L van der Westhuizen
Statucor (Pty) Ltd - Registration number: 1989/005394/07

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Afdawn for the year ended 28 February 2023.

1. Review of activities

General information

Nature of business

Afdawn was formed in 1998 as a micro finance company which, following its listing on the Alternative Exchange of the JSE in 2004, grew into a niche finance provider. The Group, through its wholly owned subsidiaries, Elite and Elite Two, provides unsecured personal loans (micro finance) and provides online consulting to entrepreneurs, investors and advisors through its online YueDiligence platform.

Group details

The Group's place of domicile and country of incorporation is the Republic of South Africa and it has an AltX listing on the JSE Limited.

The registered office and principal place of business is: 3rd floor The Village at Horizon, Cnr Sonop & Ontdekkers Road Horizon View, Gauteng 1724.

Information relating to the subsidiaries of the Company is in note 5 of the financial statements.

Review of operations

The operating results and the state of affairs of the Group are fully set out in the attached statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the notes thereto.

The Group's loss attributable to shareholders amounted to R16.15million (2022: R12.89million). The net liability value increased to R41.01million (2022: R26.77 million). The Company's loss amounted to R2.87 million (2022: R0.65million profit). Net Liability of the Company increased to R2.64million (2022: R1.69million).

2. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 28 February 2023, the Group and Company had accumulated losses of Group R368.84 million (2022: R352.69 million), Company R330.48 million (2022: R327.61 million) and that the total liabilities exceed its total assets by (R41.01 million) (2022 (R26.77 million) for the Group.

UNCERTAINTY	ACTION	STATUS
Operating losses incurred by the group over the last three years and potential future operating losses in the future. Furthermore, the group's total liabilities exceed its total assets by R41.01million resulting in solvency issues.	Additional funding and equity investment to be obtained in the group.	The directors are in the process of raising additional capital to continue to fund growth across the group. Management has already raised and received R6 million after year end to date and is expecting to continue to raise additional capital as and when required. The additional fund raising in the current year will further assist Elite to grow its debtor's books and fund new revenue generating initiatives. Elite has entered into an agreement with UIF to recover TERS claims with a value of R1.4m after year end over 6 months. New revenue streams including commission on credit repair processing and additional insurance products have been launched to improve revenue.

Afdawns ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding and other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding the Elite debtor's book.	The directors are currently sourcing additional funding for further growth within the Group. Afdawn's wholly owned subsidiary, Elite Group, will be able to grow its debtor's book and generate cashflows to cover the Groups operating expenses including Afdawn. Management of Afdawn are still exploring other business activities for further revenue generation.
The group borrowers recalling loans in the short term.	Of the R30.87m borrowings that are due in the current period, management estimates R25.3 not to be called by borrowers in short term period and to be renewed beyond the next financial year. Management are also engaged in getting new lenders with longer terms as well as negotiating with current lenders to extend short term borrowings for longer period.	- A total of R25.3m of the loans have approached to not recall loans before the next reporting date. - This includes the Caleo loan program refer to note 13. - A short term loan of R1.5m has been renegotiated to long term, after year end. - Four significant new lenders have advanced funds of R3m as well as an additional advance from Caleo of R3m, repayable between 1 – 3 years has been received since year end. - Based on the historic data on loan repayments, the repayments of the capital portion of the loans are expected to be within the range of 10%.

Having regard to the nature of the uncertainties, the actions being taken and also the current status of these uncertainties, the judgment of the management and board is that it is appropriate that the financial statements be prepared on the going concern basis.

3. Major transactions, events and disclosure changes

The major transactions and events during the year were:

- Acquired a new branch in Port Shepstone refer to note 25.
- New credit repair and insurance products launched to increase revenue
- Related party transactions note 26 of the financial statements

4. Directors

The directors in office at the date of this report are as follows:

Directors	Office	Designation
Mr. J Slabbert	Chair	Executive
Mr. DS Danker*	Chief Executive Officer (CEO)	Executive
Mr G Hope	Chief Financial Officer (CFO)	Executive
Mr. SM Roper^	Chair audit and risk committee	Independent non-executive
Mr. B Stagman	Chair remunerations committee	Independent non-executive
Mr. S Blieden		Non – executive

* Mr. DS Danker resigned on 28 February 2023
^ Mr. SM Roper resigned on 1 September 2022

5. Meetings held by the board

Member	6 July 2022	11 July 2022	31 August 2022	29 November 2022
Mr. JW Slabbert (Chairperson)	Yes	Yes	Yes	Yes
Mr. GB Hope	Yes	No	Yes	Yes
Mr. DS Danker	Yes	Yes	Yes	Yes
Mr. SM Roper	Yes	Yes	Yes	N/A^
Mr. B Stagman	Yes	Yes	Yes	Yes
Mr. S Blieden	Yes	Yes	Yes	Yes

6. Directors' interests in shares and contracts

As at 28 February 2023, the directors of the company held direct and indirect beneficial interests in 40.25% (2022 44.28%) of its issued ordinary shares, as set out below.

Interests in shares

	2023 Direct	2022 Direct	2023 Indirect	2022 Indirect
J Slabbert #	190 200	190 200	27 300 000	27 300 000
G Hope	58,750	58,750	-	-
S Blieden ~	-	-	636 469	636,469
	248 950	248 950	27 936 469	27 936 469

At the date of this report, the directors of the company held direct and indirect beneficial interests in the company as indicated per the table below:

2023	Direct	Indirect	Total	% Held
J Slabbert #	190 200	27 300 000	27 490 200	39.26
G Hope	58,750	-	58 750	0.08
S Blieden ~	-	636 469	636 469	0.91
	248 950	27 936 469	28 185 419	40.25

2022	Direct	Indirect	Total	% Held
J Slabbert #	190 200	27 300 000	27 490 200	43.19
G Hope	58,750	-	58 750	0.09
S Blieden ~	-	636 469	636 469	1.00
	248 950	27 936 469	28 185 419	44.28

J Slabbert’s shareholding is held indirectly through Arvesco 153 proprietary Limited.

~ S Blieden’s shareholding is held indirectly through Caleo Afdawn Limited Liability Partnership.

There was no change in the director’s interest between reporting date and the date of this report.

Directors contracts are disclosed in related parties note 26.

7. Events after the reporting period

- The subsidiary YueDiligence was sold on 2 March 2023 for R280,000.
- A short term loan of R1.5m has been renegotiated to long term.
- Elite has entered into an agreement with UIF to recover TERS claims with a value of R1.4m over a 6 month period.

8. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

9. Special resolutions

The special resolutions set out below were passed at the Annual General Meeting ("AGM") held on 24 August 2022:

- Non-executive directors' fees;
- General authority to acquire own shares;
- Loans or other financial assistance to inter-related companies within the Group; and
- Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

10. Auditors

We recommended to the shareholders that PKF Octagon Inc. be appointed in office as auditors of Afdawn in terms of the Companies Act. Refer to the Audit and Risk committee report.

11. Secretary

The independent company secretary at the reporting date is Statucor (Pty) Ltd whose address is as follows:

2nd floor, Block D
The Boulevard Office Park
Searle Street
Woodstock
7925

12. Dividends

No dividends were declared or paid to shareholders' during the period Rnil (2022: Rnil).

13. Shares

Refer to note 12 for details on issue of share capital.

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of African Dawn Capital Limited (the Group and Company) set out on pages 16 to 56, which comprise the consolidated and separate statement of financial position as at 28 February 2023, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Dawn Capital Limited as at 28 February 2023, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 33 of the consolidated and separate financial statements which indicates that the Group incurred a loss after tax of R 16.15 million (2022: R 12.89 million). As at year ended 28 February 2023, the Group had accumulated losses of R 368.84 million (2022: R 352.69 million), and the Company had accumulated losses of R 330.48 million (2022: R 327.61 million). Furthermore, the Group's total liabilities exceed its total assets by R 41.01 million (2022: R 26.77 million) and the Company's total liabilities exceed its total assets by R 2.64 million (2022: R 1.69 million). In addition the Group's current liabilities exceed the current assets by R24.13 million and the Company's current liabilities exceed the current assets by R1.86 million (2022: R0.70 million)

As stated in note 33, these events and conditions, along with other matters as set forth in this note, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as whole, and in forming our opinion thereon, and we not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

The key audit matters relate to the consolidated and separate financial statements.

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21 Scott Street, Waverley, 2090 | Private Bag X02, Highlands North, 2037

Registration No. 2018/515503/21 Practice No. 944 351 Managing Director: Waldek Wasowicz Directors: Full list available on website.

Key Audit Matter	How our audit addressed the key audit matter

Valuation of Trade Receivables (note 8 & 28)
 	
As at February 2023, trade receivables amounting to R27,422 million were recognised in the consolidated financial statements prior to an impairment allowance of R18,047 million being recognised.
 	
The trade receivables are individually significant, and the expected credit losses impairment calculations are inherently judgemental in nature and require the use of statistical models incorporating data and assumptions which are not always observable.
 	
Management applies professional judgement in developing the credit impairment models. The areas of significant judgement applied by management in the expected credit losses calculation include the following:
- Criteria for a significant increase in credit risk relating to Stage 1 and Stage 2 credit exposures;
- Techniques used to determine the probability of default and loss given default;
- Determining and weighting of assumptions used in the forward-looking macro-economic model to account for the uncertainty
- Incorporating the forward-looking macro-economic inputs into the significant increase in credit risk assessment and expected credit losses calculations
- For Stage 3 exposure, the assumptions used for estimating the recoverable amounts and timing of future cash flows of individual exposures classified as non-performing loans.
 	
An independent expert was appointed by management to assist with the calculation of the *IFRS 9 – Financial Instruments* Expected Credit Losses relating to the valuation of trade receivables.
 	
We have determined this to be a key audit matter due to the significant judgement and uncertainty relating to determining the expected credit losses.
	We have performed the following audit procedures to assess the reasonability of the expected credit losses impairment:
	– Gained an understanding of management's criteria for a significant increase in credit risk and assessment of the three-stages of credit risk
	– Tested the IT general controls and application controls over the trade receivable age analysis which determine the staging in terms of IFRS 9.
	– Assessed the appropriateness of the Group's approach for estimating expected credit losses and assessing its compliance with IFRS 9.
	– Evaluated the appropriateness of the use of the general approach in estimating the expected credit losses.
	– Assessed the relevance and reliability of the information produced by the management expert by:
	    o Evaluating the competence, capabilities and objectivity of the management expert;
	    o Obtaining an understanding of the work performed by the management expert; and
	    o Evaluating the appropriateness of the management expert's work
	– Tested the work performed by the management expert by evaluating the reasonability of the inputs used specifically related to:
	    o Historical loss rates
	    o Exposure at default
	    o Probability of default
	    o Credit conversion factor
	    o Discount rate
	    o Loss given default
	– Reperformed the calculations performed by the management expert to verify the mathematical accuracy thereof.
	
	Furthermore, we have assessed the adequacy of the disclosure of trade receivables and the related impairment allowance in terms of IFRS 9.
	
	We found the criteria and assumptions used by the management expert and management in determining the expected credit losses recognised in the consolidated financial statements to be appropriate and that the Group's disclosures appropriately describe the significant degree of estimation uncertainty.

Valuation of Investment in Subsidiaries (note 5)	
In terms of the requirements of *IAS36: Impairment of Assets*, the Company is required to annually assess the carrying value of the investments in subsidiaries for impairment when there is an indicator of impairment. In addition, management's assessment process for determining the recoverable amount is complex and highly judgmental and is based on assumptions, specifically related to forecasting future cashflows of the subsidiaries and applying the appropriate discount rate which are affected by expected future market or economic conditions. We have determined this to be a key audit matter due to the judgement required by management in preparing the discounted cash flow models to determine the recoverable amount of the investment in subsidiaries.	In considering the appropriateness of management's judgement and estimation used in the annual impairment test, we performed the following audit procedures: – Reviewed the model for compliance with IAS36: Impairment of Assets; – Verified the mathematical accuracy and appropriateness of the methodology applied in the underlying model and calculations; – Verified the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry; – Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process; – Assessed the key assumptions applied by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of each subsidiary; and – Performed a sensitivity analysis of the key assumptions applied in the model and considered the potential impact of reasonably possible downside changes in these key assumptions. Furthermore, we have assessed the adequacy of the disclosure about these assumptions to which the outcome of the annual impairment test is most sensitive. That is, those disclosures that have the most significant effect on the determinations of the recoverable amount of the investments. In terms of our audit procedures performed we concluded that our audit procedures appropriately address the key audit matter.

Other matters

We draw attention to the matters below as disclosed in note 31 of the consolidated and separate financial statements. Our audit opinion is not modified in respect of these matters.

In term of the JSE listing requirements paragraph 3.16. if an issuer has not distributed annual financial statements to all shareholders within three months of its financial year-end, it must publish provisional annual financial statements ("provisional reports") within the three months as specified, even if the financial information is unaudited at that time. The Group has failed to submit provisional reports within three months after year end.

In terms of paragraph 7.F.5. of the JSE listing requirements, an applicant issuer must implement the King IV Code through the application of the King IV Code disclosure and application regime. This JSE listing requirements as set out in paragraph 3.84 directly links to Principle 7.8 of King IV which states that the governing body should comprise a majority of non-executive members, most of whom should be independent. Based on our review of the Director's Report it is evident that the Board comprises majority of executive directors.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "African Dawn Capital Limited Annual Financial Statements for the year ended 28 February 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Octagon Incorporated has been the auditor of African Dawn Capital Limited for 2 years.

PKF Octagon

PKF Octagon Inc
Director: WM Wasowicz
Registered Auditor
Johannesburg
28 July 2023

Statements of Financial Position as at 28 February 2023

		Group		Company	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Assets					
Non-Current Assets					
Property, plant and equipment	3	1,351	1,034	-	-
Intangible assets	4	317	368	-	-
Investment in associate	10	-	-	-	-
Goodwill	25	500	-	-	-
Investments in subsidiaries	5	-	-	7,460	7,460
		2,168	**1,402**	**7,460**	**7,460**
Current Assets					
Loans to Group companies	7	-	-	116	2
Trade and other receivables	8	9,610	10,826	-	-
Other receivables	9	1,666	2,500	1,666	2,500
Cash and cash equivalents	11	1,106	1,375	16	20
		12,382	**14,701**	**1,798**	**2,522**
Total Assets		**14,550**	**16,103**	**9,258**	**9,982**
Equity and Liabilities					
Equity					
Share capital and share premium	12	327,834	325,925	327,834	325,925
Accumulated loss		(368,842)	(352,690)	(330,478)	(327,611)
		(41,008)	**(26,765)**	**(2,644)**	**(1,686)**
Liabilities					
Non-Current Liabilities					
Borrowings	13	18,465	31,120	8,247	8,448
Lease liabilities	15	584	416	-	-
		19,049	**31,536**	**8,247**	**8,448**
Current Liabilities					
Borrowings	13	30,874	6,435	1,150	1,108
Lease liabilities	15	612	469	-	-
Loan from director	14	699	1,242	699	1,242
Sars income tax liability	17	390	-	390	-
Trade and other payables	16	3,934	3,186	1,416	870
		36,509	**11,332**	**3,655**	**3,220**
Total Liabilities		**55,558**	**42,868**	**11,902**	**11,668**
Total Equity and Liabilities		**14,550**	**16,103**	**9,258**	**9,982**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Operations					
Interest income	18	10,940	10,459	1,450	1,314
Commission, Administration and other revenue	18	3,824	2,709	1,920	1,640
Other income	19	75	318	6	-
Share of (loss) from associate	10	-	(19)	-	(19)
Bad debts written off	28	(1,047)	(1,586)	-	-
Impairment trade and other receivables	28	(3,430)	(6,463)	-	-
Impairment trade and other receivables reversed	28	-	4,461	-	2,900
Impairment Group loans	7	-	-	(880)	(109)
Impairment Group loans reversed	7	-	-	-	83
Employee costs including non-executive directors fees		(8,429)	(9,347)	(1,044)	(837)
Depreciation	3	(714)	(466)	-	(1)
Amortisation	4	(51)	(79)	-	-
Finance costs	21	(7,862)	(5,539)	(2,132)	(2,183)
Other operating expenses	20	(9,105)	(7,342)	(1,834)	(2,134)
(Loss)/Profit before taxation		**(15,799)**	**(12,894)**	**(2,514)**	**654**
Income tax expense	22	(353)	-	(353)	-
(Loss)/Profit from continuing operations		**(16,152)**	**(12,894)**	**(2,867)**	**654**
Total comprehensive (loss) for the year		(16,152)	(12,894)	(2,867)	654
(Loss)/Profit attributable to:					
Owners of the company		(16,152)	(12,894)	(2,867)	654
Loss per share from operations					
Basic and diluted loss per share (c)	30	(24.5)	(20.3)	-	-

Statement of Changes in Equity

Group	Share capital R'000	Share premium R'000	Total share capital and - premium R'000	Accumulated loss R'000	Total equity R'000
Balance at 01 March 2021	25,492	300,433	325,925	(339,796)	(13,871)
Total comprehensive loss for the year	-	-	-	(12,894)	(12,894)
Balance at 28 February 2022	**25,492**	**300,433**	**325,925**	**(352,690)**	**(26,765)**
Share Issue (Note 12)	2,546	(637)	1,909	-	1,909
Total comprehensive loss for the year	-	-	-	(16,152)	(16,152)
Balance at 28 February 2023	**28,038**	**299,796**	**327,834**	**(368,842)**	**(41,008)**
Notes	12	12	12		
Company					
Balance at 01 March 2021	25,492	300,433	325,925	(328,265)	(2,340)
Total comprehensive profit for the year	-	-	-	654	654
Balance at 28 February 2022	**25,492**	**300,433**	**325,925**	**(327,611)**	**(1,686)**
Share Issue (Note 12)	2,546	(637)	1,909	-	1,909
Total comprehensive loss for the year	-	-	-	(2,867)	(2,867)
Balance at 28 February 2023	**28,038**	**299,796**	**327,834**	**(330,478)**	**(2,644)**
Notes	12	12	12		

African Dawn Capital Limited
(Registration number 1998/020520/06)
Annual Financial Statements for the year ended 28 February 2023

Statement of Cash flows

	Notes	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Cash flows from operating activities					
Cash used in operations	23	(3,247)	(11,370)	(887)	(1,446)
Finance costs	21	(7,862)	(5,539)	(2,132)	(2,183)
Taxation paid	24	(51)	-	(51)	-
Net cash from operating activities		(11,160)	**(16,909)**	**(3,070)**	**(3,629)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(116)	(50)	-	-
Proceeds from disposal of property, plant and equipment		6	1	6	-
Acquisition of intangible assets	4	-	(41)	-	-
Proceeds from other receivables	9	834	400	834	400
Business acquired	25	(1,700)	-	-	-
Proceeds from loans to group companies		-	-	2,221	2,144
Repayment of loans from group companies		-	-	(892)	(456)
Net cash (used in)/from investing activities		**(976)**	**310**	**2,169**	**2,088**
Cash flows from financing activities					
Borrowings repaid		(7,692)	(3,766)	(300)	-
Borrowings raised		19,040	20,687	75	800
Share issue	12	1,909	-	1,909	-
Payments on lease liabilities		(603)	(390)	-	-
Director loan raised		44	994	44	994
Director loan repaid		(831)	(230)	(831)	(230)
Net cash from financing activities		**11,867**	**17,295**	**897**	**1,564**
Total cash movement for the year		(269)	696	(4)	23
Cash at 1 March 2022		1,375	679	20	(3)
Total cash at end of the year	11	**1,106**	**1,375**	**16**	**20**

1. Accounting Policies

1.1 Summary of accounting policies

The consolidated and separate financial statements of the Group and company have been prepared in accordance with International Financial Reporting Standards (IFRS) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa (Act 71 of 2008) (the Companies Act).

The financial statements have been prepared using the historical cost basis, as modified for certain items measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies including judgments and assessments, have been consistently applied to all the reporting periods presented, unless otherwise stated.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Refer to note 1.15 where the above is addressed.

1.2 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in associate

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Associates that result from a loss of control over a subsidiary are recognised at fair value of the interest retained. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and Other comprehensive income ("OCI") of associates/equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries

The Company, in its separate financial statements, measures its investments in subsidiaries at cost less impairment, if any.

1.4 Group as a lessee

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term [We note the following does not appear to be applicable to the Group: [or the cost of the right-of-use asset reflects that the Group will exercise a purchase option]. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise and lease payments on the optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase or extension option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in property, plant and equipment and lease liabilities separately in the statement of financial position.

1.5 Borrowing costs

Interest income and expense are recognised using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

The Group determines its incremental borrowing rate by analysing its borrowings from various sources and makes certain adjustments to reflect the terms of the lease and the type of leased asset.

1.6 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.7 Income Tax

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.8 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss:

Item	Average useful life
Land and buildings – right-of-use assets	Per lease term
Furniture and fixtures	4 - 10 years
Motor vehicles	5 - 10 years
Office equipment	3 - 10 years
IT equipment	3 - 5 years

The depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

If the recoverable amount is less than the carrying amount then the carrying amount is impaired in line with the impairment policy – refer to note

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.9 Intangible assets

Computer software - internally generated

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product for use;
- there is an ability to use the software product;
- adequate technical, financial and other resources to complete the development and to use or;
- the software will be used in operations to generate income as it is developed; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent to initial recognition these intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognized, generally in profit or loss of the cost of the intangible assets, on a straight-line basis, to their estimated residual values over the estimated useful lives as follows:

Micro finance software	5 years - 10 years
YueDiligence software development	5 years

The amortisation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The amortization period for YueDiligence software development was assessed during the reporting period and remained at 4 years (2022: 5 years). Any gain or loss on disposal of an intangible asset is recognised in profit or loss.

1.10 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Intangible assets that are not ready for use are tested annually for impairment and when an indicator for impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less cost of disposal and value in use. Fair value less cost of disposal is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

1.11 Financial instruments

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are stated at amortised cost which approximates fair value due to the short-term nature of these instruments.

<u>Trade and other receivables</u>

Trade receivables are grouped as indicated in note 28.

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the impairment trade and other receivables raised and reversed line.

<u>Loans advanced including group loans</u>

Classification and measurement

Loans are initially recognised at fair value.

Loans for which repayment terms have been set are classified as financial assets subsequently measured at amortised cost, using the effective interest method. The loans are held to collect contractual cash flows on the principal amount and interest over the term of the loan.

Loans for which no repayment terms have been set are regarded as being repayable on demand. These loans are discounted at their effective interest rate of 0%.

Impairment

The group has established a policy to perform an assessment, at the end of each reporting period, of whether an advance's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the group splits its advances into Stage 1, Stage 2 and Stage 3, as described below (the advances can alternate between stages):

Stage 1 Performing: When advances are first recognised, the group recognises an allowance based on 12-month ECLs. Stage 1 advances also include facilities where the credit risk has improved, and the advance has been reclassified from Stage 2. The advances included within Stage 1 are those advances made to group companies with strong capability to repay the loans and that are in a sound financial position with assets exceeding liabilities.

Stage 2 Underperforming: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the life time ECL's. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Based on the history of the group, these might include advances where the company has not made payments, mainly due to deterioration in the financial health of the company, based on forecast information and the net asset value of the companies. This is considered to increase the credit risk of the company, but advances are still expected to be recovered through a debt management process.

Stage 3 Non-performing: Loans considered credit-impaired. The group records an allowance for the life time ECLs. This is where there has been defaults by the company or more advanced debt management processes is required.

The advances can move between stages based on their performance, i.e. an advance in Stage 2 in the current year can move to a Stage 1 loan in the next period if the lender's risk decreases, for example, the lender recovers and makes regular payments again.

The entity considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters advance debt management process.

Impairment of loans with no fixed terms of repayment:

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually small and the expected credit loss is immaterial as a result. If the borrower could not repay the loan if demanded at the reporting date, the group considers the expected manner of recovery to measure expected credit losses. This includes a 'repay over time' strategy.

If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

If the full balance of the loan cannot be recovered over time, a loss allowance is recognised.

Write off

Loans are written off when management in both companies agree the amount is no longer recoverable due to the company being wound-down. The loss on the derecognition of the loan is recognised in profit or loss.

Financial liabilities

<u>Borrowings and other loans</u>

Classification

The group recognises a financial liability once it becomes a party to the contractual terms of the financial instrument.

Financial liabilities carried at amortised cost are recognised initially at fair value net of directly attributable transaction costs. Subsequently financial liabilities are stated at amortised cost using the effective interest rate method.

Recognition and measurement

Loans from group companies, borrowings and loans from directors are classified as financial liabilities at amortised cost. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Loans repayable on demand are discounted from the first day the loans can be demanded.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Consulting fees directly linked to interest payments are included in the profit or loss in finance costs as the related interest is realised.

Debt raising fees are being amortized over the expected manner in which the directors believe the fee will be realised. The debt raising fees will be amortised over the estimated realisation period and included in finance costs in profit or loss.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

Derecognition

A financial liability, or part of a financial liability, is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.
If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21).

Trade and other payables expose the company to liquidity risk. Refer to note 28 for details of risk exposure and management thereof.

1.12 Revenue

Revenue comprises the following services rendered which have been recognised in accordance with IFRS 15:
- Commission income;
- Administration fees; and
- Income from the rendering of services and management fees;

All contracts are limited to a maximum length of 3-6 months so an estimate of the transaction price would not include an estimation of variable considerations that are constrained.

- Interest income is recognised in accordance with IFRS 9.

Interest income on trade receivables and originating fees, which are considered to be an integral part of the financial asset, is recognised in accordance with IFRS 9 as it is an integral part of the financial instrument.

Revenue is measured at the amount that the group expects to be entitled and excludes amounts to be collected on behalf of third parties.

The Group has applied the practical expedient for the effect of a financing component where the Group expects, at contract inception, that the period between when the Group recognises revenue and when the customer pays for the good or service will be one year or less.

The Group applies the revenue recognition criteria set out below to each separately identifiable component of a revenue transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to their relative standalone selling prices.

Commission income

Commission income is derived from the sale of insurance premiums to micro-financing debtors as well as collection commission where the group earns commission from collecting debts.

For insurance commission the Group acts as an agent by offering insurance products under-written by an external party. The Group therefore receives a commission based on the number of premiums written by the external company and recognises only the commission earned, once under-written, per the agreement between the parties.

Collection commission relates to collecting services provided by the Group to external parties. The Group earns commission based on a fixed portion of collections by the Group. These commissions are earned as amounts are collected.

Revenue is recognised on insurance commission at a point in time when the insurance premiums are sold or on collection commission when the services have been finalised.

Administration fee income

Monthly administration fees are charged on micro-finance debtors classified as trade receivables. Fees are recognised when the services are provided and determined as a fixed cost for each debtor for the period that their loan remains outside of default or in the legal book. No administration fees are charged on loans in default or in the legal book. Revenue is recognised on a straight-line basis over time as the services are rendered.

Interest income

Interest income is recognised in profit or loss using the effective interest method. Interest income is recognised on micro-financing debtors, which are measured at amortised cost and classified as trade receivables.

For financial assets that have become credit-impaired subsequent to initial recognition (categorised as stage 3), interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Origination fees on loans granted

These fees are charged upfront, are capitalised into the loan, and are primarily based on the cost of granting the loan to the individual. These origination fees are considered an integral part of the loan agreement and are accounted for over the shorter of the original contractual term and the actual term of the loan using the effective interest method. Related transaction costs are also deferred and recognised as an adjustment to the effective interest rate.

The Group does not capitalise any related operating costs which are not integral to the origination of micro-financing loans, as these costs are not directly attributable to individual transactions and are recognised in profit or loss as incurred.

Rendering of services and management fee

The Group generates revenue from consulting and advisory services. Consideration received for these services is recognised as the service is incurred, and is recognised as revenue in the period when the service is performed.

The Group determines the stage of completion by considering both the nature and timing of the services provided and its customer’s pattern of consumption of those services, based on historical experience. The stage of completion is determined with reference to services provided in relation to the total services to be provided as agreed between the parties.

1.13 Finance income

Finance income relates to interest income earned on cash and cash equivalents and is recognised using the effective interest method.

1.14 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the group and the fair value of any contingent consideration arrangements. If the contingent consideration is classified as equity, it is not subsequently remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the date of acquisition, except for:

- deferred taxation assets or liabilities, which are recognised and measured in accordance with IAS 12 *Income Taxes* and liabilities or assets related to employee benefit arrangements, which are recognised and measured in accordance with IAS 19 *Employee Benefits*
- liabilities or equity instruments that relate to the replacement, by the group, of an acquiree's share-based payment awards, which are measured in accordance with IFRS 2 *Share-based Payments*
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are measured in accordance with that standard.

Goodwill

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred, and the recognised amount of non-controlling interests exceed the fair value of the net identifiable assets of the entity acquired. If the consideration transferred is lower than the fair value of the identifiable net assets of the acquiree (a bargain purchase), the difference is recognised in the income statement. The gain or loss arising on the disposal of an entity is calculated after consideration of attributable goodwill.

1.14 Share Capital and share premium

The Group entered into an equity-settled shared-based payment arrangement in 2020 whereby a raising fee on borrowings advanced to the Group was settled by the issuing of equity in the Company. The equity instruments granted vested upon condition that the funding has been provided per the agreement, which it has, and the full value of the share-based payment was recognised shortly after grant date. The increase in equity was recognised immediately as share capital. The raising fee, as well as the corresponding increase in equity were measured at the fair value of the raising fee (service received) at grant date. No subsequent adjustments are made to the value of this share-based payment after grant date.

Ordinary shares and share premium are classified as equity.

Ordinary shares are recognised at par value and presented as "Share Capital". Any amount received from the issue of shares in excess of par value is presented as "Share Premium" in equity. Where shares are issued at less than par value the difference between par value and proceeds received is recognised and presented in "Share Premium".

Share-based payments to non-employees share based payments to non-employees are accounted for at the fair value of the identifiable goods or services received at the time of receiving those goods and services. If the fair value of the equity instruments issued materially exceed the value of the identifiable goods or services received, management considers whether unidentifiable goods or service has been or will be received as part of the share-based payment transaction. Unidentified goods and services received are measured at the grant date fair value of the equity instruments granted. Where unidentified goods or services are related to obtaining a loan, they are treated as part of the debt raising cost. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

1.15 Significant judgements and sources of estimation uncertainty

When preparing these consolidated financial statements, management and the board make a number of judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The following are the most significant judgements, estimates and assumptions that have been made in preparing the financial statements.

Significant judgements

Share-based payments to non-employees

Determining the fair value of goods and services received in a share-based payment transaction with non-employees where the counterparty does not regularly provide such goods and services require management to make judgments in determining the fair value of the identifiable goods or services received. If the fair value of the equity instruments issued exceeds the value of the identifiable goods and services received, management considers whether unidentified goods or services are or will also be received as part of the transaction. Determining the nature and expected timing of receiving the unidentified goods or services requires significant judgment. Please refer to note 13 where the judgements applied to the share-based payment are provided.

Going concern

The financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

This judgement is based on a careful consideration of the following:

* Financial statements should be prepared on a going concern basis unless it is intended to liquidate the entity or to cease trading or there is no realistic alternative but to do so.
* In considering whether the going concern assumption is appropriate, all available information is taken into account, including information about the foreseeable future.
* Where there are material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern, those uncertainties should be disclosed.
* The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in the table included in the directors report. The table also outlines the actions being taken to manage these uncertainties and also the current status of these uncertainties and actions.

UNCERTAINTY	ACTION	STATUS
Operating losses incurred by the group over the last three years and potential future operating losses in the future. Furthermore, the group's total liabilities exceed its total assets by R41.01million resulting in solvency issues.	Additional funding and equity investment to be obtained in the group.	The directors are in the process of raising additional capital to continue to fund growth across the group. Management has already raised and received R6 million after year end to date and is expecting to continue to raise additional capital as and when required. The additional fund raising in the current year will further assist Elite to grow its debtor's books and fund new revenue generating initiatives. Elite has entered into an agreement with UIF to recover TERS claims with a value of R1.4m after year end over 6 months. New revenue streams including commission on credit repair processing and additional insurance products have been launched to improve revenue.
Afdawns ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding and other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding the Elite debtor's book.	The directors are currently sourcing additional funding for further growth within the Group. Afdawn's wholly owned subsidiary, Elite Group, will be able to grow its debtor's book and generate cashflows to cover the Groups operating expenses including Afdawn. Management of Afdawn are still exploring other business activities for further revenue generation.
The group borrowers recalling loans in the short term.	Of the R30.87m borrowings that are due in the current period, management estimates R25.3 not to be called by borrowers in short term period and to be renewed beyond the next financial year. Management are also engaged in getting new lenders with longer terms as well as negotiating with current lenders to extend short term borrowings for longer period	- A total of R25.3m of the loans have been approached to not recall loans before the next reporting date. - This includes the Caleo loan program refer to note 13. - A short term loan of R1.5m has been renegotiated to long term, after year end. - Four significant new lenders have advanced funds of R3m as well as an additional advance from Caleo of R3m, repayable between 1 – 3 years has been received since year end. - Based on the historic data on loan repayments, the repayments of the capital portion of the loans are expected to be within the range of 10%.

Significant estimation uncertainty

Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that certain key assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying amounts of assets.

The assets that have been tested for impairment and the specific estimates and assumptions included in the following notes:

- Investment in subsidiaries – refer to note 5
- Right-of-use assets – refer to note 3
- Property plant and equipment – refer to note 3
- Intangible assets – refer to note 4

Loss allowance of trade receivables in Elite

The impairment loss on receivables recognised by Elite requires the use of significant estimates and assumptions. The Group reviews its loans to assess impairment at least on a monthly basis.

In determining the loss allowance, the Group makes judgements as to whether there has been an adverse change in the payment status of borrowers in a Group, or national or local economic conditions that correlate with defaults on assets in the Group.

Management uses estimates based on historical loss experience for assets with similar credit risk characteristics to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing requires significant judgement and estimation. Refer to note 28 for the accounting policy regarding the impairment of loans.

Refer to note 28 for further information on the specific estimates and assumptions used to assess the recoverability of trade receivables.

Modelling assumptions for trade and other receivables

In terms of IFRS 9, all loans and advances are assessed at each reporting date to determine whether there has been a significant increase in credit risk (“SICR”) at each reporting date. In cases where SICR has occurred an impairment equal to the lifetime expected credit loss (ECL) is recognised. Loans are split into 12 month expected credit loss and lifetime expected credit loss categories.

The Company considers the following to be SICR events: An assessment of the credit quality of the client after inception of the loan indicates an increase in credit risk. For intercompany loans this might include advances where the counterparty has not made payments, mainly due to deterioration in the financial health of the company, based on forecast information and the net asset value of the companies. For trade receivables this occurs when a debtor is more than 75 days overdue. A SICR event is also noted if a trade receivables loan did not have a performing status for the last 6 months; at any time during the last 6 months, any one of the trade receivables loans were restructured or the trade receivable was referred to the debt review process; or subsequent to a claim made on the credit life insurance policy, the outstanding balances on the client’s loans are not zero.

The trade receivables represent short term financing. An expected credit loss will therefore always be lifetime expected credit losses for trade receivables. Risk assessment is however applied in determining whether the debt falls into current receivables, collection receivables and legal receivables (refer to note 28 for a description of these groups). The allocation of trade receivables to these groups result in shared credit characteristics within the groups.

Forward-looking information

It is a fundamental principle of IFRS 9 that the loss allowance recognised by the Group should take into account changes in the economic environment in the future. To capture the effects of changes to the economic environment management have taken into consideration market forward-looking impairment rates applied and benchmarked this against their own assessments. Three economic scenarios (negative, baseline and positive scenario) are taken into account when calculating future expected credit losses. The probability of each scenario is determined by management estimation, and are factored into the calculation of the probability of default (“PD”), exposure at default (“EAD”), and the loss given default (“LGD”) within the ECL calculation.

Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment is depreciated and intangible assets are amortised on a straight-line basis over its estimated useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation or amortisation charge. The residual values, useful lives and depreciation / amortisation methods applied to property, plant and equipment and intangible assets are reviewed by management on an annual basis, taking into account market conditions as well as historical trends.

2. New Standards and Interpretations

Standard and interpretations adopted during the current year

IFRS 16 Leases – COVID-19 related rent – The Group chose to adopt the amendment so leases have not been remeasured. The standard comes into effect on 30 June 2021. The effect was that the leases were not remeasured.

IAS1 & IAS 8 - Definition of materiality – The Group has adopted the standard but it did not affect disclosure during the period. The standard comes into effect on 1 January 2023.

Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 March 2021 or later periods:

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The effect is not expected to be material.

3. Property, plant and equipment

Group

	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Land and buildings right-of-use assets*	2,622	(1,561)	1,061	1,708	(919)	789
Furniture and fixtures	241	(229)	12	348	(337)	11
Motor vehicles	642	(479)	163	642	(464)	178
Office equipment	639	(601)	38	596	(575)	21
IT equipment	593	(516)	77	523	(488)	35
Total	**4,737**	**(3,386)**	**1,351**	**3,817**	**(2,783)**	**1,034**

Company

	2023 R'000			2022 R'000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Furniture and fixtures	-	-	-	110	(110)	-
Total	**-**	**-**	-	**110**	**(110)**	-

* The land and buildings consist of several premises that are leased by the group and were recognised in terms of IFRS 16. Refer to note 15 lease liability. The leases range between 3 to 5 years.

Reconciliation of property, plant and equipment - Group – 2023 R'000

	Opening balance	Additions	Depreciation	Closing balance
Land and buildings – right-of-use asset	789	914	(642)	1,061
Furniture and fixtures	11	3	(2)	12
Motor vehicles	178	1	(16)	163
Office equipment	21	42	(25)	38
IT equipment	35	71	(29)	77
	1,034	**1,031**	**(714)**	**1,351**

Reconciliation of property, plant and equipment - Group – 2022 R'000

	Opening Balance	Additions	Depreciation	Closing Balance
Land and buildings – right-of-use asset	1,095	116	(422)	789
Furniture and fixtures	13	1	(3)	11
Motor vehicles	197	-	(19)	178
Office equipment	13	17	(9)	21
IT equipment	15	33	(13)	35
	1,333	**167**	**(466)**	**1,034**

Reconciliation of property, plant and equipment - Company – 2023 R’000

	Opening balance	Depreciation	Closing Balance
Furniture and fixtures	-	-	-
	-	-	-

Reconciliation of property, plant and equipment - Company – 2022 R’000

	Opening balance	Depreciation	Closing Balance
Furniture and fixtures	1	(1)	-
	1	**(1)**	-

The holding company disposed of all their furniture and fixtures owned for R6,000 with a book value of nil.

4. Intangible assets

Group	2023 R’000			2022 R’000		
	Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount
Micro finance software	1,113	(796)	317	-	(745)	368
YueDiligence software development	332	(332)	-	332	(332)	-
Total	**1,445**	**(1,128)**	**317**	**1,445**	**(1,077)**	**368**

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Amortisation	Closing balance
Micro finance software	368	-	(51)	317
YueDiligence software development	-	-	-	-
	368	**-**	**(51)**	**317**

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Amortisation	Closing balance
Micro finance software	380	41	(53)	368
YueDiligence software development	26	-	(26)	-
	406	**41**	**(79)**	**368**

The remaining useful life of the micro finance software is 5 years (2022: 6 years).

5. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries. The principal place of business and incorporation for all subsidiaries is South Africa.

The carrying amounts of the subsidiaries are presented net of impairment losses.
The carrying amounts of investments in subsidiaries were assessed for impairment at the reporting date and impaired as indicated.
Any impairment loss recognised by the company is eliminated in consolidation so are not included in the segment report note 29.

Company 2023 Name of company	% voting power 2023	Nature	Cost	Open	Impairments Add/ Reverse	Close	Book value
African Dawn Debt Management Proprietary Limited	100 %	Dormant	-	-	-	-	-
African Dawn Wheels Proprietary Limited	100 %	Dormant	-	-	-	-	-
Elite Group Two Proprietary Limited	100 %	Dormant	-	-	-	-	-
Elite Group Proprietary Limited	100 %	Unsecured lending	8,322	(862)	-	(862)	7,460
YueDiligence Proprietary Limited	100 %	Consulting	3,055	(3,055)	-	(3,055)	-
			11,377	**(3,917)**	**-**	**(3,917)**	**7,460**

Company 2022 Name of company	% voting power 2022	Nature	Cost	Open	Impairments Add/ Reverse	Close	Book value
African Dawn Debt Management Proprietary Limited	100 %	Dormant	-	-	-	-	-
African Dawn Wheels Proprietary Limited	100 %	Dormant	-	-	-	-	-
Elite Group Two Proprietary Limited	100 %	Dormant	-	-	-	-	-
Elite Group Proprietary Limited	100 %	Unsecured lending	8,322	(862)	-	(862)	7,460
YueDiligence Proprietary Limited	100 %	Consulting	3,055	(3,055)	-	(3,055)	-
			11,377	**(3,917)**	**-**	**(3,917)**	**7,460**

The subsidiaries above with no cost or impairment were incorporated by Afdawn with a share capital of R100.

The subsidiary YueDiligence Proprietary Limited was sold after year end refer to note 32.

Impairment testing

Investments in subsidiaries are tested for impairment by analysing each investment's recoverable amount when there is an indication of impairment. As targeted revenue for the reporting period was not achieved the subsidiaries were tested for impairment.

The recoverable amount of the investments has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. This growth rate does not exceed the long-term average growth rate in which the businesses operates in.

YueDiligence is dormant and has been fully impaired so there has been no indication of change, so no impairment valuation has been performed.

The group obtained additional funding which was used to increase the capacity of the Elite lending book.

The key assumptions, long-term growth rates & discount rates used in the value-in-use calculations are as follows:

Key Assumptions used for value in use calculations 2023	**Elite**
Compounded annual revenue increase %	8.6%
Long term growth rate %	6.0%
Compounded annual total operating costs increase %	5.5%
Pre-taxation discount rate (Weighted average cost of capital (“WACC”) Rate)	31.8%

Key Assumptions used in value in use calculations 2022	**Elite**
Compounded annual revenue increase %	5.5%
Long term growth rate %	6.0%
Compounded annual total operating costs increase %	5.5%
Pre-taxation discount rate (WACC Rate)	24.2%

6. Deferred tax asset/deferred tax liability

Reconciliation of movement in deferred tax:

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Temporary difference income received in advance	(11)	4	-	-
Temporary difference on leave pay accrual	(198)	89	-	-
Temporary difference on intangible assets	14	11	-	-
Temporary difference on other accruals	-	(18)	-	-
Temporary difference on ECL provision	337	235	-	-
Temporary difference right-of-use assets	(76)	85	-	-
Temporary difference lease payments	87	(139)	-	-
Temporary difference on assessed losses	(153)	(267)	-	-
	-	-	-	-

Deferred tax balances:				
Deferred tax liabilities			-	-
Intangible assets	(89)	(103)	-	-
Right-of-use assets	(297)	(221)	-	-
Deferred tax assets				
Income received in advance	36	47	-	-
Leave pay accrual	189	386	30	30
Impairment on investments	-	-	1,097	1,097
Trade and other receivables loss allowance	2,008	1,541	-	-
Lease liability	335	248	-	-
Deferred tax asset not expected to be utilised	(2,182)	(1,898)	(1,127)	(1,127)
	-	-	-	-

Deferred tax assets amounting to R 24,561,979 (2022:R22,007,473) for the group and R 4,833,754 (2022:R4,548,344) for the company are not recognised above in the light of the losses in the current and prior reporting period.

7. Loans to Group companies

Subsidiaries

Company 2023 R'000

Subsidiaries	**Gross carrying amount**	**Loss allowance**	**Net Carrying amount**
African Dawn Wheels Proprietary Limited	421	(421)	-
African Dawn Debt Management Proprietary Limited	14,244	(14,244)	-
YueDiligence Proprietary Limited	653	(653)	-
Elite Group Proprietary Limited	29,932	(29,816)	116
	45,250	**(45,134)**	**116**

Company 2022 R'000

Subsidiaries	Gross carrying amount	Loss allowance	Net carrying amount
African Dawn Wheels Proprietary Limited	421	(421)	-
African Dawn Debt Management Proprietary Limited	14,244	(14,243)	1
YueDiligence Proprietary Limited	608	(607)	1
Elite Group Proprietary Limited	28,983	(28,983)	-
	44,256	**(44,254)**	**2**

Movement in loss allowance	2023 R'000	2022 R'000
Opening balance	44,254	44,228
Net remeasurement	880	109
Impairment reversed due to improved net asset value	-	(83)
	45,134	**44,254**
Current assets	**116**	**2**

All the loans are unsecured, interest free and have no fixed terms of repayment but remain repayable on demand, except as indicated below.

The loans are sub-ordinated to the extent that the subsidiaries' liabilities exceed the assets in favour of other creditors of the subsidiaries for as long as the subsidiaries' liabilities exceeds the assets limited to the loans actual balance.

Impairment of loans to group companies

The recoverability of the loans has been assessed based on the net asset value of the subsidiary. The net asset value is calculated by deducting the subsidiary's total liabilities from its total assets. Where the liabilities of these companies exceed the assets, and the disposal of assets would not be sufficient to settle all the liabilities the loan has been fully impaired. The impairment loss was calculated by allocating the value of the assets to other creditors first in settlement of those liabilities. The remaining assets were allocated to African Dawn Capital Limited and the impairment was calculated by deducting the remaining value of the asset from the loan balance. The loans have been assessed as non-performing.

All the above loans are classified as stage 2, under performing in both 2023 and 2022. The expected credit loss on stage 2 loans has been calculated based on the lifetime expected credit losses ("ECL"). The ECL is calculated taking into account the net asset value of the subsidiaries which take into account the ECL calculation of the subsidiary's financial assets. The ECL on the financial assets of the subsidiaries took into account the same assumptions as disclosed in note 28 . This is considered to increase the credit risk of the company, but advances are still expected to be recovered through a debt management process.

The assets of Elite are substantially the group's trade and other receivables whose characteristics are encompassed in note 28. In the other subsidiaries there are no substantial assets. Therefore these assets are not subject to frequent change.

8. Trade and other receivables

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Financial assets at amortised cost:				
Trade receivables	27,422	25,061	-	-
Loss allowance	(18,047)	(14,617)	-	-
Deposits	185	171	-	-
Other receivables	-	211	-	-
Non-financial receivables:				
VAT receivables	50	-	-	-
	9,610	**10,826**	**-**	**-**

Refer to note 28 for a detailed analysis of the trade receivables.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due. There have been no significant changes in the credit risk management policies and processes since the prior reporting period. The loss allowance recognised on trade and other receivables was calculated using the general approach.

Details of credit risk are included in the financial instruments and risk management note 28.

Exposure to interest rate risk

Refer to note 28 on financial risk management for details of interest rate risk management for amounts due from trade and other receivables.

Fair value of trade and other receivables

Trade and other receivables are measured at amortised cost, with their fair value being approximated by such value.

Trade receivable with a carrying amount of R18,760,000 (2022: R10,836,000) have been ceded in terms of borrowings agreements. Refer to note 13.

9. Other receivables

During the 2021 financial period the Group issued additional shares in the subsidiary Property Transfer Finance formerly - African Dawn Property Transfer Finance 2 Proprietary Limited (“PTF2”) which made the company an associate company. There was a loan to PTF2 of R2.9 million. Repayments have been received on the loan as indicated below, in terms of the repayment plan which will result in the 20% shareholding reverting back to the majority shareholder on settlement.

	Group 2023 R’000	Group 2022 R’000	Company 2023 R’000	Company 2022 R’000
PTF2 loan receivable	1,666	2,500	1,666	2,500
Reconciliation of movement				
Gross	2,900	2,900	2,900	2,900
Repayment	(1,234)	(400)	(1,234)	(400)
Impairment	-	-	-	-
Net recoverable	**1,666**	**2,500**	**1,666**	**2,500**

Other receivables credit risk is grouped as indicated in note 28 receivables. Management have assessed the probability of default based on the repayment history and do not believe an impairment is necessary.

10. Investment in associate

New shares in PTF2 were issued which resulted in the loss of control over the company. The remaining shares comprise 20% of the total share capital resulting in the Group having recognised as an associate. The associate is not material to the Group. The fair value of the net assets and liabilities of PTF2 at the date of the change in ownership was nil.

There were no dividends proposed or paid in PTF2. PTF2 is a private company so there is no quoted market price available. The Group has reversed the share of profits raised in 2022 as the directors have become aware that the Group will not receive the profits going forward.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2023 R’000	Group 2022 R’000	Company 2023 R’000	Company 2022 R’000
Cash on hand	72	82	-	-
Bank balances	1,034	1,293	16	20
	1,106	**1,375**	**16**	**20**

12. Share Capital and share premium

Authorised	R	R	R	R
125,000,000 Ordinary shares of 40c each #	50,000,000	50,000,000	50,000,000	50,000,000

The total shares in issue as at 28 February 2023 amounted to 70,011,608 (2022: 63,646,916).

Reconciliation of number of shares in issue	**‘000**	**‘000**	**‘000**	**‘000**
Balance at 1 March	63,647	63,647	63,647	63,647
Share issue 20 October 2022*	6,365	-	6,365	-
Balance at 28 February	70,012	63,647	70,012	63,647
Reconciliation of share values 'R000:				
Balance at 1 March	325,925	325,925	325,925	325,925
Share issue 20 October 2022*	1,909	-	1,909	-
Reported 28 February	**327,834**	**325,925**	**327,834**	**325,925**
Total share premium	299,796	300,433	299,796	300,433
Ordinary shares @ 40c	28,038	25,492	28,038	25,492
	327,834	**325,925**	**327,834**	**325,925**

* The Group issued 6,364,692 new ordinary shares at 30c per share in a private placement.

13. Borrowings

Caleo Afdawn limited liability partnership Caleo advanced R10million in 2021, the transaction included a loan raising fee paid via the issue of shares with a value of R1.7million including costs. This arrangement is accounted for as an equity settled share-based payment in accordance with IFRS 2, which requires the fees to be capitalised at original recognition and amortised over the period of the loan. The loan terms are: interest is charged at 15.6% and a 2.4% consulting fees per annum which is an integral part of the effective interest rate, based on the cumulative balance, the loan is unsecured and is repayable after 20 years at the Company’s discretion. Interest is paid monthly and if the company chooses to repay the loan within the 20 years, an “early termination penalty” amounting to the interest payable up to the full term of the loan, discounted at 4.5% will apply.	8,237	8,270	8,237	8,270
Loan raising fee amortisation recognised through profit and loss	10	89	10	89
	8,247	8,359	8,247	8,359
Related Parties loans				
Related Parties - Secured The loans bear Interest of 18% per annum. The loans are secured by trade receivables with a value of the initial capital and are repayable within 12 months.	1,770	-	-	-
Related Parties - Unsecured These loans bear Interest of between 10.5% - 18% per annum. The loans are unsecured and are repayable on demand.	4,600	2,623	1,150	1,197
3rd Party loans				
Unrelated Parties - Unsecured short-term These loans bear Interest between 10.5% and 18% per annum. The loans are unsecured and are repayable within 12 months.	20,442	17,393	-	-
Unrelated Parties Caleo loan program The loan bears interest at 15% per annum, is secured by ceded trade receivables of 1.2 times the loan value and are repayable within 6 months.	13,280	8,280	-	-
Unrelated Parties - Secured single cover short term The loans bear Interest at 17% per annum. The loans are secured by trade receivables with a value of the initial capital and are repayable within 12 months.	1,000	900	-	-
Total	49,339	37,555	9,397	9,556

Non-current liabilities	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At amortised cost	18,465	31,120	8,247	8,448
	18,465	**31,120**	**8,247**	**8,448**
Current liabilities				
At amortised cost	30,874	6,435	1,150	1,108
	30,874	**6,435**	**1,150**	**1,108**
	49,339	**37,555**	**9,397**	**9,556**

14. Loan from director

	Group		Company	
	2023 R'0000	2022 R'000	2023 R'000	2022 R'000
G Hope	699	1,242	699	1,242
	699	**1,242**	**699**	**1,242**
Non-current liabilities	-	-	-	-
Current liabilities	699	1,242	699	1,242
	699	**1,242**	**699**	**1,242**

The loan bears interest of 15%, is unsecured and repayable on demand.

15. Leases liabilities

The Group leases several premises in commercial areas. With the exception of short-term leases and leases of low-value assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must incur maintenance costs on certain items in accordance with the lease contracts. Some of the leases include a month-to-month commitment to pay water, electricity and parking. The expenses relating to short-term leases and leases of low-value assets are recognised in profit or loss as part of other operating expenses. Refer to Note 20.

The Group has assessed whether lease extension options will be taken up and when it is likely to be renewed the extension has been included in the lease term calculation.

The right-of-use assets have been included as part of property, plant and equipment. Refer to note 3.

Reconciliation of lease liabilities:	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Opening balance	885	1,381	-	-
Leases cancelled - Redefine	-	(273)	-	-
Leases cancelled – JZM	-	(233)	-	-
Additional leases entered into – Lago 128 cc - Port Shepstone	914	400	-	-
Interest expense	156	90	-	-
Lease payments	(759)	(480)	-	-
Closing balance	**1,196**	**885**	**-**	**-**
The maturity analysis for lease liabilities is as follows:				
Within 1 year	712	546	-	-
Within 2-5 years	663	439	-	-
Total undiscounted cashflows	1,375	985	-	-
Current liability	612	469	-	-
Non-current liability	584	416	-	-
	1,196	**885**	**-**	**-**

16. Trade and other payables

Trade payables	1,428	918	1,151	720
VAT	145	117	145	32
Accrued leave pay	674	1,380	108	108
Accrued expenses	1,687	771	12	10
	3,934	**3,186**	**1,416**	**870**

Exposure to interest rate and liquidity risk

Details of credit risk are included in the financial instruments and risk management note 28. Refer to note 28 on financial risk management for details of interest rate and liquidity risk.

17. Sars income tax liability

Additional assessment related to Capital losses	353		353	
Interest and penalties on assessment	88		88	
Less payment made	(51)		(51)	
Sars income tax liability	**390**	**-**	**390**	**-**

The liability relates to income tax due to SARS in relation to a dispute over capital losses claimed in the 2016 assessment, that was under Alternative Dispute Resolution ("ADR") which has been resolved and resulted in an assessment for income tax of R352,749.

18. Revenue

Commissions income	1,128	69	1,920	1,640
Administration fee	2,694	2,640	-	-
Consulting and advisory services	2	-	-	-
Revenue recognised in terms of IFRS 15	3,824	2,709	1,920	1,640
Interest income using the effective interest rate method:				
Interest	4,106	3,749	1,450	1,314
Loan origination fee	6,834	6,710		
Revenue recognised in terms of IFRS 9	10,940	10,459	1,450	1,314
Total revenue	**14,764**	**13,168**	**3,370**	**2,954**

All the revenue streams recognised in terms of IFRS 15 are recognised over a period of time, except commission income. All revenue is earned within South Africa.

The following tables disaggregates revenue by major products and service lines. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to note 29):

2023 Group R'000	***Investment advisory and investment management***	***Micro finance***	***Head Office***	**Total**
Commissions income				
- Insurance commission	-	1,014	-	1,014
- Other commission relating to insurance premiums	-	114	-	114
Administration fee income	-	2,694	-	2,694
Consulting and advisory services	2	-	-	2
Interest income	-	10,940	-	10,940
	2	**14,762**	**-**	**14,764**

2022 Group R'000	***Investment advisory and investment management***	***Micro finance***	***Head Office***	**Total**
Commissions income				
- Insurance commission	-	50	-	50
- Other commission relating to insurance premiums	-	19	-	19
Administration fee income	-	2,640	-	2,640
Interest income	-	10,459	-	10,459
	-	**13,168**	**-**	**13,168**

Company

Category:	**2023 R'000**
Interest income	1,450
Management fee	1,920
	3,370

Company

Category:	**2022 R'000**
Interest income	1,314
Management fee	1,640
	2,954

Company revenue is generated within the Group and is therefore eliminated on consolidation and in the segment report.

19. Other income

	Group		Company	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Credit losses recovered on trade receivables	68	91	-	-
Profit on disposal of property, plant and equipment	6	-	6	-
Sundry income	1	227	-	-
	75	**318**	**6**	**-**

20. Other operating expenses include:

Short term lease expense – premises	952	1,030	27	25
Short term lease expense - equipment	393	361	-	-
Legal fees	7	96	-	-
Amortisation of intangible assets (refer to note 4)	51	79	-	-

21. Finance costs

Loan from director	170	161	170	161
Lease liabilities	156	90	-	-
SARS interest	97	-	97	-
Caleo Afdawn limited liability partnership	1,678	1,889	1,678	1,889
Borrowings (excluding the above)	5,761	3,399	187	133
	7,862	**5,539**	**2,132**	**2,183**

22. Income tax expense

Major components of the tax expense	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Current	*353	-	***353**	**-**
Deferred	**-**	-	**-**	**-**

Reconciliation of the tax expense				
Tax on current period	-	-	-	-
Tax related to prior period	*353	-	*353	-
Deferred	-	-	-	-
	353		**353**	

Reconciliation of tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss from continued operations	(15,799)	(12,894)	(2,514)	654
Tax at the applicable tax rate of 28% (2022: 28%)	(4,424)	(3,610)	(704)	183
Tax effect of adjustments on taxable income				
Non-deductible expenses debt raising fee	2	-	2	25
Non-deductible equity accounting	-	-	-	5
Non-deductible SARS interest and penalties	27	1	27	1
Impairment loss reversal	-	(798)	247	(798)
Non-deductible IFRS16 lease adjustment	-	9	-	-
Tax raised on prior year reassessment	*353	-	*353	-
Deferred tax asset not recognised	4,395	4,398	428	584
	353	**-**	**353**	**-**

The estimated tax loss available for set off against future taxable income for all companies in the Group amounted to R90,970,292 (2022: R 78,830,261). The Company estimated tax loss available for set off against future taxable income is R17,902,792 (2022: R16,244,064).

* The SARS dispute that was under ADR has been resolved and resulted in an assessment for income tax in 2016 of R352,749. Interest on the assessment has been recognised under finance cost note 21.

23. Cash used in operations

Loss before tax	(15,799)	(12,894)	(2,514)	654
Adjustments for:				
Depreciation	714	466	-	1
Profit on disposal of property, plant and equipment	(6)	-	-	-
Finance costs	7,862	5,539	2,132	2,183
Profit on disposal of subsidiaries	-	-	(6)	-
Impairment losses on Group loans	-	-	880	26
Share of profit of associate	-	19	-	19
Amortisation of intangible assets	51	79	-	-
Business acquisitions	1,200	-	-	-
Impairment PTF2 reversed	-	(2,900)	-	(2,900)
Impairment loss on trade receivables	3,430	2,002	-	-
Non-cash movement:				
Derecognition of lease liability	-	(226)	-	-
Director loan movement	244	166	244	166
Borrowings movement	436	377	66	215
Group loans movement	-	-	(2,323)	(1,655)
Interest on SARS assessment	89	-	89	-
Changes in working capital:				
Movement in deferred income	38	79	-	-
Trade and other receivables	(2,254)	(4,360)	-	27
Trade and other payables	748	283	545	(182)
	(3,247)	**(11,370)**	**(887)**	**(1,446)**

24. Tax paid

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Balance at 1 March 2022	-	-	-	-
Assessment raised refer to note 22	(441)	-	(441)	-
Balance at 28 February 2023	390	-	390	-
Taxation paid	**(51)**	**-**	**(51)**	**-**

25. Goodwill

The group acquired a branch in Port Shepstone from Alibiprops 1023 CC t/a L&I Financial Services as of 1 May 2022. The acquisition was structured as a purchase of assets rather than the purchase of shares. As at the effective date the group has taken over the operation of the Port Shepstone Branch as a credit provider. The acquisition had been accounted for as a business in terms of IFRS3. The branch was purchased for R1.7million and assets at fair value of R1.2million including the debtors book, other small assets and staff were taken over as at the date of acquisition. The month to month property lease was taken over by the group. The acquisition resulted in goodwill due to growth prospects through an expanded product range realised by merging the operations with the Elite Group systems, being broken down below:

Cash paid for purchase	1,700	-	-	-
Assets acquired	(1,200)	-	-	-
Goodwill	**500**	**-**	**-**	**-**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the operations of the branch in which the goodwill arises as set out below, and is compared to its recoverable value:

Investment advisory and investment management	-	-	-	-
Micro finance – Elite Port Shepstone	500	-	-	-
Head office	-	-	-	-
	500	**-**	**-**	**-**

The recoverable amount of the goodwill has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. This growth rate does not exceed the long-term average growth rate in which the businesses operates in. The value-in use ratios used key assumptions are:

Key Assumptions used for value in use calculations	**2023**	**2022**
Compounded annual revenue increase %	8.6%	-
Long term growth rate %	6.0%	-
Compounded annual total operating costs increase %	5.5%	-
Pre-taxation discount rate (WACC Rate)	31.8%	

26. Related parties

Relationships

Subsidiaries	Refer to note 5, for a list of subsidiaries and details regarding loans
Associate	Refer to note 10
Loan to/(from) subsidiaries	Refer to note 7
Significant shareholder with borrowings	Caleo Afdawn Limited Liability Partnership – refer to note 13
Company controlled by a director providing services to the Group	Slabcap Proprietary Limited Makalu Capital Arvesco 153 Proprietary Limited Gowin Capital Proprietary Limited Dancap Investments Proprietary Limited DJD Group Proprietary Limited Caleo Private Equity Proprietary Limited Caleo Property Investments Proprietary Limited Caleo Hospitality Investments Proprietary Limited Caleo Finance Investments Proprietary Limited Caleo USA Finance Proprietary Limited Caleo Construction Proprietary Limited Caleo Consumer Products Proprietary Limited Caleo SA Finance Proprietary Limited Caleo Special Situations Proprietary Limited Caleo Living Proprietary Limited Caleo Experience Proprietary Limited CPE Opportunities Proprietary Limited CPE Investment Portfolio Proprietary Limited Caleo Renewables Proprietary Limited Caleo 4PL Proprietary Limited Pocketworld Proprietary Limited Piercore Capital Proprietary Limited Piercore Capital Investments Proprietary Limited Renovar Renewables Group Proprietary Limited Renovar Energy Generation Proprietary Limited
Loan from director	Refer to note 14
Executive and non-executive directors	Refer to directors' report
Key management	DD Breedt
Key management - close relative	JC Breedt, SM Danker, R Blieden, S Blieden

Related party balances				
Loan accounts - Owing (to) by related parties				
Arvesco 153 Proprietary Limited	(240)	(207)	(240)	(207)
Slabcap Proprietary Limited	(919)	(990)	(919)	(990)
Elite Group Proprietary Limited	-	-	116	-
Outstanding loans to directors and key management & close relatives				

G Hope	(699)	(1,242)	(699)	(1,242)
DS Danker	(200)	(125)	-	-
SM Danker	(150)	(500)	-	-
D Breedt	(200)	-	-	-
JC Breedt	(700)	(700)	-	-
M Slabbert	(1,770)	-	-	-
R Blieden	(400)	(400)	-	-
S Blieden	(1,800)	-	-	-
Related parties included in trade payables				
Caleo - Interest	-	-	-	-
Caleo – Finance costs	(272)	(23)	(272)	(23)
Non-executive directors fees payable	(529)	(338)	(529)	(338)

Related party transactions

Administration fees paid to/(received from) related parties				
Elite Group Proprietary Limited	-	-	(1,920)	(1,640)
JC Breedt	76	68	-	-
D Breedt	6	-	-	-
Makalu Capital Proprietary Limited	-	350	-	-
Interest paid to/(received from) related parties				
Elite Group Proprietary Limited	-	-	(1,450)	(1,314)
G Hope	170	161	170	161
SM Danker	44	165	-	-
DS Danker	42	41	-	-
DD Breedt	26	-	-	-
JC Breedt	88	62	-	-
M Slabbert	250	-	-	-
R Blieden	72	53	-	-
S Blieden	108	-	-	-
Arvesco 153 Proprietary Limited	33	27	33	27
Slabcap Proprietary Limited	154	99	154	99
Gowin Capital Proprietary Limited	-	4	-	-
Caleo Afdawn Limited Liability Partnership	1,678	1,889	1,678	1,889
Employee cost paid to key management including directors				
Short-term employee benefits	2,054	2,366	360	432

27. Directors emoluments and prescribed officers

Executive

2023 R’000 Group

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
	R’000	R’000	R’000	R’000
G Hope	480	-	-	480
J Slabbert	-	-	-	-
D Danker	-	-	857	857
	480	**-**	**857**	**1,337**

2022 R'000 Group

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
	R'000	R'000	R'000	R'000
G Hope	200	-	-	200
J Slabbert	-	-	-	-
D Danker	-	-	857	857
	200	**-**	**857**	**1,057**

Non-executive

2023 R'000 Company

	Directors' Fees	Total
S Blieden	144	144
SM Roper	72	72
B Stagman	144	144
	360	**360**

2022 R'000 Company

	Directors' Fees	Total
S Blieden	144	144
SM Roper	144	144
B Stagman	144	144
	432	**432**

Prescribed officers

2023 R'000 Group	**Salary**	**Total**
DD Breedt	**857**	**857**

2022 R'000 Group	**Salary**	**Total**
DD Breedt	**877**	**877**

28. Risk management

Risk Management definitions

For the purposes of risk management, the following definitions are applicable:

* Credit risk – the risk that the Group may not recover amounts it is owed (debit balances - receivables, bank, debit loans).
* Liquidity risk – the risk that the Group may not be able to pay an amount as it becomes due.
* Market risk – the group operations are exposed to interest rate risk
* Capital risk management – the risk that the company maintains a manageable gearing ratio.

Concentrations of risk - There are no concentrations of risks.

Exposure

The Group is exposed to credit risk, market risk and liquidity risk as follows:

Financial instrument	Credit Risk	Liquidity risk	Cashflow interest rate risk
Loans to Group companies	Yes	No	No
Trade receivables	Yes	No	No
Other receivables	Yes	No	No
Cash and cash equivalents	No	No	Yes
Borrowings	No	Yes	No
Loans from Group companies	No	Yes	No
Loans from directors	No	Yes	No
Trade payables	No	Yes	No

Management of risk

Cashflow is monitored very closely on a continuous basis.

Credit risk is very closely managed in through an inhouse system developed to assess each applicant credit worthiness beyond the NCA requirements by checking previous credit records from all lenders, with preference for automated debit order processing of repayments.

Analysis of the statement of financial position

The statement of financial position is analyzed in the table below:

Group 2023 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instrument	Total
Property, plant and equipment	-	-	1,351	1,351
Intangible assets	-	-	317	317
Goodwill	-	-	500	500
Trade and other receivables	9,560	-	50	9,610
Other receivables	1,666	-	-	1,666
Cash and cash equivalents	1,106	-	-	1,106
Share capital and share premium	-	-	(327,834)	(327,834)
Accumulated loss	-	-	368,842	368,842
Borrowings non-current	-	(18,465)	-	(18,465)
Leases liabilities non-current	-	(584)	-	(584)
Borrowings current	-	(30,874)	-	(30,874)
Leases liabilities current	-	(612)	-	(612)
Loan from director	-	(699)	-	(699)
SARS income tax liability	-	-	(390)	(390)
Trade and other payables	-	(3,115)	(819)	(3,934)

Group 2022 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	1,034	1,034
Intangible assets	-	-	368	368
Trade and other receivables	10,826	-	-	10,826
Other receivables	2,500	-	-	2,500
Cash and cash equivalents	1,375	-	-	1,375
Share capital and share premium	-	-	(325,925)	(325,925)
Accumulated loss	-	-	352,690	352,690
Borrowings non-current	-	(31,120)	-	(31,120)
Leases liability non-current	-	(416)	-	(416)
Borrowings current	-	(6,435)	-	(6,435)
Leases liability current	-	(469)	-	(469)
Loans from directors	-	(1,242)	-	(1,242)
Trade and other payables	-	(1,689)	(1,497)	(3,186)

Company 2023 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instrument	Total
Investments in subsidiaries	-	-	7,460	7,460
Loans to Group companies	116	-	-	116
Other receivables	1,666	-	-	1,666
Cash and cash equivalents	16	-	-	16
Share capital and share premium	-	-	(327,834)	(327,834)
Accumulated loss	-	-	330,478	330,478
Borrowings – non-current	-	(8,247)	-	(8,247)
Borrowings - current	-	(1,150)	-	(1,150)
Loans from directors	-	(699)	-	(699)
SARS income tax liabilities	-	(390)	-	(390)
Trade and other payables	-	(1,163)	(253)	(1,416)

Company 2022 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instrument	Total
Investments in subsidiaries	-	-	7,460	7,460
Loans to Group companies	2	-	-	2
Other receivables	2,500	-	-	2,500
Cash and cash equivalents	-	20	-	20
Share capital and share premium	-	-	(325,925)	(325,925)
Accumulated loss	-	-	327,611	327,611
Borrowings – non-current	-	(8,448)	-	(8,448)
Borrowings - current	-	(1,108)	-	(1,108)
Loans from directors	-	(1,242)	-	(1,242)
Trade and other payables	-	(730)	(140)	(870)

Analysis of the statement of profit or loss and other comprehensive income ("SOCI")

The SOCI is analyzed below:

Group 2023 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Not a financial instrument	Total
Interest income	10,940	-	-	10,940
Finance costs	-	(7,765)	(97)	(7,862)
Bad debts written off	(1,047)	-	-	(1,047)

Group 2022 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Not a financial instrument	Total
Interest income	10,459	-	-	10,459
Finance costs	-	(5,539)	-	(5,539)
Bad debts written off	(1,586)	-	-	(1,586)

Company 2023 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Not a financial instrument	Total
Interest income	1,450	-	-	1,450
Finance costs	-	(2,035)	(97)	(2,132)
Impairments on trade receivables	(880)	-	-	(880)

Company 2022 R'000	Financial assets at amortised cost	Financial liabilities at amortised cost	Not a financial instrument	Total
Interest income	1,314	-	-	1,314
Finance costs	-	(2,183)	-	(2,183)
Impairments on Group loans	2,874	-	-	2,874

Credit risk

Maximum exposure

The amount that best represents the Group's maximum exposure to credit risk is as follows:

* Granting of loans and receivables to customers and other parties - the maximum exposure to credit risk is the carrying amount of the related financial assets. i.e., net of any loss allowance.
* Placing deposits with banks - the maximum exposure to credit risk is the carrying amount of the related financial assets.

Collateral and receivables pledged as security

The Group and Company did not hold any collateral in 2023 or 2022.

Loss allowance for each class of financial asset:

Group R'000

	Carrying amount 2023	Carrying amount 2022
Trade receivables (refer to note 8)	18,047	14,617
	18,047	**14,617**

Company R'000

	Carrying amount 2023	Carrying amount 2022
Loans to Group companies refer to note 7 for reconciliation of loss allowance	45,134	44,254
	45,134	**44,254**

Trade receivables – Loss allowance reconciliation
The movement in the loss allowance for impairment in respect of trade receivables was as follows:

Group	**2023 R'000**	**2022 R'000**
Balance on 1 March	14,617	12,615
Net remeasurement of loss allowance	3,682	6,463
Amounts written off	(252)	(4,461)
Balance at 28 February	**18,047**	**14,617**

The ECL has been calculated for each stage of the trade receivables as below:

2023 R'000	**Balance at 1 March**	**Increased ECL**	**Amount written off**	**Reversal of ECL**	**Balance at 28 February**
Current receivables	789	-	-	(108)	681
Collections and under-performing receivables	5,827	8,380	(209)	(4,477)	9,521
Legal receivables	8,001	158	(43)	(271)	7,845
Total	**14,617**	**8,538**	**(252)**	**(4,856)**	**18,047**

2022 R'000	**Balance at 1 March**	**Increased ECL**	**Amount written off**	**Reversal of ECL**	**Balance at 28 February**
Current receivables	338	573	-	(122)	789
Collections and under-performing receivables	5,675	2,295	(1,379)	(764)	5,827
Legal receivables	6,602	2,720	(73)	(1,248)	8,001
Total	**12,615**	**5,588**	**(1,452)**	**(2,134)**	**14,617**

Analysis of financial assets

Trade receivables are grouped in terms of the accounting policy into:

- *Current receivables*

This includes debtors that are paying within their credit terms as well as those that are up to 90 days overdue. Generally, when contractual payments are more than 75 days overdue the debtor is transferred to the collections book. Debtors whose accounts are more than 30 days past due or when a SICR event has occurred are deemed to have undergone a significant increase in credit risk however these generally remain in 'current receivables' until they are 75 days overdue or where another default event occurs.

- *Collections and under-performing receivables*

When contractual payments are more than 75 days overdue or where another default event occurs debtors are generally transferred from current receivables to collections and under-performing receivables. These debtors are in default and are considered to be credit-impaired (stage 3). It is the Group's policy to consider a receivable as 'cured' once all outstanding amounts have been settled. The Group will continue to recognise a loss allowance for the debtors in terms of the policy, until all outstanding amounts have been paid. A Debtors remains within the relevant category once classified, and cannot move between categories. If there has been subsequent improvement in terms of settlement, the debtor will move between the different aging brackets in the category, however classification doesn't change subsequently.

Credit-impaired debtors will remain in Collections and under-performing receivables' unless they meet the criteria of a "legal receivable", in which case these debtors are transferred to "legal receivable" (refer below). Debtors whose balances are below R2,500 or are currently unemployed are not transferred to the legal book and are maintained in this category until they are 3 years old at which point in time they will be written off. Debtors which are placed under sequestration or are deceased are written off immediately.

- *Legal receivables*

Includes debtors transferred from the Collections book when the debtors have the following legal status:

* A debt pack has been signed that would lead to an emolument attachment order; or
* The debtor is placed under administration; or
* The debtor is placed under debt review.

The trade receivables constitute short-term receivables. The advances are for a 3-6 months period and therefore lifetime ECLs will always apply.

The group uses an independent third party to evaluate the ECL. The following was noted in relation to each of the categories of trade receivables as addressed above.

* On the current book, the ECLs as a percentage of balance decreased from 7.94% from 7.26% since the previous reporting period. We believe this is a result of data volatility and it is appropriate to maintain this overall allowance as a percentage of outstanding balance in line with the previous reporting period. This resulted in an downward adjustment to the overall loss allowance of R110,000.
* We note a relatively big movement in total balance distribution from the current to the collection book over the last reporting period. This is large enough to be concerning and required the necessary review. These statistics suggest that the overall default probability on the book has become higher over the last reporting period.
* Within the collections book itself, the model is responding to deteriorating payment experience that may follow in future. This pushed the average ECL as a percentage of outstanding balance on the collections category up to 94.79% (2022: 79.52%). This resulted in an upward adjustment to the overall loss allowance of R3,697,000. This is the main reason for the overall increase in the impairment losses compared to the previous financial reporting period.
* Within the legal book itself, the model is responding to potentially deteriorating payment experience that may follow in future. This pushes the average ECL as a percentage of outstanding balance on the collections category up to 98.00% (2022: 99.48%). This observation is not contradicting to management observations around the financial health statistics and it is reassuring to witness the model responding to the updated data in this manner. The ECLs model appears to be suggesting that there is a possibility that collections on accounts that already form part of the collections book may decline, even though the probability of default may remain stable.

The forward-looking information applied in the ECL determination includes allowances for macro-economic factors and asymmetric risk on the loan book. The Group incorporates future changes in respect of the Consumer Price Index, the petrol price, the unemployment rate, the real wage rate and the real credit extension to households to link these scenarios to probability of default and used to derive a forward-looking ECL.

Elite has specific percentages that are used to calculate the loss allowance on trade receivables based on the ageing of the debtors. These are outlined below:

Analysis of trade receivables:

	2023			2022		
	% Loss Allowance	Estimated gross carrying amount at default	Loss Allowance	% Loss Allowance	Estimated gross carrying amount at default	Loss Allowance
Current receivables						
Current	4.5%	8,690	(395)	3.4%	8,582	(290)
30 days	19.1%	396	(76)	11.8%	724	(85)
60 days	74.6%	246	(183)	61.9%	382	(237)
90 days	68.1%	29	(20)	75.8%	154	(116)
120+ days	58.4%	13	(7)	100%	63	(63)
Collections and under-performing receivables						
Current	31.6%	334	(105)	16.5%	357	(59)
30 days	46.1%	124	(57)	48.7%	68	(33)
60 days	87.1%	143	(124)	86.8%	154	(133)
90 days	92.1%	332	(306)	87.0%	206	(179)
120 days	98.0%	267	(262)	80.6%	351	(283)
120+ days	98.0%	8,844	(8,667)	83.0%	6,188	(5,137)
Legal receivables						
Current	98.0%	260	(255)	99.5%	274	(273)
30 days	98.0%	15	(15)	99.5%	107	(106)
60 days	98.0%	22	(22)	99.5%	26	(26)
90 days	98.0%	29	(29)	99.5%	19	(19)
120 days		-	-	99.5%	68	(68)
120+ days	98.0%	7,678	(7,524)	99.5%	7,550	(7,510)
		27,422	**(18,047)**		**25,273**	**(14,617)**

Current receivables:
Current receivables include stage 1 and stage 2 debtors. Debtors accounts that are more than 30 days overdue (significant increase in credit risk – Stage 2) and are included in 'current receivables' have a gross carrying amount of R288,000 (2022: R599,000) and ECLs on this balance have been recognised at R210,000 (2022: R416,000).

Collections:
Collections and under-performing receivables: include stage 2 and stage 3 debtors. Stage 2 debtors included in 'Collections and under-performing receivables' have a gross carrying amount of R1,200,000 (2022: R1,136,000) and ECLs on this balance have been recognised for at R854,000 (2022:R687,000). Credit-impaired (Stage 3) debtors included in 'Collections and under-performing receivables' have a gross carrying amount of R8,844,000 (2022: R6,188,000) and ECLs on this balance have been provided for at R8,667,000 (2022: R5,137,000). Loans reflected in Collection and under-performing receivables for 120 days and 120+ days represent specific loans made with counterparties loans from the group's mico-lending business. The 120+ day loan has seen a credit deterioration during the current reporting period and therefore a higher loss allowance has been recognised.

Legal receivables:

All debtors in legal receivables have defaulted and are credit-impaired (stage 3). The loans included as part of legal receivables are stage 3 loans and therefore share similar characteristics in terms of probability of default, loss given default and time expected to recover the debtors. Given that these loans have similar characteristics management have applied a constant ECL loss rate to these loans.

The above loss allowance percentages were calculated based on the last two years credit history in the debtor's book increased for forward-looking information. This forward-looking information adjustment is based on industry factors for similar short-term finance arrangements. There are no concentrations of credit risk during the current reporting period.

Credit quality information for financial assets not impaired:

Group R'000

	2023		**2022**	
	Carrying amount	**Credit quality**	**Carrying amount**	**Credit quality**
Cash and cash equivalents	1,106	High	1,375	High

Company R'000

	2023		**2022**	
	Carrying amount	**Credit quality**	**Carrying amount**	**Credit quality**
Cash and cash equivalents	16	High	20	High

At the reporting date the credit rating was BB- for the long-term local currency and foreign currency deposit ratings of the major banks in South Africa.

Risk on South African banks is considered negligible as all cash deposits are guaranteed by the SA Reserve Bank and banks are financially sound.

Liquidity risk

Management fund the business by entering into borrowing agreements at a fixed rates with as long repayment terms as possible. The terms are set at rates higher than market rates and are renewed frequently in order make the transaction more attractive.

Group 2023 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	Total	Indefinite interest payments*
Borrowings	965	1,215	43,316	876	46,372	-
Borrowings – Caleo*	150	300	1,350	5,400	7,200	1,800
Loan from director	-	-	743	-	743	-
Trade and other payables	555	284	2,276	-	3,115	-
SARS Income tax payable	-	-	414	-	414	
Lease liabilities	69	140	503	663	1,375	-
	1,739	**1,939**	**48,602**	**6,939**	**59,219**	**1,800**

Group 2022 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	Total	Indefinite interest payments*
Borrowings	766	7,755	21,282	1,877	31,680	-
Borrowings – Caleo*	150	300	1,350	5,400	7,200	1,800
Loan from director	-	-	1,320	-	1,320	-
Trade and other payables	443	128	1,117	-	1,688	-
Lease liabilities	45	89	412	439	985	-
	1,404	**8,272**	**25,481**	**7,716**	**42,873**	**1,800**

Company 2023 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	Total	Indefinite interest payments*
Borrowings	-	-	1,150		1,150	-
Borrowings – Caleo*	150	300	1,350	5,400	7,200	1,800
Loan from director	-	-	699	-	699	-
SARS Income tax	-	-	414	-	414	
Trade and other payables	11	145	1,260	-	1,416	-
	161	**445**	**4,873**	**5,400**	**10,879**	**1,800**

Company 2022 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	Total	Indefinite interest payments*
Borrowings	-	-	1,177	-	1,177	-
Borrowings – Caleo*	150	300	1,350	5,400	7,200	1,800
Loan from director	-	-	1,320	-	1,320	-
Trade and other payables	28	129	573	-	730	-
	178	**429**	**4,420**	**5,400**	**10,427**	**1,800**

The short-term liquidity obligations will be met through a combination of operations and funding raised.

* The Caleo loan does not have a fixed capital repayment obligation so repayments consist of annual R1,80 million interest payments with no capital payment included until management include it in cashflow budgeting.

Refer to note 1.15 going concern for details on the short-term liquidity obligations.

Market risk - Interest rate risk

The Group is exposed to interest rate risk on transactions linked to the prime lending rate. The Group fixes the interest rates on all lending to customers in terms of the ("NCA") National Credit Act so revenue will not be affected. The Group mitigates interest rate risk by using fixed interest rates at a higher rate than market rate. The borrowings interest rates are fixed on all borrowings to mitigate the risk on finance costs. As such there is only interest rate risk on the current bank accounts.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period. A 100 (2022: 50) basis points increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 (2022: 50) basis points higher or lower and all other variables were held constant, the Groups loss for the period would change by R11,060 (2022: 6,875) Company: R200 (2022: R100).

The carrying amount of the net cash and cash equivalents for the Group and Company was R1,106,000 (2022: R1,375,000) and R16,000 (2022:(R20,000)) respectively.

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital, repurchase shares currently issued, issue new shares, issues of new debt, issues of new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the group and company at the reporting date was as follows:

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Borrowings	49,339	37,555	9,397	9,556
Lease liabilities	1,196	885	-	-
Loans from directors	699	1,242	699	1,242
Sars income tax liability	390	-	390	-
Trade and other payables	3,934	3,186	1,416	870
Total borrowings	55,558	42,868	11,902	11,668
Less Cash held	(1,106)	(1,375)	(16)	(20)
Net borrowings	54,452	41,493	11,886	11,648
Equity	(41,008)	(26,765)	(2,644)	(1,686)
Gearing Ratio	132.78%	155.03%	447.55%	690.87%

The borrowings include a loan from Caleo Afdawn Limited Liability Partnership which has a number of terms that place restrictions and requirements on the group these are detailed below:

- The full loan of R10,00 million will become immediately due if either Caleo or the subsidiary Elite are liquidated, restructured or a breach of contract occurs.
- The full loan of R10,00 million will become immediately due if the group liquidates
- The group is required to take out a key man insurance to cover the loan and costs
- The group is required to change the dividend policy when there is sufficient capital to meet agreed budgeting requirements to two times cover of distributable proceeds.

Management reviews the above covenants on a monthly basis and there has been no breach of the covenant and no indication that they will be breached. Refer to note 1.15 going concern for more details.

29. Segment report

The Group discloses its operating segments according to the components regularly reviewed by the chief operating decision makers, being the executive directors. These amounts have been reconciled to the consolidated financial statements. The measures reported by the Group are in accordance with the accounting policies applied in preparing and presenting the consolidated financial statements. Segment revenue includes inter-segment revenue which amounted to R3,370 million (2022: R2,954 million). Net revenue represents segment revenue from which inter-segment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating loss before capital items represents segment revenue less segment expenses. Segment expenses consisting of operating expenses, depreciation, amortisation and impairment losses have been allocated to the segments to which they relate.

The segment assets comprise all assets of the different segments that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The Group's reportable segments are based on the following lines of business:

a. Investment advisory and management

This segment consists of the YueDiligence. YueDiligence provides investment advisory and management services to entrepreneurial and innovative companies.

b. Micro finance

This segment consists of Elite and Elite Two. These companies are involved in micro finance in the unsecured lending industry and have a wide base of customers (mostly individuals).

c. Head office

Head office consists of the head office expenses in the Company together with other entities that previously operated in the bridging finance and vehicles finance industry. The entities have become dormant and the collection of outstanding balances is managed by head office.

All the segments operate only in South Africa, largely in the Gauteng and Western Cape provinces therefore no geographical information is provided. Similarly, all non-current assets are in South Africa.

2023 Group

	Investment advisory and management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	2	14,762	-	14,764
Other income	-	68	7	75
Finance costs	-	(5,827)	(2,035)	(7,862)
Credit losses	-	(1,047)	-	(1,047)
Impairment trade and other receivables	-	(3,430)	-	(3,430)
Employee costs	-	(7,385)	(1,044)	(8,429)
Depreciation	-	(714)	-	(714)
Other operating expenses	(48)	(7,188)	(1,920)	(9,156)
Loss before tax	(46)	(10,761)	(4,992)	(15,799)
Tax	-	-	(353)	(353)
Total comprehensive loss	(46)	(10,761)	(5,345)	(16,152)
Segment total assets	-	12,867	1,683	14,550
Segment total liabilities	-	(43,658)	(11,900)	(55,558)
Property, plant and equipment acquired	-	116	-	116
Intangible assets acquired	-	-	-	-
Goodwill	-	500	-	500
Intergroup revenue	-	(3,370)	3,370	-

2022 Group

	Investment advisory and management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	-	13,168	-	13,168
Other income	-	318	-	318
Finance costs	-	(3,356)	(2,183)	(5,539)
Share of profit of associate	-	-	(19)	(19)
Credit losses	-	(1,457)	(129)	(1,586)
Impairment trade and other receivables reversed	-	1,561	2,900	4,461
Impairment trade and other receivables	-	(6,463)	-	(6,463)
Employee costs	-	(8,510)	(837)	(9,347)
Depreciation	-	(465)	(1)	(466)
Other operating expenses	(80)	(5,326)	(2,015)	(7,421)
Loss before tax	(80)	(10,530)	(2,284)	(12,894)
Tax	-	-	-	-
Total comprehensive loss	(80)	(10,530)	(2,284)	(12,894)
Segment total assets	-	13,581	2,522	16,103
Segment total liabilities	-	(31,200)	(11,668)	(42,868)
Property, plant and equipment acquired	-	51	-	51
Intangible assets acquired	-	41	-	41

Equity accounted investment	-	-	(19)	(19)
Intergroup revenue	-	(2,954)	2,954	-

30. Loss per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares in issue for the effect of all dilutive potential ordinary shares.

Basic loss per share

Basic loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the reporting period.

Basic and diluted loss per share	**2023 C per share**	**2022 C per share**
From continued operations (c per share)	(24.5)	(20.3)
	(24.5)	**(20.3)**
Reconciliation of loss for the year to basic loss		
Loss from continued operations	**(16,152)**	**(12,894)**
Basic loss	**(16,152)**	**(12,894)**

Reconciliation of weighted average number of ordinary shares used for basic loss per share and headline and diluted headline loss per share

	2023 '000	**2022 '000**
Number of actual ordinary shares in issue (refer to note 12)	63,647	63,647
Ordinary share issue on 20 October 2022	2,302	-
Weighted average number of shares used for loss and headline loss per share	65,949	63,647

Headline loss per share	**2023 C Per share**	**2022 C Per share**
Headline loss per share continued operations (c)	(24.5)	(20.3)
	(24.5)	(20.3)

Headline loss from continued operations 2023 R'000

	Gross	**Tax**	**Net**
Loss from continued operations	(16,152)	-	(16,152)
Profit on sale of Property, plant and equipment	(6)	2	(4)
Headline loss from operations	(16,158)	2	(16,156)

Headline loss from continued operations 2022 R'000

	Gross	**Tax**	**Net**
Loss from continued operations	(12,894)	-	(12,894)
Headline loss from operations	(12,894)	-	(12,894)

31. Non-compliance with listing requirements

In terms of the JSE listing requirements paragraph 3.19 & 3.20 every issuer is required to submit annual financial statements within four months after the end of each financial year end, and where annual financial statements have not been distributed to the holders of securities within three months of its financial year end, the issuer must publish provisional reports.

In terms of the JSE listing requirements paragraph 7.F.5 every issuer must implement the King IV Code through application of the King IV Code disclosure and application regime. As at year end 28 February 2023, African Dawn Capital Limited has not complied with the requirements set out in Principle 7.8 of King IV which states that the governing body should consist of majority of non-executive members most of whom should be independent. This has affected the ability of the group to maintain some of the critical committee's including the audit and risk committee and the social and ethics committee.

Considering the size of African Dawn Capital Limited and the nature of operations it was not possible for the members to be independent. The governing body is in progress to appoint an additional independent non-executive member. In this process the board will consider the skills, experience, diversity and independence of the current applicants to ensure that an appropriate balance is maintained.

32. Events after the reporting period

The following events occurred after the close of the reporting period but before the publication date:

- The subsidiary YueDiligence was sold on 2 March 2023 for R280,000.
- A short term loan of R1.5m has been renegotiated to long term.
- Elite has entered into an agreement with UIF to recover TERS claims with a value of R1.4m over a 6 month period.

Other than the above the directors are not aware of any other material event which occurred.

33. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 28 February 2023, the Group and Company had accumulated losses of Group R368.84 million (2022: R352.69 million), Company R330.48 million (2022: R327.61 million) and that the total liabilities exceed its total assets by (R41.01 million) (2022 (R26.77 million) for the Group.

UNCERTAINTY	ACTION	STATUS
Operating losses incurred by the group over the last three years and potential future operating losses in the future. Furthermore, the group's total liabilities exceed its total assets by R41.01million resulting in solvency issues.	Additional funding and equity investment to be obtained in the group.	The directors are in the process of raising additional capital to continue to fund growth across the group. Management has already raised and received R6 million after year end to date and is expecting to continue to raise additional capital as and when required. The additional fund raising in the current year will further assist Elite to grow its debtor's books and fund new revenue generating initiatives. Elite has entered into an agreement with UIF to recover TERS claims with a value of R1.4m after year end over 6 months. New revenue streams including commission on credit repair processing and additional insurance products have been launched to improve revenue.
Afdawns ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding and other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding the Elite debtor's book.	The directors are currently sourcing additional funding for further growth within the Group. Afdawn's wholly owned subsidiary, Elite Group, will be able to grow its debtor's book and generate cashflows to cover the Groups operating expenses including Afdawn. Management of Afdawn are still exploring other business activities for further revenue generation.

The group borrowers recalling loans in the short term.	Of the R30.87m borrowings that are due in the current period, management estimates R25.3 not to be called by borrowers in short term period and to be renewed beyond the next financial year. Management are also engaged in getting new lenders with longer terms as well as negotiating with current lenders to extend short term borrowings for longer period.	- A total of R25.3m of the loans have been approached to not recall loans before the next reporting date. - This includes the Caleo loan program refer to note 13. - A short term loan of R1.5m has been renegotiated to long term, after year end. - Four significant new lenders have advanced funds of R3m as well as an additional advance from Caleo of R3m, repayable between 1 – 3 years has been received since year end. - Based on the historic data on loan repayments, the repayments of the capital portion of the loans are expected to be within the range of 10%.

Having regard to the nature of the uncertainties, the actions being taken and also the current status of these uncertainties, the judgment of the management and board is that it is appropriate that the financial statements be prepared on the going concern basis.