Inala Capital Limited

(Incorporated in Eswatini - Registration number 2364 of 2017)

Financial statements

for the year ended 31 December 2022

General information

Country of incorporation and domicile	Kingdom of Eswatini
Company registration number	2364 of 2017
Nature of business and principal activities	Investment holding
Business address and Registered office	2nd Floor Nedbank Centre Corner Sishayi and Sozisa Roads Mbabane Eswatini
Fund Manager	African Alliance Eswatini Limited
Auditors	SNG Grant Thornton Eswatini
Bankers	Nedbank (Eswatini) Limited Swazi Plaza Mbabane, Eswatini PO Box 70
Functional Currency	The financial statements are expressed in Emalengeni the currency of Kingdom of Eswatini

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The reports and statements set out below comprise the financial statements presented to the shareholder:

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The following supplementary information does not form part of the financial statements and is unaudited:

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Directors' responsibilities and approval

The Directors are responsible for preparing the Directors' report and the Company's financial statements in accordance with International Financial Reporting Standards and in the manner required by the Eswatini Companies Act of 2009 and Eswatini Stock Exchange Listing Rules. Company law requires the Directors to prepare the Company's financial statements for each financial year, which meet the requirements of the Eswatini Companies Act of 2009. In addition, the directors have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgements and estimates that are reasonable and prudent;

- State whether they have been prepared in accordance with International Financial Reporting Standards; and

- Prepare the Company's financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Eswatini Companies Act no. 8 of 2009, International Financial Reporting Standards and the Eswatini Stock Exchange Listing Requirements. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements for the year ended 31 December 2021. The financial statements for the year ended 31 December 2022 have been examined by the Company's external auditors and their report is presented on pages 7 to 10.

The financial statements set out on pages 11 to 36, which have been prepared on the going concern basis, were approved by the board on 28 August 2023 and were signed on its behalf by:

Director	Director

Directors' report

The directors submit their report on the financial statements of Inala Capital Limited (the "Company") for the year ended 31 December 2022.

Incorporation

The Company was incorporated on 1 November 2017 and obtained its certificate to commence business on the same day.

Review of activities

Main business and operations

The Company is registered and incorporated in the Kingdom of Eswatini. As an investment holding company, it offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted private equity-type investments.

During the year there were no major changes in the activities of the business.

The Company ended its financial year with a net asset value ("NAV") of E 58 566 068 (2021: E 62 554 083), which equates to a NAV per share of E 0.81 (2021: E 0.87).

The total comprehensive loss for the year of the Company was E 3 988 015 (2021: E 2 367 274), after taxation of E - (2021: E (1 855 716).

Going concern

The Company made a loss for the year ended 31 December 2022 of E 3 988 015 (2021: E 2 367 274) as at that date, its current assets exceeded its current liabilities by E 26 211 068 (2021: E 26 654 083) and its total assets exceeded its total liabilities by E 58 566 068 (2021: E 62 554 083).

The directors and management have assessed the ability to continue as a going concern. The assessment includes solvency and liquidity tests. The liquidity test considers expected cash flows, including the operational cash flows, anticipated proceeds from revenues and or other funding activities. Management of the investees of the Company have done cash flow projections for the foreseeable future and based on the projections, management of those investees have determined that there will be sufficient resources to settle liabilities and obligations as they fall due. Some of the measures in place to manage liquidity include ensuring that the repayment date of a sufficient portion of existing debt and creditors is extended at a level which is well within levels previously experienced in the retail sector being of a longer settlement period vs. inventory days, continuing to engage the market to secure additional funding where necessary and minimising discretionary expenditure in order to ensure sufficient funds are available to meet the ongoing commitments of the investees.

The 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.

The directors have concluded that Inala has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Post reporting date events

The directors are not aware of any matter or circumstance arising since the end of the financial year that would have materially altered the results reported.

Authorised and issued share capital

There were no changes in the authorised and issued share capital of the Company during the year under review (Refer note 8).

Directors' report

Dividends

No dividend was declared during the year (2021: nil).

Corporate governance

Sound corporate governance structures and processes are in the process of being established at Inala and are considered by the board to be pivotal to delivering sustainable growth in the interest of all stakeholders. Governance structures and processes will be regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice to the extent considered in the best interest of the Company.

The board meets regularly, retains control over the Company and monitors executive management. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the company. The roles of the Chairperson and the Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive director. The Chairperson provides leadership and guidance to the company's board, encourages proper deliberation of all matters requiring the board's attention, obtains optimum input from the other directors and ensures all decisions of the board are clearly worded and are likely to advance the Company's interests.

The board retains control over its operations and has established an Investment Committee and an Audit Committee. The Investment Committee is an advisory committee and not an executive committee and as such will not perform any management functions or assume any management responsibilities, but will rather primarily make investment recommendations to the board for its approval and final decision.

Directors

The directors of the Company during the year and to the date of this report are as follows:

Name	Position	Nationality
A M B de Castro	Executive director	LiSwati
W D Thwala	Non-executive director	LiSwati
M Dlamini	Non-executive director	LiSwati
N K Mabuza	Executive director and Chief executive officer	LiSwati
SS Msibi	Non-executive director	LiSwati
S Khumalo	Non-executive director	LiSwati
AT Dlamini	Non-executive chairman	LiSwati

Audit Committee Composition

Composition of Audit Committee of the Company during the year and to the date of this report are as follows:

Name	**Position**	**Nationality**
S.S Msibi	Non-executive chairman	LiSwati
M.M Nyoni	Non-executive member	LiSwati
H.S Dlamini	Non-executive member	LiSwati

Directors' report

Investment Committee Composition

Composition of Investment Committee of the Company during the year and to the date of this report are as follows:

Name	Nationality
Z S Dlamini (Chairperson)	LiSwati
L P Mahlalela	LiSwati
T B Dlamini	LiSwati
M N Simelane	LiSwati

Secretary

The secretary of the Company is Bongiwe Dlamini, African Alliance Eswatini Limited at 2nd Floor, Nedbank Centre, Cnr Sishayi and Sozisa Roads, P.O. Box 5727, Mbabane H100, Kingdom of Eswatini.

Auditors

SNG Grant Thornton Eswatini have been appointed as auditors of the Company for the year under review in accordance with the Companies Act, 2009.

Spread of shareholders

The shareholder spread and analysis of shareholdings in the Company at 31 December 2022 are detailed in note 20 of the Notes to the financial statements.

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Independent Auditors' Report

To the shareholders of Inala Capital Limited

Opinion

We have audited the financial statements of Inala Capital Limited which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies, other explanatory notes set out on pages 11 to 38 and the directors' report as set out on page 4 to 6.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inala Capital Limited as at 31 December, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Eswatini Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Inala Capital Limited in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit in Eswatini and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter for the financial statements are set out below.

SNG
Grant Thornton

Valuation of level 3 financial instruments

The disclosure associated with the valuation of level 3 financial instruments is set out in the following accounting policies and notes:

- Accounting policy 1.2-Significant accounting judgements, estimates and assumptions.
- Note 2-Investment in associate.
- Note 4 -Investment at fair value through profit or loss.

Key audit matter	How our audit addressed the matter
The company has investments which are measured at fair value and classified as level 3 financial instruments in the fair value hierarchy. As at 31 December 2022, the fair value of these investments, which comprise unlisted equities and investments in associate amounted to E32 355 000. The Company has applied a valuation technique to determine the fair value of the financial instruments that are not quoted in active markets. The valuation technique applied by the Company is discounted cash flow which involves subjective judgements and assumptions. Valuation of level 3 financial instruments has been identified as a key audit matter because of the significance of the judgements and estimates made in determining the fair value of the financial instruments.	Our audit work included the following procedures: • We evaluated the independence, technical competence and objectivity of the independent valuation specialist used by management. We engaged our internal valuation specialists who performed the following procedures: • Reviewed the appropriateness of the valuation methodologies applied by management specialist. • Verified the mathematical accuracy of the free cash flows. • Evaluated the appropriateness and sufficiency of the assumptions applied in the overall fair value assessment. • Assess the reasonableness of any premiums or discounts applied. • Assess the appropriateness of net debt adjustments included in the valuation. • Performed sensitivity analysis on the significant unobservable inputs to evaluate the overall reasonability of the fair values. We reviewed the appropriateness of the of the underlying assumptions (both macro-economic and micro-economic, entity level, and business plan/business model-based assumptions among others) related to both the forecasts and the related free cash flows that were used as a basis by management specialist. We reviewed the compilation of the underlying financial information and any assumptions used (historical and budgeted), on which the valuation performed by management specialist was based on. We reviewed the overall reasonableness of the historical information and forecasts. We assessed the adequacy of the disclosures on the financial statements against the requirements of *IFRS 9, Financial Instruments.*

Other matter
The financial statements of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2022.

Other information

The directors are responsible for the other information. The other information comprises the Directors' responsibilities and approval, the detailed income statement and Annexure A-Prime interest rates and currencies. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

SNG Grant Thornton

SNG Grant Thornton Chartered Accountants (Eswatini)
Per VM Nkabindze
Chartered Accountant (Eswatini)
Partner
05 October 2023

Statement of financial position as at 31 December 2022

Inala Capital Limited

Figures in Emalangeni	Note(s)	2022	2021
Assets			
Non-current asset			
Investments in associate	2	23 050 000	22 100 000
Investment at fair value through profit or loss	4	9 305 000	13 800 000
		32 355 000	**35 900 000**
Current assets			
Other financial assets	5	22 723 053	20 405 548
Prepayments		6 932	-
Cash and cash equivalents	7	4 046 849	6 800 672
		26 776 834	**27 206 220**
Total assets		**59 131 834**	**63 106 220**
Equity and liabilities			
Equity			
Share capital	8	73 373 123	73 373 123
Accumulated loss		(14 807 055)	(10 819 040)
		58 566 068	**62 554 083**
Liabilities			
Current liabilities			
Other financial liabilities	10	21 400	-
Other payables	9	544 366	552 137
		565 766	**552 137**
Total equity and liabilities		**59 131 834**	**63 106 220**

The financial statements for the year ended 31 December 2021, the accounting policies on pages 15 to 23 and the notes on pages 24 to 36,were approved by the board on 28 August 2023 and were signed on its behalf by:

Director

Director

The accounting policies on pages 15 to 23 and the notes on pages 24 to 36 form an integral part of the financial statements for the year ended 31 December 2022.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

Figures in Emalangeni	Note(s)	2022	2021
Fair value loss on investments	2, 4	(3 545 000)	(578 000)
Operating expenses		(3 047 061)	(2 244 051)
Interest income	17	2 604 046	2 310 493
Loss before taxation		**(3 988 015)**	**(511 558)**
Taxation	18	-	(1 855 716)
Loss for the year		**(3 988 015)**	**(2 367 274)**
Other comprehensive income		-	-
Total comprehensive loss		**(3 988 015)**	**(2 367 274)**
(Loss)/earnings per share			
Basic loss per share (c)	19	(0.06)	(0.03)

The accounting policies on pages 15 to 23 and the notes on pages 24 to 38 form an integral part of the financial statements for the year ended 31 December 2022.

Statement of changes in equity for the year ended 31 December 2022

Figures in Emalangeni	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 01 January 2021	**71 994 000**	**1 379 123**	**73 373 123**	(8 451 766)	64 921 357
Total comprehensive loss for the year	-	-	-	(2 367 274)	(2 367 274)
Total changes	-	-	-	(2 367 274)	(2 367 274)
Balance at 01 January 2022	**71 994 000**	**1 379 123**	**73 373 123**	**(10 819 040)**	**62 554 083**
Total comprehensive loss for the year	**-**	**-**	**-**	**(3 988 015)**	**(3 988 015)**
Total changes	**-**	**-**	**-**	**(3 988 015)**	**(3 988 015)**
Balance at 31 December 2022	**71 994 000**	**1 379 123**	**73 373 123**	**(14 807 055)**	**58 566 068**
Notes	8	8	8		

The accounting policies on pages 15 to 23 and the notes on pages 24 to 38 form an integral part of the financial statements for the year ended 31 December 2022.

Statement of cash flows for the year ended 31 December 2022

Inala Capital Limited

Figures in Emalangeni	Note(s)	2022	2021
Cash flows from operating activities			
Cash flows used in operations	12	(3 061 764)	(2 306 185)
Interest income	17	286 541	2 310 493
Net cash (used in)/generated from operating activities		**(2 775 223)**	**4 308**
Cash flows from investing activities			
Additions to other financial assets	2	-	(10 617)
Net cash used in investing activities		**-**	**(10 617)**
Cash flows from financing activities			
Proceeds from other financial liabilities		21 400	-
Net cash from financing activities		**21 400**	**-**
Total cash movement for the year		**(2 753 823)**	**(6 309)**
Cash at the beginning of the year		6 800 672	6 806 981
Total cash at end of the year	7	**4 046 849**	**6 800 672**

The accounting policies on pages 15 to 23 and the notes on pages 24 to 38 form an integral part of the financial statements for the year ended 31 December 2021.

Accounting Policies

1. Presentation of financial statements

The financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as issued by the International Accounting Standards Board (IASB), and the Eswatini Companies Act no. 8 of 2009. The financial statements for the year ended 31 December 2022 have been prepared on a historical cost basis except for investments at fair value through profit or loss which are measured at fair value. The financial statements for the year ended 31 December 2022 are presented in Emalangeni which is the Company functional currency and all values are rounded to the nearest Emalangeni, except when otherwise indicated.

The financial statements for the year ended 31 December 2022 incorporate the principal accounting policies set out below. These accounting policies are consistent with the prior period, except for those which were adopted during the year.

1.1 New and amended standards and interpretations

Amendments mandatorily effective for the year ended 31 December 2022

During the year, the Company have adopted the following standards and interpretations:

- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment- Proceeds before intended use
- Amendments to IAS 37 - Onerous Contracts- Cost of fulfilling a contract
- Amendments to IFRS 1 and IFRS 9 - Annual improvements

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments have no significant impact on the financial statements.

Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments have no significant impact on the financial statements.

Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments have no significant impact on the financial statements.

Amendments to IFRS 1 and IFRS **9 - Annual improvements**

IFRS 1 First-time Adoption of International Financial Reporting Standards - This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent.

IFRS 9 Financial Instruments - This amendment clarifies that, for the purpose of performing the '10 per cent test' for derecognition of financial liabilities, in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments have no significant impact on the financial statements.

1.1 New and amended standards and interpretations (continued)

Not yet mandatory effective but early application allowed for the year ended 31 December 2022

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2022, and have not been applied in preparing the financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- Amendments to IAS 1 - Presentation of liabilities
- Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9
- IFRS 17 Insurance Contracts
- Amendments to IAS 1 - Disclosure of Accounting Policies
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IFRS 16 - Lease Liability in a sale and Leaseback
- Amendments to IAS 1 - Non-Current Liabilities with Covenants

Amendments to IAS 1 - Presentation of liabilities

The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current. The amendments are not expected to significantly impact the financial statements.The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a significant impact on the financial statements.

IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standards are effective for annual reporting periods beginning on or after 1 January 2023. The standard has no impact on the financial statements.

Amendments to IAS 1 - Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The amendments are not expected to have a significant impact on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments provide an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities. The amendments are not expected to have a significant impact on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are not expected to have a significant impact on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

1.1 New and amended standards and interpretations (continued)

Amendments to IFRS 16 - Lease Liability in a sale and Leaseback

The amendments specify how a seller-lessee measures subsequently the sales and leaseback transactions that satisfies the requirements of IFRS 15 'Revenue from contracts with customers' to be accounted for as a sale. The amendments are not expected to have a significant impact on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 - Non-Current Liabilities with Covenants

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are not expected to have a significant impact on the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

1.2 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements for the year ended 31 December 2022.

Significant judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements :

Going concern

Management has made the assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. Refer to note 21.

Functional currency

The currency of the primary economic environment in which the entity operates is the Emalangeni. The Company performance is evaluated in Emalangeni. Therefore, management considers the Emalangeni as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Fair value estimation

The basis of valuation of all investments is fair value. All investments are valued in accordance with IFRS and the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines.

Management's valuations, as prepared in December, are audited annually by its auditor. Management determines the individual fair value of each Portfolio Company. The policy of management to determine the fair value of the underlying investment companies, which is in accordance with the IPEV Valuation Guidelines, is noted below.

At each reporting date after the initial acquisition date, an assessment is made of the fair value of the investment to determine any required changes in the fair value of the investment. An earnings multiple methodology is generally applied, although other methods are available and might be considered more appropriate, e.g. a discounted cash flow (“DCF”) method.

1.2 Significant accounting judgements, estimates and assumptions (continued)

In terms of the earnings multiple method, an appropriate and reasonable valuation multiple is applied to the maintainable earnings of the investment. For each investment an EBITDA or an earnings before interest after tax ("EBIAT") multiple is generally considered appropriate to determine the enterprise value for the investment. In deriving a reasonable valuation multiple, management develops a benchmark multiple, generally with reference to the multiples of comparable publicly traded companies adjusted for finance costs (i.e. multiples have been degeared). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, liquidity factors and growth prospects), where applicable.

Maintainable earnings are typically based on historical earnings figures that are considered to be appropriate and relevant. Once an enterprise value has been determined, it is adjusted for surplus assets, excess liabilities, and financial instruments ranking ahead of the investments. The resultant attributable enterprise value is then apportioned to the Company, based on its participation in each underlying security of the investment companies.

Assessing the level of maintainable EBITDA and net debt of each Portfolio Company, especially during these unprecedented times, requires a high degree of judgement by management; therefore, the valuations of the unlisted portfolio are subject to a degree of uncertainty and the underlying assumptions may prove in time not to be entirely accurate.

The discounted cash flow method is used to derive the enterprise value of the investment using reasonable assumptions on the estimations of expected future post-taxation cash flows and the terminal value (free cash flows to the company), and discounting to the present value by applying the appropriate risk-adjusted rate that captures the risk inherent to the projection's weighted average cost of capital ("WACC"). To arrive at an appropriate equity value, an adjustment for net indebtedness will be made. Where appropriate, an adjustment to the valuation would be made for surplus non-operating assets and liabilities in the investment.

The length of period for which it would remain appropriate to use this valuation technique will depend on the specific circumstances of the investment and is subject to the judgement of management.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving the type of securities in which the Company invests. Therefore, the fair values presented herein may not be indicative of the amount the Company could realise in a current transaction.

1.2 Significant accounting judgements, estimates and assumptions (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost.

Cash and cash equivalents

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

Other financial liabilities

Borrowings are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

1.3 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.4 Financial instruments

Classification

The Company classifies financial assets and financial liabilities into the following categories:

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

1.4 Financial instruments (continued)

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets at amortised cost. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of the financial asset, through use of a loss allowance account. The impairment loss is shown as a separate line item in the statement of profit or loss and other comprehensive income, unless the impairment during the period was immaterial.

Other payables

Other payables are initially measured at fair value less any directly attributable transaction costs.Other payables are subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if :
- there is a currently enforceble legal right to offset the recognised amounts, and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Other financial liabilities

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest method.

1.4 Financial instruments (continued)

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate and during the period there were no write off. Any recoveries made are recognised in profit or loss.

Other financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs that are directly attributable to the issue of new shares are deducted from equity.

1.6 Associates

Associates are all entities over which the company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for at fair value through profit or loss ("FVTPL"), after initially being recognised at cost. Management determined the company to be a venture capital organisation ("VCO"), see Note 2. When an investment in an associate is held by an entity that is a VCO, as per IAS 28, the company may elect to measure that investments at FVTPL.

1.7 Revenue

Revenue is recognised using the 5 step model as defined below:

- identify the contract – this would be amatter of law but collection needs to be probable, has to have commercial substance, rights to goods and services and payment obligations can be identified and that both parties are committed to their obligations.

- identify the performance obligations – where there are multiple performance obligations, an assessment is required whether these can be separately enjoyed and if so need to recognised as such.

- determine the transaction price – a risk of revenue reversal as well as a significant finance component need to be factored in.

- Allocate the transaction price – the transaction price needs to be allocated to the performance obligations. This must be done using stand alone selling prices to the extent that they are available. In the absence of these an expected cost plus margin or market assessment approach is to be used.

1.7 Revenue (continued)

- Recognise revenue when the entity satisfies a performance obligation. Indicators of this are a present obligation to pay, physical possession, legal title, risk and rewards and acceptance. If these criteria are met over time then allocation can be done using an objective allocation method based on inputs or outputs.

Revenue is measured at the fair value of the consideration received or receivable.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, net of any anticipated impairments. Interest income is included as investment income in the Statements of Comprehensive Income. Any discount to par achieved on money market instruments is amortised to cost over the maturity period of the investment and recognised as interest income, whereas any premium paid to par on such investments is amortised against the cost of the investment over its residual hold period and recognised as a charge against interest income.

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Dividend income is included as investment income in the Statements of Comprehensive Income.

Investment gains/losses are recognised if any fair value adjustments relating to investments held at fair value are required and are included as fair value gains/losses in the Statements of Comprehensive Income.

Notes to the financial statements

Figures in Emalangeni	Note	31 December 2022	31 December 2021

2. Investments in associate

Name of company	Type of shares	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021	Cost of shares 2022	Cost of shares 2021
Alliance Foods (Pty) Limited	Ordinary	27.27 %	27.27 %	23 050 000	22 100 000	22 500 000	22 500 000

Reconciliation of investment:

2022

	Opening balance	Fair value gain	Closing balance
Alliance Foods (Pty) Limited	22 100 000	950 000	23 050 000

2021

	Opening balance	Fair value gain	Closing balance
Alliance Foods (Pty) Limited	21 722 000	378 000	22 100 000

Management determined the company to be a Venture Capital Organisation ("VCO") and used the exemption from equity accounting its investment in associates allowed by IAS 28. The company is defined as a VCO by management based on the following criteria:

1) The company’s investment in associate is held as part of an investment portfolio, where its value is through its marketable value rather than as a medium through which the associate carries out its business;

2) The company aims to generate growth in the value of its investments in the medium term and identifies an exit strategy when the investments are made;

3) The associates are in businesses unrelated to the company’s business; and

4) The investments are managed on a fair value basis.

5) The company meets all the conditions for membership of a recognised VCO platform which requires the company to:

a) Be of good standing in the industry

b) Have, as its principal business, the provision of equity finance to unquoted companies and make its returns mainly through short to medium term capital gain. These activities may include start-up and other early stage, expansion, management buy-out or management buy-in investment which includes ‘equity-type’ return

Refer to note 4 for details on fair value estimation and investment valuation methodology of the associate.

2. Investments in associate (continued)

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Level 3		
Alliance Foods (Pty) Limited	23 050 000	22 100 000

Reconciliation of financial assets at fair value through profit or loss measured at level 3

2022

	Opening balance	Fair value gain	Closing balance
Alliance Foods (Pty) Limited	22 100 000	950 000	23 050 000

2021

Alliance Foods (Pty) Limited	21 722 000	378 000	22 100 000

Notes to the financial statements

Figures in Emalangeni	Note	2022	2021
Summary of financial information of associate			
Summarised statement of financial position			
Non-Current assets		111 908 022	113 066 781
Current assets		16 599 351	9 230 631
Non-Current liabilities		(33 168 950)	(43 455 474)
Current liabilities		(28 735 313)	(22 673 468)
Net assets		**66 603 110**	**56 168 470**
Summarised statement of comprehensive income			
Revenue		102 694 142	78 054 813
Expenses		(88 183 219)	(76 044 076)
Taxation		(4 076 283)	(1 051 413)
Profit for the year		**10 434 640**	**959 324**
Other comprehensive income		-	-
Total comprehensive income		**10 434 640**	**959 324**

3. Deferred tax asset

Deferred tax asset

Reconciliation of deferred tax asset

	2022	2021
At beginning of the year	-	1 855 716
Fair value gains on financial instruments held at fair value	-	(1 855 716)
	-	-

As at 31 December 2022, the Company had tax losses of E 3 996 687 (2021 : E 3 553 672). Deferred Tax Asset have not been recognized on tax losses carried forward since management are of the opinion that the company will not generate taxable profit in the next 12 months to utilize these tax losses.

4. Investment at fair value through profit or loss

	2022	2021
At fair value through profit or loss		
General Africa Foods Eswatini (Pty) Limited	9 305 000	13 800 000

Details pertaining to the investments are shown below:

Name of investee	Type of shares	% Holding 2022	% Holding 2021	Number of shares 2022	Number of shares 2021	Cost of Shares 2022 E	Cost of Shares 2021 E
General Africa Foods Eswatini (Pty) Limited	Ordinary	5.97	5.97	16	16	20 000 000	20 000 000

Figures in Emalangeni	Note	2022	2021

4. Investment at fair value through profit or loss (continued)

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

	2022	2021
Level 3		
General Africa Foods Eswatini (Pty) Limited	9 305 000	13 800 000

Reconciliation of financial assets at fair value through profit or loss measured at level 3

2022

	Opening balance	Fair value loss	Closing balance
General Africa Foods Eswatini (Pty) Limited	13 800 000	(4 495 000)	9 305 000

2021

General Africa Foods Eswatini (Pty) Limited	14 756 000	(956 000)	13 800 000

Notes to the financial statements

Figures in Emalangeni	Note	2022	2021

4. Investment at fair value through profit or loss (continued)

Fair value estimation

2022

Description	Fair value E000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- E 000	Change in valuation +/- E 000
Alliance Foods (Pty) Limited (refer to note 2)	23 050	Discounted Cash Flow	Weighted Average Cost of Capital	21.90%	10%	6 650	5 726
			Terminal Growth	4.65%	10%	1 397	1 737
			Minority Discount	1.95%	10%	147	142
			Liquidity Discount	8%	10%	581	784
General Africa Foods Eswatini (Pty) Limited	9 305	Discounted Cash Flow	Weighted Average Cost of Capital	26.14%	10%	2 459	2 431
			Terminal Growth	4.65%	10%	588	866
			Minority Discount	2%	10%	229	279
			Liquidity Discount	8%	10%	329	470

2021 Description	Fair value E000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- E 000	Change in valuation +/- E 000
Alliance Foods (Pty) Limited(refer to note 2)	22 100	Discounted Cash Flow	Weighted Average Cost of Capital	20.4%	10%	2 210	17 603
			Cost of Capital	0.1%	10%	9 636	7 855
			Terminal Growth Minority Discount	2%	10%	9 610	9 610
			Liquidity risk	8%	10%	8 745	10 420
General Africa Foods Eswatini (Pty) Limited	13 800	Discounted Cash Flow	Weighted Average Cost of Capital	25%	10%	-41 131	228 461
			Cost of Capital	20.8%	10%	150 837	-17 752
			Terminal Growth Minority Discount	2%	10%	-3 001	2 410
			Liquidity risk	9.60%	10%	18 538	23 949

Investments valuation methodology

- Alliance Foods (Pty) Limited (refer to note 2)

Notes to the financial statements

Figures in Emalangeni	Note	2022	2021

4. Investment at fair value through profit or loss (continued)

The Company has an investment in Alliance Foods (Pty) Limited which has 12 Kentucky Fried Chicken ("KFC") stores in Eswatini. Alliance Foods is the sole KFC franchisee in Eswatini.

The Company has used the discounted cash flow methodology to estimate the fair value as at the valuation date. This methodology has been adopted as it reflects the cash flows expected to be received. In addition, this methodology is widely considered as the most accurate valuation methodology and the discount rate applied takes into account the cost of the funds invested.

- General Africa Foods Eswatini Proprietary Limited

General Africa Foods Eswatini Proprietary Limited is an investment holding company having its primary investment in franchises of the OBC Chicken and Meat ("OBC") butchery and retail concept.

The Company has used the discounted cash flow methodology to estimate the fair value as at the valuation date. This methodology has been adopted as it reflects the cash flows expected to be received. In addition, this methodology is widely considered as the most accurate valuation methodology and the discount rate applied takes account of the cost of the funds invested.

Afri Pack Proprietary Limited, a fully owned subsidiary of General Africa Foods Eswatini Proprietary Limited, has secured the West Pack Lifestyle Master Franchise Rights in Eswatini. West Pack is a plastic ware shop or a packaging supplier who supplies a variety of products for your day-to-day requirements, ranging from: indoor to outdoor perishables, storage solutions, toys, party accessories, pet care, and garden essentials. Over the years the product range and offering has increased exponentially – so much so that the brand is now positioned as a lifestyle retail store that has become a destination shopping experience. West Pack Lifestyle was opened in November 2020 and therefore started trading in the tail end of the first COVID- 19 wave. To date, the store has been trading far above initial expectations and is hugely successful in Eswatini.

5. Other financial assets

	2022	2021
SBC Limited The promissory note has a principal amount of E5 000 000, bears interest at 10% per annum and has a maturity date of 22 April 2022.	-	5 346 575
SBC Limited The promissory note has a principal amount of E15 000 000, bears interest at 10.25% per annum and has a maturity date of 18 December 2022.	-	15 058 973
Lesana Lesotho Limited The promissory note has a principal amount of E10 000 000, bears interest at 11.5% per annum and has a maturity date of 26 April 2023.	10 787 671	-
Lesana Lesotho Limited The promissory note has a principal amount of E11 086 575, bears interest at 11.5% per annum and has a maturity date of 03 May 2023.	11 935 382	-
	22 723 053	**20 405 548**
Current assets		
Amortised cost	22 723 053	20 405 548

These have short term maturity dates and effect of discounting is not material.

Figures in Emalangeni	Note	2022	2021

6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2022

	Amortised costs	Fair value through profit or loss	Total
Investments in associate	-	23 050 000	23 050 000
Other financial assets	22 723 053	-	22 723 053
Investment at fair value through profit or loss	-	9 305 000	9 305 000
Trade and other receivables	110 647	-	110 647
Cash and cash equivalents	4 046 849	-	4 046 849
	26 880 549	**32 355 000**	**59 235 549**

31 December 2021

	Amortised costs	Fair value through profit or loss	Total
Investments in associate	-	22 100 000	22 100 000
Investment at fair value through profit or loss	-	13 800 000	13 800 000
Other financial assets	20 405 548	-	20 405 548
Cash and cash equivalents	6 800 672	-	6 800 672
	27 206 220	**35 900 000**	**63 106 220**

7. Cash and cash equivalents

Cash at bank:

	2022	2021
Nedbank (Eswatini) Limited	32 257	1 612 622
African Alliance Eswatini Lilangeni Fund	4 014 592	5 188 050
	4 046 849	**6 800 672**

The carrying amount of cash and cash equivalents approximates its fair value. The effect of discounting is not material due to short term nature.

8. Share capital

	2022	2021
Authorised		
250 000 000 Ordinary shares of E1 each	250 000 000	250 000 000

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2022	2021
Issued		
71 994 000 Ordinary shares of E1 each	71 994 000	71 994 000
Share premium	1 379 123	1 379 123
	73 373 123	**73 373 123**

Notes to the financial statements

Figures in Emalangeni	Note	2022	2021

9. Other payables

Trade payables	9 670	9 670
Management fees payable	534 696	542 467
	544 366	**552 137**

The Company concluded a Management Agreement ("Agreement") on 21 June 2018 with African Alliance Eswatini Limited ("the Manager") in terms of which the Company appointed the Manager exclusively to manage, administer and control the business and assets of the Company in accordance with its objectives. The Company and Manager agree a management fee payment which is equal to 2% per annum of the market capitalisation of the Company payable quarterly in arrears and a cash performance fee.

Performance fees

The Manager is entitled to a cash performance fee in respect of each period of twelve months ending on the last day of the Company's financial year ("the Calculation Period") equal to 20% of the appreciation in the Net Asset Value ("NAV") of the Company during the Calculation Period (in each case after taking into account the effect of any new share issues, and adding back dividends and other distributions made during the Calculation period (the "adjusted NAV"). The performance fee is only payable on the appreciation in the adjusted NAV of the Company in excess of the prior high NAV of the Company. No such fee was paid out in the current year due to the NAV decreasing from the prior year,

The carrying amount of other payables approximates its fair value. The effect of discounting is not material due to short term nature.

10. Other financial liabilities

Held at amortised cost		
African Alliance Limited	8 318	-
African Alliance Eswatini Limited	13 082	-
	21 400	**-**
Current liabilities		
At amortised cost	21 400	-

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2022

	Financial liabilities at amortised cost	**Total**
Other financial liabilities	21 400	21 400
Trade and other payables	544 366	544 366
	565 766	**565 766**

Figures in Emalangeni	Note	2022	2021

11. Financial liabilities by category (continued)

31 December 2021

Trade and other payables	552 137	552 137

12. Cash flows used in operations

	2022	2021
Loss before taxation	(3 988 015)	(511 558)
Adjustments for:		
Interest income	(2 604 046)	(2 310 493)
Change in fair value of investments	3 545 000	578 000
Changes in working capital:		
Increase in prepayments	(6 932)	-
Decrease in other payables	(7 771)	(62 134)
	(3 061 764)	**(2 306 185)**

13. Related parties

Relationships

Investment manager:	African Alliance Eswatini Limited, incorporated in the Kingdom of Eswatini
Associate	Refer to note 2

Related party balances

Related party transactions

	2022	2021
Management fees		
African Alliance Eswatini Limited	1 974 016	1 943 354

All transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

	2022	2021
Director fees	(304 393)	(124 827)

Figures in Emalangeni	Note	2022	2021

14. Risk management

Capital risk management

The board of directors monitors the return on capital which the Company defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes to the Company's approach to capital management during the year.

There are no externally imposed capital requirements.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

All the amounts reflected are less than one year.

Other payables	544 366	552 137
Other financial liabilities	21 400	-
	565 766	552 137

Figures in Emalangeni	Note	2022	2021

14. Risk management (continued)

The table shows the maturity analysis of financial assets.

	Less than 1 year	More than 1 year	Total
31 December 2022			
Investments in associate	-	23 050 000	23 050 000
Other financial assets	22 723 053	-	22 723 053
Cash and cash equivalents	4 046 849	-	4 046 849
Investment at fair value through profit or loss	-	9 305 000	9 305 000
	26 769 902	**32 355 000**	**59 124 902**
31 December 2021			
Investments in associate	-	22 100 000	22 100 000
Other financial assets	20 405 548	-	20 405 548
Cash and cash equivalents	6 800 672	-	6 800 672
Investment at fair value through profit or loss	-	13 800 000	13 800 000
	27 206 220	**35 900 000**	**63 106 220**

Interest rate risk

The Company's activities exposes it to significant financial risks of changes in interest rate. The Company does not hedge against interest rate risk. At the reporting date the interest rate profile of the Company's floating interest-bearing financial instruments was:

Variable interest rate risk

		2022	2021
Cash and cash equivalents		4 046 849	6 800 672

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shownbelow. This analysis assumes that all other variables remain constant.

		2022	2021
100 bps increase			
Variable rate instruments	+/-	**267 699**	272 062

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash and cash equivalents and other financial assets. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Other financial assets are with a company with high credit quality and limits exposure to one company.

Figures in Emalangeni	Note	2022	2021

14. Risk management (continued)

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Cash and cash equivalents	4 046 849	6 800 672
Other financial assets	22 723 053	20 405 548
	26 769 902	27 206 220

Foreign exchange risk

The Company is not exposed to significant foreign exchange risks.

Market risk

The Company has investments in various collective investment undertakings the value of which are subject to fluctuations in net asset value prices.

The table below summarises the impact of increases of the net asset value price on the Company's post-tax profit for the year. The analysis is based on the assumption that the net asset value price increased by 5% with all other variables held constant.

Company

	Impact on post tax profit and equity in Lilangeni	
Financial instrument	**2022**	**2021**
Investment at fair value through profit or loss	465 250	690 000
Investments in associate	1 152 500	1 105 000

Post-tax profit for the year would increase as a result of gains on investments classified as at fair value through profit or loss.

A decrease in the net asset value price will have a corresponding inverse effect on the Company's post tax profit for the year.

15. Fair value measurement

The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the financial instruments and the levels have been defined as follows:

Level 1 – fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2 – fair values are calculated using valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments,quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data. As at year end, the fair value approximated the carrying amount of the financial assets.

Level 3 – fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the financial statements

Figures in Emalangeni	Note	2022	2021

15. Fair value measurement (continued)

	Note	Level 2	Level 3	Total
31 December 2022				
Assets				
Investments in associate	2	-	23 050 000	23 050 000
Investment at fair value through profit or loss	4	-	9 305 000	9 305 000
Other financial assets	5	22 723 053	-	22 723 053
		22 723 053	32 355 000	55 078 053
Comprising:				
At fair value through profit or loss				35 900 000
At amortised costs				22 723 053
				58 623 053

	Note	Level 2	Level 3	Total
31 December 2021				
Assets				
Investments in associate	2	-	22 100 000	22 100 000
Investment at fair value through profit or loss	4	-	13 800 000	13 800 000
Other financial assets	5	20 405 548	-	20 405 548
		20 405 548	35 900 000	56 305 548
Comprising:				
At fair value through profit or loss				35 900 000
At amortised costs				20 405 548
				56 305 548

16. Operating loss

Operating loss for the year is stated after accounting for the following:

Expenditure

	2022	2021
Management fees	(1 974 016)	(1 943 354)
Bank charges	(9 585)	(12 491)
Auditor remuneration	(363 647)	(18 621)
Professional fees	(150 566)	(109 152)
Directors' emoluments	(304 393)	(124 827)

17. Interest income

	2022	2021
Interest revenue		
Banks	286 541	312 377
Promissory notes	2 317 505	1 998 116
	2 604 046	**2 310 493**

Figures in Emalangeni	Note	2022	2021

18. Taxation

Major components of the tax expense

Deferred		
Fair value gains on financial instruments held at fair value	-	1 855 716

No taxation charge has been raised as the Company has no taxable income.

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate

Applicable tax rate	27.50 %	27.50 %
Unutilised tax losses	(27.50)%	- %
Tax adjustment - Reversal of deferred tax	- %	(415.66)%
Effective tax rate	**- %**	**(388.16)%**

19. Earnings/(loss) per share

Basic and diluted earnings per share are based on total comprehensive loss of E (3 988 015) (2021: loss E (2 367 274)) and the weighted average number of shares of 71,994,000 (2021:71 994 000).

20. Spread of shareholders

The shareholder spread and analysis of shareholdings in the Company are as follows:

The below table indicates shareholders who own greater than 5% of the Company.

	Shareholding(%)	Shareholding(%)
African Alliance Eswatini Ligcebesha Fund	29.09	29.09
African Alliance Eswatini Portfolio Fund	23.63	23.63
Eswatini Electricity Company Pension Fund	13.89	13.89
Nedbank Eswatini Pension Fund	6.95	6.95
African Alliance Eswatini Managed Fund	6.17	6.17
Other (<5%)	20.27	20.27
	100.00	**100.00**

	31 December 2022		31 December 2021	
	No of shareholders	% of shareholders	No of shareholders	% of shareholders
1- 50 000 shares	-	- %	326	89.32 %
50 001 - 500 000 shares	-	- %	32	8.77 %
1 000 001 - 5 000 000 shares	-	- %	4	1.10 %
More than 5 000 000 shares	-	- %	3	0.82 %

Notes to the financial statements

Figures in Emalangeni	Note	**2022**	2021

21. Going concern

The Company made a loss for the year ended 31 December 2022 of E 3 988 015 (2021: E 2 367 274) as at that date, its current assets exceeded its current liabilities by E 26 211 068 (2021: E 26 654 083) and its total assets exceeded its total liabilities by E 58 566 068 (2021: E 62 554 083).

The directors and management have assessed the ability to continue as a going concern. The assessment includes solvency and liquidity tests. The liquidity test considers expected cash flows, including the operational cash flows, anticipated proceeds from revenues and or other funding activities. Management of the investees of the Company have done cash flow projections for the foreseeable future and based on the projections, management of those investees have determined that there will be sufficient resources to settle liabilities and obligations as they fall due. Some of the measures in place to manage liquidity include ensuring that the repayment date of a sufficient portion of existing debt and creditors is extended at a level which is well within levels previously experienced in the retail sector being of a longer settlement period vs. inventory days, continuing to engage the market to secure additional funding where necessary and minimising discretionary expenditure in order to ensure sufficient funds are available to meet the ongoing commitments of the investees.

The 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.

The directors have concluded that Inala has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Detailed Income Statement for the year ended 31 December 2022

Figures in Emalangeni	Note(s)	2022	2021
Revenue			
Interest income	17	2 604 046	2 310 493
Operating expenses			
Subscription fees		(24 298)	(25 961)
Advertising		-	(5 145)
Auditors remuneration		(363 647)	(18 621)
Management fees		(1 974 016)	(1 943 354)
Bank charges		(9 585)	(12 491)
Computer expenses		-	(4 500)
Professional fees		(150 566)	(109 152)
Directors' emoluments		(304 393)	(124 827)
Insurance		(1 386)	-
Brokerage fees		(210 000)	-
Fines and penalties		(9 170)	-
Fair value losses on investments		(3 545 000)	(578 000)
		(6 592 061)	**(2 822 051)**
Loss before taxation		**(3 988 015)**	**(511 558)**
Taxation	18	-	(1 855 716)
Loss for the year		**(3 988 015)**	**(2 367 274)**

The supplementary information presented does not form part of the financial statements and is unaudited

Annexure A - Prime interest rates and currencies

	2022	2021
Prime Interest rates (as quoted by a reputable local bank)		
Botswana	**5.25 %**	5.25 %
Ghana	**27.00 %**	14.50 %
Isle of Man	**3.50 %**	0.25 %
Kenya	**12.39 %**	12.12 %
Lesotho	**8.56 %**	8.56 %
Malawi	**16.60 %**	12.20 %
Mauritius	**9.00 %**	6.85 %
South African	**10.50 %**	7.25 %
Eswatini	**10.00 %**	7.25 %
Uganda	**18.98 %**	19.66 %
Eswatini Emalangeni equals:		
Botswana Pula (BWP)	**0.749**	0.737
Mauritian Rupees (MUR)	**2.600**	2.744
South African (ZAR)	**1.000**	1.000
United States Dollars (USD)	**0.059**	0.063