Inala Capital Limited

(Incorporated in Eswatini - Registration number 2364 of 2017)

Financial statements

for the year ended 31 December 2021

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	Kobla Quashie and Associates
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:

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

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 2021 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 27 June 2022 and were signed on its behalf by:

Director	WDThwala **Director**

Directors' report

The directors submit their report on the financial statements of Inala Capital Limited (the "Company") for the year ended 31 December 2021.

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 62 554 083 (2020: E 64 921 357), which equates to a NAV per share of E 0.87 (2020: E 0.90).

The total comprehensive loss for the year of the Company was E 2 367 274 (2020: E 8 761 789), after taxation of E (1 855 716) (2020: tax credit of E 1 441 533).

Going concern

The Board of Directors has a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future and be able to meet its outstanding commitments, where applicable. Accordingly, the Board adopted the going concern basis in preparing the 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.

Comparative

During the period ended 31 December 2020, the Company changed its year-end from September to December. The current period figures are for 12 months where as the comparative figures are for 15 months.

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).

Dividends

No dividend was declared during the year.

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.

Directors' report

Corporate governance (Continued)

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	Changes
A M B de Castro	Executive director	LiSwati	
W D Thwala	Non-executive director	LiSwati	Appointed on 01 Sept 2021
M Dlamini	Non-executive director	LiSwati	Resigned on 18 Aug 2021
N K Mabuza	Executive director and Chief executive officer	LiSwati	
T M Dlamini	Non-executive director	LiSwati	Resigned on 18 Aug 2021
SS Msibi	Non-executive director	LiSwati	
S Khumalo	Non-executive director	LiSwati	Appointed on 01 Sept 2021
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	Changes
S.S Msibi	Non-executive chairman	LiSwati	Appointed on 01 June 2021
M.M Nyoni	Non-executive member	LiSwati	Appointed on 01 April 2021
H.S Dlamini	Non-executive member	LiSwati	Appointed on 01 May 2021

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.

Directors' report

Auditors

Kobla Quashie and Associates 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 2021 are detailed in note 20 of the Notes to the financial statements.

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Independent auditors' report

TO THE DIRECTORS OF INALA CAPITAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annual financial statements of Inala Capital Limited ("the company") set out on pages 10 to 36, which comprise of the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Eswatini of 2009, Financial Service Regulatory Authority and the Eswatini Stock Exchange.

BASIS FOR OPONION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and in accordance with the ethical requirements applicable to performing audits of financial statements in Eswatini. 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 the Kingdom of Eswatini. 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.

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 this matter. The key audit matters for the financial statements are set out below.

Key audit matter	How the matter was addressed in the audit
Fair value measurement of investments (Note 4) Refer to the following accounting policies and notes to the financial statements: - Accounting policy 1.4 - Financial instruments; - Accounting policy 1.6 - Associates; and - Note 2 – Investments in associates; and - Note 4 - Investments at fair value through profit or loss. - Note 2 and 4 - Fair value loss on investments; The Company has determined the fair value for the unquoted investments of Alliance Foods (Pty) Ltd and General Africa Foods Eswatini (Pty) Ltd utilising the income approach (discounted cash flow method).	We inspected the company's accounting policy to gain an understanding of management's policies and processes, methods and assumptions used to determine fair values of unquoted investments. Utilising our valuation expertise, we performed the following procedures: - We assessed whether generally accepted valuation methodology was applied by benchmarking the valuation methodology with industry practice and requirements of IFRS 13 - Fair value measurement - We calculated an independent range of discount rates by taking into account the company's cost of debt and independent data such as risk- free rates in the market, country risk premium, market risk premium, beta of comparable companies, capital structure of the industry's comparable companies and other macro-economic inputs. We also calculated the terminal growth

Key audit matter	How the matter was addressed in the audit
The key estimates, assumptions and judgements applied in this valuation model includes the following: - cash flow projections including growth rates applied; - determination of discount rate (weighted average cost of capital) and terminal growth rate; and- - determination of discounts such as minority discounts and liquidity discounts. The fair value measurement of unquoted investments was considered to be of most significance to the current period audit due to the following: - The degree of judgement involved in determining the fair values; and - The magnitude of the unquoted investments in relation to the total assets of the company.	based on the long-term macroeconomic consensus Consumer Price Index forecast for Eswatini. We compared our range of rates to the rates applied by management. We found management's rates to be within our independently computed range of rates. - For each of the assumptions used to calculate the fair value of the investments, such as the minority discounts and liquidity discounts, we independently determined a range of the assumptions from independently sourced data. No exceptions were noted. - We recalculated a range of fair values for each of the investments using our independently determined range of assumptions and compared our results to the fair values determined by management. We found management's fair values to be within our range of independently computed fair values; and - We compared the lower end fair value and higher end fair values of the investments, obtained from our independently determined range of values to the fair value estimation sensitivities computed by management. We noted that management's sensitivity- adjusted fair values, as disclosed in the financial statements, remained within the range of our independently computed fair values. No exceptions have been noted We compared prior year valuation models, for those investments that existed in the prior year, to the current period valuation models for consistency. We noted that the valuation models used were the same as that of the prior year. We tested management's cash flow forecast by comparing the inputs in the forecast such as revenue and operating expenses to management's budgets. Management's inputs agreed to the budgets. We assessed the reasonableness of the other growth rates applied by management in the cash flow projections such the revenue growth rate in line with our knowledge of the entity. We compared prior year projected cash flows to current period actual cash flows to assess the reasonableness of management's budgeting process. No exceptions were noted. We traced the fair values per investment from the valuation models as determined by management to the fair values of the investments recorded in the financial statements. No exceptions were noted.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Eswatini as set out on page 4 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or anyform 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 annual financial statements, or our 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 auditor's report, we concluded 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 Companies Act of Eswatini of 2009, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 skepticism 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company's 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 financial statements of the current year 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.

OTHER MATTERS

The annual financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified audit opinion on those financial statements on 9 September 2021

Kobla Quashie and Associates **30 June 2022**
Chartered Accountants (Eswatini)
Manzini
Registered Auditor: Daniel Bediako

INALA CAPITAL

Statement of financial position as at 31 December 2021

Figures in Emalangeni	Note(s)	31 December 2021	31 December 2020
Assets			
Non-current asset			
Investments in associate	2	22 100 000	21 722 000
Deferred tax asset	3	-	1 855 716
Investment at fair value through profit or loss	4	13 800 000	14 756 000
		35 900 000	**38 333 716**
Current assets			
Other financial assets	5	20 405 548	20 394 931
Cash and cash equivalents	7	6 800 672	6 806 981
		27 206 220	**27 201 912**
Total assets		**63 106 220**	**65 535 628**
Equity and liabilities			
Equity			
Share capital	8	73 373 123	73 373 123
Accumulated loss		(10 819 040)	(8 451 766)
		62 554 083	**64 921 357**
Liabilities			
Current liabilities			
Other payables	9	552 137	614 271
Total equity and liabilities		**63 106 220**	**65 535 628**

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 27 June 2022 and were signed on its behalf by:

Director

WDThwala
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 2021.

INALA CAPITAL

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

Figures in Emalangeni	Note(s)	12 months ended 31 December 2021	15 months ended 31 December 2020
Fair value loss on investments	2, 4	(578 000)	(9 097 945)
Operating expenses		(2 244 051)	(2 899 236)
Interest income	16	2 310 493	1 793 859
Loss before taxation		**(511 558)**	**(10 203 322)**
Taxation	17	(1 855 716)	1 441 533
Loss for the year/period		**(2 367 274)**	**(8 761 789)**
Other comprehensive income		-	-
Total comprehensive loss		**(2 367 274)**	**(8 761 789)**
(Loss)/earnings per share			
Basic and diluted loss per share	18	(0.03)	(0.12)

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 2021.

Statement of changes in equity for the year ended 31 December 2021

Figures in Emalangeni	Share capital	Share premium	Total share capital	Retained income / (accumulated loss)	Total equity
Balance at 01 October 2019	**71 994 000**	**1 379 123**	**73 373 123**	310 023	73 683 146
Total comprehensive loss for the period	-	-	-	(8 761 789)	(8 761 789)
Total changes	-	-	-	(8 761 789)	(8 761 789)
Balance at 31 December 2020	**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 31 December 2021	**71 994 000**	**1 379 123**	**73 373 123**	**(10 819 040)**	**62 554 083**
Notes	8	8	8		

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 2021.

Statement of cash flows for the year ended 31 December 2021

Figures in Emalangeni	Note(s)	12 months ended 31 December 2021	15 months ended 31 December 2020
Cash flows from operating activities			
Cash flows used in operations	11	(2 316 802)	(2 573 556)
Interest income	16	2 310 493	1 793 859
Net cash used in operating activities		**(6 309)**	**(779 697)**
Cash flows from investing activities			
Investment acquisition	2	-	(1 663 944)
Net cash used in investing activities		**-**	**(1 663 944)**
Total cash movement for the year/period		**(6 309)**	**(2 443 641)**
Cash at the beginning of the year/period		6 806 981	9 250 622
Total cash at end of the year/period	7	**6 800 672**	**6 806 981**

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 2021.

Accounting Policies

1. Presentation of financial statements

The financial statements for the year ended 31 December 2021 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 2021 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 2021 are presented in Emalangeni and all values are rounded to the nearest Emalangeni, except when otherwise indicated.

The financial statements for the year ended 31 December 2021 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 2021

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

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

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments have no significant impact on the financial statements.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions

The changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendments have no significant impact on the financial statements.

Editorial Corrections (various)

The IASB periodically issues editorial corrections and changes to IFRSs and other pronouncements. These changes are effective immediately under IFRS. As these changes are minor editorial corrections, they have no significant impact on the financial statements.

Not yet mandatory effective but early application allowed for the year ended 31 December 2021

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2021, 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 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 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

1.1 New and amended standards and interpretations (continued)

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 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 are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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 are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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 are not expected to significantly impact the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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 are not expected to have a significant impact on the financial statements.

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.

1.1 New and amended standards and interpretations (continued)

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.

1.2 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 2021.

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.

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.

1.2 Significant accounting judgements, estimates and assumptions (continued)

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.

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.

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.

1.2 Significant accounting judgements, estimates and assumptions (continued)

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 are 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.

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.

1.3 Tax (continued)

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).

Derivatives which are part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

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 all financial assets. The amount of expected credit losses is updated at each reporting date.

Loss allowance for all receivables is determined as lifetime expected credit losses (simplified approach). Loss allowance for receivables is determined in the same manner as prescribed for all financial assets at amortised cost.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, 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, 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.

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.

1.4 Financial instruments (continued)

Other financial liabilities

Bank overdrafts and borrowings are initially and subsequently measured at amortised cost, using the effective interest 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.

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

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.

Investments at fair value through profit or loss

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 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation, at pre-tax rate.

1.7 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.8 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.

- 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.

1.9 Finance costs

The Company's finance costs include interest expense. Interest expense is recognised using the effective interest method.

Notes to the financial statements

Figures in Emalangeni	Note	31 December 2021	31 December 2020

2. Investments in associate

Name of company	Type of shares	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020	Cost of shares 2021	Cost of shares 2020
Alliance Foods (Pty) Limited	Ordinary	27.27 %	27.27 %	22 100 000	21 722 000	22 500 000	22 500 000

Reconciliation of investment:

2021

	Opening balance	Profit in profit or loss	Closing balance
Alliance Foods (Pty) Limited	21 722 000	378 000	22 100 000

2020

	Opening balance	Loss in profit or loss	Purchases	Closing balance
Alliance Foods (Pty) Limited	22 184 000	(2 125 945)	1 663 945	21 722 000

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.

Notes to the financial statements

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

2. Investments in associate (continued)

Summary of financial information of associate

Summarised statement of financial position			
Non-Current assets		113 066 781	106 098 681
Current assets		9 230 631	24 583 572
Non-Current liabilities		(43 455 474)	(50 979 613)
Current liabilities		(22 673 468)	(24 493 494)
Net assets		**56 168 470**	**55 209 146**
Summarised statement of comprehensive income			
Revenue		78 054 813	72 144 091
Expenses		(76 044 076)	(64 689 608)
Taxation		(1 051 413)	(2 420 487)
Profit for the year		**959 324**	**5 033 996**
Other comprehensive income		-	-
Total comprehensive income		**959 324**	**5 033 996**

3. Deferred tax asset

Deferred tax asset

Fair value losses on investments		-	1 855 716

Reconciliation of deferred tax asset

At beginning of the year/period		1 855 716	414 183
Fair value gains on financial instruments held at fair value		(1 855 716)	1 441 533
		-	**1 855 716**

As at 31 December 2021, the Company had tax losses of E 10 819 040 (2020 : E 8 451 766). 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

At fair value through profit or loss			
General Africa Foods Eswatini (Pty) Limited		13 800 000	14 756 000

Notes to the financial statements

Figures in Emalangeni	Note	31 December 2021	31 December 2020

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

Details pertaining to the investments are shown below:

Name of investee	Type of shares	% Holding 2021	% Holding 2020	Number of shares 2021	Number of shares 2020	Cost of Shares 2021 E	Cost of Shares 2020 E
General Africa Foods Eswatini (Pty) Limited	Ordinary	5.97	5.97	16	16	20 000 000	20 000 000

Fair value hierarchy of financial asets 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		
General Africa Foods Eswatini (Pty) Limited	13 800 000	14 756 000

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

2021

	Opening balance	Losses in profit or loss	Closing balance
General Africa Foods Eswatini (Pty) Limited	14 756 000	(956 000)	13 800 000

2020

	Opening balance	Losses in profit or loss	Closing balance
General Africa Foods Eswatini (Pty) Limited	21 728 000	(6 972 000)	14 756 000

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

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

Fair value estimation

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)	69 365	Discounted Cash Flow	Weighted Average Cost of Capital	20.40%	10%	2 219	17 903
			Terminal Growth	0.1%	10%	9 636	7 855
			Minority Discount	2%	10%	9 610	9 610
			Liquidity Discount	8%	10%	8 745	10 420
General Africa Foods Eswatini (Pty) Limited	228 029	Discounted Cash Flow	Weighted Average Cost of Capital	25%	10%	-41 131	228 461
			Terminal Growth	20.8%	10%	150 837	-17 752
			Minority Discount	2%	10%	-8 001	2 410
			Liquidity Discount	9.60%	10%	18 538	23 949

2020 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)	21 722	Discounted Cash Flow	Weighted Average Cost of Capital	20.3%	10%	429	6 623
			Terminal Growth	4.5%	10%	3 509	3 093
			Minority Discount	10%	10%	2 973	3 570
			Liquidity risk	10%	10%	2 973	3 570
General Africa Foods Eswatini (Pty) Limited	14 756	Discounted Cash Flow	Weighted Average Cost of Capital	26%	10%	-181	3 552
			Terminal Growth	5%	10%	3 957	3 761
			Minority Discount	15%	10%	3 619	4 065
			Liquidity risk	15%	10%	3 619	4 065

Investments valuation methodology

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

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.

Notes to the financial statements

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

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

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

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	5 310 685
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	15 084 246
		20 405 548	**20 394 931**
Current assets			
At amortised cost		20 405 548	20 394 931

The Company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

No impairment loss was recognised during the year.

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

6. Financial assets by category

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

31 December 2021

	At amortised costs	**Fair value through profit or loss - held for trading**	**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**

31 December 2020

Investments in associate	-	21 722 000	21 722 000
Investment at fair value through profit or loss	-	14 756 000	14 756 000
Other financial assets	20 394 931	-	20 394 931
Cash and cash equivalents	6 806 981	-	6 806 981
	27 201 912	**36 478 000**	**63 679 912**

7. Cash and cash equivalents

Cash at bank:

Nedbank (Eswatini) Limited	1 612 622	15 358
African Alliance Eswatini Lilangeni Fund	5 188 050	6 791 623
	6 800 672	**6 806 981**

The carrying amount of cash and cash equivalents approximates its fair value.

8. Share capital

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.

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	**31 December 2021**	31 December 2020

9. Other payables

Trade payables	9 670	8 000
Management fees payable	542 467	606 271
	552 137	**614 271**

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.

10. Financial liabilities by category

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

31 December 2021

	Financial liabilities at amortised cost	**Total**
Other payables	552 137	552 137

31 December 2020

Other payables	614 271	614 271

11. Cash flows used in operations

Loss before taxation	(511 558)	(10 203 322)
Adjustments for:		
Interest income	(2 310 493)	(1 793 859)
Change in fair value of investments	578 000	9 097 945
Changes in working capital:		
(Increase)/decrease in other financial assets	(10 617)	104 795
(Decrease)/increase in other payables	(62 134)	220 885
	(2 316 802)	**(2 573 556)**

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

12. 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			
Management fees			
African Alliance Eswatini Limited		1 943 354	2 201 833

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.

Compensation to directors and other key management			
Short-term employee benefits		(124 827)	(20 500)

13. 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. 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.

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.

Figures in Emalangeni	Note	31 December 2021	31 December 2020

13. Risk management (continued)

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.

	2021	2020
Other payables	552 137	614 271
	552 137	614 271

The table shows the maturity analysis of financial assets.

	Less than 1 year	More than 1 year	Total
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**
31 December 2020			
Investments in associate	-	21 722 000	21 722 000
Other financial assets	20 394 931	-	20 394 931
Cash and cash equivalents	6 806 981	-	6 806 981
Investment at fair value through profit or loss	-	14 756 000	14 756 000
	27 201 912	**36 478 000**	**63 679 912**

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:

	2021	2020
Variable interest rate risk		
Cash and cash equivalents	6 800 672	6 806 981
	6 800 672	6 806 981

Figures in Emalangeni	Note	31 December 2021	31 December 2020

13. Risk management (continued)

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 by the amounts shown below. This analysis assumes that all other variables remain constant.

100 bps increase			
Variable rate instruments	+/-	**68 007**	68 070

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, loans to group companies and trade and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Management evaluates credit risk relating to customers on an ongoing basis by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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

Financial instrument		
Cash and cash equivalents	6 800 672	6 806 981
Other financial assets	20 405 548	20 394 931
	27 206 220	27 201 912

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 in Lilangeni	
Financial instrument	**2021**	**2020**
Investment at fair value through profit or loss	690 000	737 800
Investments in associate	1 105 000	1 086 100

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

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

14. 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.

	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

	Note	Level 2	Level 3	Total
31 December 2020				
Assets				
Investments in associate	2	-	21 722 000	21 722 000
Investment at fair value through profit or loss	4	-	14 756 000	14 756 000
Other financial assets	5	20 394 931	-	20 394 931
		20 394 931	36 478 000	56 872 931
Comprising:				
At fair value through profit or loss				36 478 000
At amortised costs				20 394 931
				56 872 931

Notes to the financial statements

Figures in Emalangeni	Note	**31 December 2021**	31 December 2020

15. Operating loss

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

Management fees	(1 943 354)	(2 201 833)
Bank charges	(12 491)	(10 129)
Auditor remuneration	(18 621)	(130 805)
Professional fees	(109 152)	(180 953)
Office expenses	-	(173 318)
Directors' emoluments	(124 827)	(20 500)

16. Interest income

Interest revenue		
Banks	312 377	879 475
Promissory notes	1 998 116	914 384
	2 310 493	**1 793 859**

17. Taxation

Major components of the tax expense

Deferred		
Fair value gains on financial instruments held at fair value	1 855 716	(1 441 533)

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 %
Adjustment in tax	(415.66)%	(41.63)%
Effective tax rate	**(388.16)%**	**(14.13)%**

18. Earnings/(loss) per share

Basic and diluted earnings per share are based on total comprehensive loss of E (2 367 274) (2020: loss E (8 761 789)) and the weighted average number of shares of 71,994,000 (2020:71 994 000).

19. Comparative

During the period ended 31 December 2020, the Company changed its year-end from September to December in line with its holding company. The current period figures are for 12 months where as the comparative figures are for 15 months.

Notes to the financial statements

Figures in Emalangeni	**31 December 2021**	31 December 2020

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 2021		**31 December 2020**	
	No of shareholders	**% of shareholders**	**No of shareholders**	**% of shareholders**
1- 50 000 shares	326	89.32 %	316	89.52 %
50 001 - 500 000 shares	32	8.77 %	32	9.07 %
1 000 001 - 5 000 000 shares	4	1.10 %	2	0.57 %
More than 5 000 000 shares	3	0.82 %	3	0.85 %

Detailed Income Statement for the year ended 31 December 2021

Figures in Emalangeni	Note(s)	**12 months ended 31 December 2021**	15 months ended 31 December 2020
Revenue			
Interest income	16	2 310 493	1 793 859
Operating expenses			
Subscription fees		(25 961)	(20 698)
Advertising		(5 145)	-
Auditors remuneration		(18 621)	(130 805)
Management fees		(1 943 354)	(2 201 833)
Bank charges		(12 491)	(10 129)
Computer expenses		(4 500)	-
Professional fees		(109 152)	(180 953)
Directors' emoluments		(124 827)	(20 500)
Brokerage fees		-	(150 000)
Fair value losses on investments		(578 000)	(9 097 945)
Office expenses		-	(173 318)
Staff training		-	(11 000)
		(2 822 051)	**(11 997 181)**
Loss before taxation		**(511 558)**	**(10 203 322)**
Taxation	17	(1 855 716)	1 441 533
Loss for the year/period		**(2 367 274)**	**(8 761 789)**

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

Annexure A - Prime interest rates and currencies

	2021	2020
Prime Interest rates (as quoted by a reputable local bank)		
Botswana	**5.25 %**	5.25 %
Ghana	**14.50 %**	14.50 %
Isle of Man	**0.25 %**	0.10 %
Kenya	**12.12 %**	11.92 %
Lesotho	**8.56 %**	8.56 %
Malawi	**12.20 %**	12.30 %
Mauritius	**6.85 %**	6.85 %
South African	**7.25 %**	7.00 %
Eswatini	**7.25 %**	7.25 %
Uganda	**19.66 %**	19.30 %
Eswatini Emalangeni equals:		
Botswana Pula (BWP)	**0.737**	0.738
Mauritian Rupees (MUR)	**2.744**	2.706
South African (ZAR)	**1.000**	1.000
United States Dollars (USD)	**0.063**	0.068

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