VUNANI CAPITAL PARTNERS LIMITED
FINANCIAL STATEMENTS

(previous name: IMCATRIX Proprietary Limited)

(Registration # 2019/431743/06)

for the period ended 28 February 2021

FINANCIAL STATEMENTS
AUDITED
for the period ended 28 February 2021

VUNANI CAPITAL PARTNERS LIMITED

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The financial statements of Vunani Capital Partners Limited have been audited in compliance with S30 of the Companies Act of South Africa.

The financial statements were prepared under the supervision of the chief financial officer, Pride R Gwaze CA(SA).

DIRECTORS' STATEMENT OF RESPONSIBILITIES AND APPROVAL OF THE FINANCIAL STATEMENTS

for the period ended 28 February 2021

VUNANI CAPITAL PARTNERS LIMITED

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Vunani Capital Partners Limited, comprising the statements of financial position at 28 February 2021, and the statements of comprehensive income, changes in equity and cash flows for the period ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for the preparation of the directors' report.

The directors are also responsible for such internal controls 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and the group to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate financial statements

The consolidated financial statements and the separate financial statements of Vunani Capital Partners Limited, as identified in the first paragraph, were approved by the board of directors on 02 July 2021 and are signed on its behalf by:

NM Anderson
Authorised director
Chief executive officer
02 July 2021

PR Gwaze
Authorised director
Chief financial officer
02 July 2021

CERTIFICATION BY THE COMPANY SECRETARY

for the period ended 28 February 2021

VUNANI CAPITAL PARTNERS LIMITED

In my capacity as company secretary, I hereby certify, that for the financial period ended 28 February 2021, Vunani Capital Partners Limited has filed with the Companies and Intellectual Properties Commission, all such returns and notices as are required in terms of the Companies Act of South Africa, and that all such returns appear to be true, correct and up to date.

Company Secretary
02 July 2021

The directors submit their report for the period ended 28 February 2021.

REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

Vunani Capital Partners Limited ("VCP") (previously called IMCATRIX Proprietary Limited) is an investment holding company comprising of a portfolio of private equity assets unbundled out of Vunani Limited (JSE listed) on 12 February 2021.

The group has investments in resources and energy, gaming, financial services, fintech, BEE investments, commodity trading and property.

The company listed on Equity Express Securities Exchange ("EESE") on 15 June 2021.

As the unbundling was effected on 12 February 2021 the results for the period ended 28 February 2021 (the current reporting period) reflect a shortened reporting period and therefore do not reflect a realistic picture of the performance of the underlying investments.

Shareholders should also note that the unbundling agreement which set out the terms and conditions of the unbundling was entered into on 12 November 2020 and for this purpose the private equity assets were transferred to Vunani Capital Partners based on 29 February 2020 audited values. It is worthy to note that these were pre-Covid -19 values.

The take on values of the private equity assets were valued again at 12 February 2021 and a net write down of R11.767 million was effected largely reflecting the uncertainties of the post Covid-19 economy. This and the shortened reporting period was the main reason for the loss for the reporting period of R13.692 million.

The private placement price of R1.32 per share was based on the 12 February 2021 values of the private equity portfolio.

Shareholders attention is drawn to the profit forecasts set out on page 23 of the Pre-Listing Statement. In the opinion of the board of directors these remain relevant, subject to the assumptions and risks as set out therein.

The operating results and state of affairs of the group and company are fully set out in the attached financial statements and do not in our opinion require any further comment.

AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 22 of the financial statements.

DIVIDENDS

No dividends were declared or paid to shareholders during the period (2020:R nil).

GOING CONCERN

Refer to note 32 of the financial statements.

EVENTS AFTER REPORTING DATE

Refer to note 33 of the financial statements.

DIRECTORS

Executive directors

NM Anderson (Chief Executive Officer) (appointed 12/10/2020)
PR Gwaze (Chief Financial Officer) (appointed 22/04/2021)
E Dube (appointed 29/09/2020)
BM Khoza (appointed 12/10/2020)
T Mika (appointed 13/07/2020)

Non- executive directors *

LI Jacobs (chairman) – independent
GS Nzalo – independent
JR Macey – independent
NS Mazwi – independent
S Mthethwa
MJA Golding

** the directors were appointed on 22 April 2021. Christian Gouws was removed on 13/07/2021.*

DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue on 29 June 2021.

COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

PHYSICAL AND REGISTERED ADDRESS

Vunani House
Vunani Office Park
151 Katherine Street
Sandown, Sandton
2196

POSTAL ADDRESS

PO Box 652419
Benmore
2010

The audit and risk committee ('the committee") submits this report, as required by section 94 of the Companies Act No 71 of 2008 (the Act). The committee operates under a formal mandate that has been approved by the board and has conducted its affairs in compliance and discharged its responsibilities as stipulated in the Committee terms of reference.

Members of the committee and attendance at meetings

The Committee's composition is in line with the requirements of the Companies Act of South Africa, comprising three independent non-executive directors. No meetings were held during the period as the unbundling of the Vunani Limited private equity assets into the company was effective 12 February 2021.

The board ratified the appointment of the Committee members at the board meeting that took place on 29 June 2021.

The names of the members the Committee are:
Gordon Nzalo *
John Macey
Nambita Mazwi
* *Independent chairman*

The members of the Committee have the necessary financial skills and experience to adequately fulfil their duties as members of the committee.
All members of the Committee comply with the requirements as set out in section 94 of the Act and the King IV principles and recommended practices.
The chief executive officer, chief financial officer, group financial manager and representatives from external and internal audit attend the Committee meetings by invitation.

External auditors

The Committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession.

The terms of engagement and audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Responsibilities and key actions

The Committee has formal terms of reference, delegated by the board of directors, as set out in its Audit and Risk committee's charter and undertook the following:
- reviewed the annual financial statements including the accounting policies, and recommended approval thereof to the board;
- took appropriate steps to ensure the annual financial statements were prepared in accordance with IFRS and in the manner required by the Act;
- considered the effectiveness of the internal financial controls;
- assessed that the entity is a going concern, including an analysis of the company's liquidity and solvency and recommended it to the board for approval;
- reviewed external audit report on the annual financial statements;
- evaluated the effectiveness of risk management, controls and governance processes;
- appointed and verified the independence of the external auditor, SM Xulu Incorporated as auditor for FY2021 and noted the appointment of Sandile M. Xulu as the designated auditor and,
- approved audit fees and engagement terms of the external auditor.

Finance function and chief financial officer

The Committee satisfied itself of the appropriateness of the qualifications, expertise and experience of the chief financial officer, Pride R Gwaze.

Considered the expertise, resources and experience of the finance function, and concluded that these were satisfactory.

Legal, regulatory and corporate governance requirements

Confirmed the company secretary relationship is at arm's length.

Ensured the establishment and maintenance of effective processes for compliance with applicable statutory and regulatory requirements.

Monitored compliance with the Companies Act of South Africa, the EESE Listings Requirements, and all other applicable legislation and governance codes.

Reviewed compliance matters that could have a significant impact on the financial statements.

Risk management and IT governance

The Committee is responsible for the group's risk management and IT governance. The Committee has regular feedback from those charged with governance of risk management and IT. During the period the committee:

- Reviewed and approved the group's risk management plan;
- Reviewed the group risk registers containing pertinent risks; and
- Reviewed the group's policies on the risk assessment and risk management and were satisfied with the risk management plan and policies.

Recommendation of the consolidated and separate financial statements for approval by the board

Based on the information and explanations given by management and discussions with the internal auditor and the independent external auditor regarding the results of their audits, the Committee is satisfied the consolidated and separate financial statements of Vunani Capital Partners Limited ("group" and "company") for the period ended 28 February 2021 comply, in all material respects, with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the period then ended.

GS Nzalo
Chairman of the audit and risk committee
02 July 2021
Sandton

SMX
SM Xulu
ASSURANCE • ADVISORY • TAX

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Independent Auditor's Report

To the shareholders of Vunani Capital Partners Limited and its Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vunani Capital Partners Limited and its Subsidiaries (the company), set out on pages 10 to 52, which comprise the Statement of Financial Position as at 28 February 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the period then ended 28 February 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vunani Capital Partners Limited and its Subsidiaries as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated 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 other independence requirements applicable to performing audits of consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

SM Xulu Incorporated – Registration Number: 2010/012617/21 | Practice Number: 903778
Directors: Sandile M. Xulu CA (S.A.) RA
Executive Committee: SM Xulu | NP Xulu BCom Risk; Cert. Perf. Audit; SARS Senior MDP (Duke Uni.) |
PM Magwaza CA (S.A.) RA | S Mangono CA (S.A.) RA

Independent Auditor's Report

In preparing the consolidated 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 Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of Vunani Resources Proprietary Limited, a subsidiary of the company, which constitute reportable irregularities in terms of the Auditing Profession Act, No 26 of 2005, and the auditors of the subsidiary have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 31 to the consolidated financial statements.

SM Xulu Inc.
Chartered Accountants (S.A.)
Registered Auditors

Per: SM Xulu
Chartered Accountant (S.A.)
Registered Auditor
Director

2 July 2021

F16 & F17 Pinewood Square
Pinewood Office Park
33 Riley Road
Woodmead
2080

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the period ended 28 February 2021

Figures in R'000

	Note	2021 Group	2021 Company
Management fees	6	167	167
Fair value adjustments	7	(10 192)	(10 192)
Impairments	8	(29 369)	(29 814)
Equity accounted earnings (net of taxation)	16	27 269	–
Operating expenses		(1 202)	(1 302)
Results from operating activities	9	(13 327)	(41 141)
Finance income		–	–
Finance costs		(20)	–
Net finance costs		(20)	–
Loss before income tax		(13 347)	(41 141)
Income tax	10	(345)	112
Loss for the period		(13 692)	(41 029)
Total comprehensive loss for the period		**(13 692)**	**(41 029)**
Loss and total comprehensive loss attributable to:			
Owners of the company		(13 620)	–
Non-controlling interest		(72)	–
		(13 692)	**–**
Basic loss per share (cents)		**(8.5)**	–
Basic and diluted loss per share (cents)		(8.5)	–
Basic headline loss per share (cents)	11	**9.8**	–
Basic headline loss per share (cents)		9.8	–

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

At 28 February 2021

Figures in R'000

		2021	
	Note	Group	Company
Assets			
Plant and equipment	12	529	–
Investments in subsidiaries	13	–	85 142
Other investments	14	14 215	14 215
Loan to subsidiary companies	15	–	17 992
Investments in and loans to associates	16	162 154	61 682
Other financial assets	17	28 119	–
Deferred tax asset	18	1 567	1 567
Total non-current assets		**206 584**	**180 598**
Trade and other receivables	19	13 365	2 145
Inventory	20	1 330	–
Cash and cash equivalents	21	647	–
Total current assets		15 342	2 145
Total assets		**221 926**	**182 743**
Equity			
Stated capital	22	211 166	211 166
Share-based payment reserve		10	–
Accumulated loss		(13 543)	(41 029)
Non-controlling interest	27	77	–
Equity attributable to equity holders		**197 710**	**170 137**
Liabilities			
Other financial liabilities	23	6 985	6 985
Total non-current liabilities		**6 985**	**6 985**
Trade and other payables	24	17 231	5 621
Current liabilities		**17 231**	**5 621**
Total liabilities		**24 216**	**12 606**
Total equity and liabilities		**221 926**	**182 743**

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended 28 February 2021

Group

Figures in R'000	Stated capital	Share-based payment reserve	Accumulated loss	Non-controlling Interest	Total equity
Balance at 29 February 2020	–	–	–	–	–
Total comprehensive income for the period					
Loss for the period	–	–	(13 620)	(72)	(13 692)
Total comprehensive income for the period	**–**	**–**	**(13 620)**	**(72)**	**(13 692)**
Transactions with owners, recorded directly in equity					
Acquired via the unbundling	–	393	(393)	149	149
Shares issued	211 166	–	–	–	211 166
Share-based payments	–	87	–	–	87
Vesting of share awards *	–	(470)	470	–	–
Total transactions with owners	211 166	10	77	149	211 402
Balance at 28 February 2021	**211 166**	**10**	**(13 543)**	**77**	**197 710**

* Shares that were issued as part of the share-based payment scheme vested. The shares were transferred out of the share trust (held as treasury shares) to the qualifying employees. The cumulative share-based payment expense in the reserve has been transferred between the non-distributable reserve and retained income on vesting.

Company

Figures in R'000	Stated capital	payment reserve	Accumulated loss	Total equity
Balance at 29 February 2020	–	–	–	–
Total comprehensive income for the period				
Loss for the period	–	–	(41 029)	(41 029)
Total comprehensive income for the period	**–**	**–**	**(41 029)**	**(41 029)**
Transactions with owners, recorded directly in equity				
Shares issued	211 166	–	–	211 166
Total transactions with owners	211 166	–	–	211 166
Balance at 28 February 2021	**211 166**	**–**	**(41 029)**	**170 137**

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

for the period ended 28 February 2021

Figures in R'000	Note	2021 Group	2021 Company
Cash flows from operating activities			
Cash utilised by operations	25	667	–
Interest paid		(20)	–
Cash utilised by operating activities		**647**	–
Cash flows from investing activities			
Net increase in cash and cash equivalents		647	–
Cash and cash equivalents at the beginning of the period		–	–
Total cash and cash equivalents at the end of the period		**647**	–

* Less than R1 000.

SEGMENTAL REPORTING

The group has the seven operating segments: gaming, financial services, fintech, BEE investments, commodity trading and properties. For the purposes of segmental reporting at 28 February 2021, gaming, financial services, fintech, BEE investments, commodity trading and property have been consolidated under other investments.

	Reportable segment profit/(loss) after tax 28 February 2021	Total assets 28 February 2021	Total liabilities 28 February 2021
Energy and resources	(387)	92 556	(11 465)
Other investments	(13 305)	129 370	(12 751)
	(13 692)	**221 926**	**(24 216)**

REPORTING ACTIVITIES

Vunani Capital Partners Limited ("the company") is a company domiciled in South Africa at Vunani House, Vunani Office Park, 151 Katherine Street in Sandton. The consolidated and separate financial statements of the company at and for the period ended 28 February 2021 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in structured entities.

1 BASIS OF PREPARATION

1.1 STATEMENT OF COMPLIANCE

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate financial statements have been prepared under the supervision of PR Gwaze, CA(SA), the group chief financial officer.

The financial statements, which have been prepared on the going concern basis, were authorised for issue by the board of directors on 30 June 2021.

1.2 BASIS OF MEASUREMENT

The financial statements are prepared on the historical cost basis, except for certain financial instruments (which include other investments, other non-current assets and certain other financial liabilities), which are measured at fair value.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in South African Rand, which is the company's functional currency.

All financial information presented in South African Rand have been rounded to the nearest thousand unless indicated otherwise.

1.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

1.4 USE OF ESTIMATES AND JUDGEMENTS *(continued)*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Notes 14,17 and 23 – determining fair value of financial instruments based on significant unobservable inputs.
Note 13 – impairment test of goodwill: key assumptions underlying recoverable amounts.
Notes 16 and 30.3 – equity accounted investees: whether the group has significant influence and impairment losses on loans to associates.
Note 18 – utilisation of tax losses: the availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.
Note 19 - measurement of ECLs allowance for trade and other receivables: key assumptions in determining average loss rates.

2 ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, and have been applied consistently by group entities.

2.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and results of operations of the holding company, its subsidiaries and investments in associates.

2.1.1 Subsidiaries

Subsidiaries are entities controlled by the group. The group controls the entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

The company accounts for subsidiaries at cost less accumulated impairment losses in the separate financial statements.

2.1.2 Non-controlling interests

Non-controlling interests are measured at either their proportionate share of the acquiree's identifiable net assets at acquisition date.

Changes in the group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

2.1.3 Investments in associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions but not control them.

Investments in associates are accounted for using the equity method ("equity-accounted investees") and are recognised initially at cost. The consolidated financial statements include the group's share of profit or loss and other comprehensive income of the equity accounted investee from the date that significant influence commences until the date that significant influence ceases.

When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments for which settlement is neither planned nor likely to occur in the foreseeable future, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the group has an obligation or has made payments on behalf of the investee.

When the group loses control of a subsidiary and as a result of that the remaining interest is accounted for as an associate, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee.

The company accounts for associates at cost less accumulated impairment losses in the separate financial statements.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 FINANCIAL INSTRUMENTS

2.2.1 Recognition and initial measurement

Trade receivables and debt securities are initially measured when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.2.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to its initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2.2 FINANCIAL INSTRUMENTS *(continued)*

2.2.2 Classification and subsequent measurement *(continued)*

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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The group classifies non-derivative financial instruments into the following categories: financial assets at fair value through profit (FVTPL) or loss and financial assets at amortised cost.

The group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss (FVTPL) and financial liabilities at amortised cost.

Financial assets – Business model assessment:

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2.2 FINANCIAL INSTRUMENTS *(continued)*

Financial assets:

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs).

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Derivative financial assets

Derivatives are recognised initially at fair value. Any directly attributable costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss. Included in derivative financial assets are trading securities and the Black Wattle Option (refer to note 17).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances used by the group in the management of short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are measured at amortised cost.

Financial liabilities at amortised cost

Other financial liabilities, accounts payable from trading activities, and trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

The group designates certain financial liabilities at fair value through profit or loss on initial recognition. Ring-fenced structured entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring-fenced structures are both fair valued through profit or loss in terms of IFRS 9.

2.2 FINANCIAL INSTRUMENTS *(continued)*

2.2.3 Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

2.2.4 Offsetting

Financial assets and financial liabilities are off-set and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.2.5 Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the company's shareholders.

2.4 DIVIDEND POLICY

The company distributes dividends to its shareholders as and when determined by the board of directors, subject always to:

the liquidity and solvency requirements of the Companies Act of South Africa;

any banking or other funding covenants by which Vunani Capital Partners is bound from time to time; and

the operating requirements referred to in this policy.

2.5 PLANT AND EQUIPMENT

2.5.1 Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within net profit or loss on disposal of assets.

2.5.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.5.3 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	Remaining lease period
Motor vehicles	4 years
Office equipment	3 - 5 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2.6 IMPAIRMENT

2.6.1 Non-derivative financial assets

Financial instruments

The group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

2.6 IMPAIRMENT

2.6.1 Non-derivative financial assets

Financial instruments

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group considers a financial asset to be in default when:

the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or

the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Twelve month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

significant financial difficulty of the borrower or issuer;

a breach of contract such as a default or being more than 90 days past due;

the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;

it is probable that the borrower will enter bankruptcy or other financial reorganisation;

the disappearance of an active market for a security because of financial difficulties.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6 IMPAIRMENT (continued)

2.6.1 Non-derivative financial assets (continued)

Financial instruments (continued)

The group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. Historical loss rates are appropriately adjusted to reflect the expected future changes in the portfolio condition and performance.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery of balances from customers or receivables. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

2.6.2 Non-financial assets

The carrying amounts of the group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group operates a retirement scheme, the assets of which are held in separate trustee-administered funds. The retirement scheme is funded by payments from employees and the relevant group entity. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The company shall determine the value of any long-term employee benefit obligations using the projected unit credit method. This method will attribute the benefit to the period of service under the plan's benefit formula, the date at which services by the employee first leads to the benefit of the plan, and the date when further service the employee will lead to no material amount. This includes the probability that some employees will not satisfy the vesting requirements.

2.8 SHARE-BASED PAYMENT TRANSACTIONS

Share-based arrangements in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in the share-based payment reserve in equity over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The valuation approach is based on risk-neutral valuation principles and excludes marketability assessments. The fair value of equity-settled awards is determined at the grant date and only updated for changes to non-market conditions at subsequent year-end valuations. As a result, inputs, and assumptions such as the spot share price and dividend yield are not updated at each subsequent year-end valuation date.

2.9 REVENUE

The group generates revenue from management fees from managing investments, commissions and trading revenue.

Management fees
Revenue from services rendered including management fees is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

2.10 FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and dividends on preference shares classified as liabilities. Borrowing costs are recognised in profit or loss using the effective interest method.

2.11 INVENTORY

Inventories relating to commodities traded are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period In which the reversal occurs.

2.12 INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current taxation comprises taxation payable calculated based on the expected taxable income for the period, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous period.

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets or liabilities for financial reporting purposes and their tax bases.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities using the taxation rate enacted or substantively enacted at the reporting date.

2.12 INCOME TAX (continued)

Deferred taxation is charged to profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination that is an acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in the profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised. Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities or assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and they intend to settle current tax liabilities or assets on a net basis or their tax assets or liabilities will be realised simultaneously.

2.15 EARNINGS PER SHARE (“EPS”)

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

2.13 EARNINGS PER SHARE (“EPS”) (continued)

Headline earnings per share

Headline earnings is calculated by starting with the basic earnings number in terms of IAS 33 and then excluding all re-measurements that have been identified in in terms of Circular 1/2021 issued by SAICA.

Diluted headline earnings per share

Diluted headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding for the period after an adjustment for the effects of all dilutive potential ordinary shares.

2.14 SEGMENTAL REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenue and incur expenses, including revenue or expenses that relate to transactions with any of the group’s other components. All operating segments’ operating results are reviewed regularly by the group’s chief executive officer who is defined by the group as the group’s chief operating decision makers, to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

The group has the following investment segments:

Energy and resources – investment in resources and energy related activities.

Other investments – this segment holds the group’s combined investments in gaming, financial services, fintech, BEE investments, commodity trading and property.

2.16 FOREIGN CURRENCIES

Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets or liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets or liabilities, measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates at the dates the fair value was determined.

Foreign operations
The results and financial position of foreign operations that have a functional currency different from the group's presentation currency are translated into Rand, as follows:

assets and liabilities are translated at the foreign exchange rate ruling at the reporting date; and
income and expenses are translated at average exchange rates for the period, to the extent that such average rates approximate rates ruling at the dates of the transactions.

Exchange differences arising on translation are recognised directly in other comprehensive income and presented in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

2.17 DIVIDENDS WITHOLDING TAX

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividend tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of a company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

2.18 RELATED PARTY TRANSACTIONS

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the group, directly or indirectly, through one or more intermediaries controls or is controlled by it, which is in common control or has significant influence over. These include the holding group, subsidiaries, fellow subsidiaries, associates and key management.

3 DETERMINATION OF FAIR VALUES

Fair value

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. Financial instruments fair valued using quoted prices would generally be classified as level 1 in terms of the fair value hierarchy and when fair valued indirectly (i.e. derived from prices) will be classified as level 2.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using valuation techniques. These valuation techniques include reference to the value of the assets of the underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models.

Inputs used in valuation techniques for loans and advances, other investments, investments in associates and other financial liabilities, include discount rates, expected future cash flows, dividend yields, earnings multiples, volatility, equity prices and commodity prices.

Valuation methodologies and techniques applied for level 3 financial instruments include a combination of discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings and current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depends on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

After the valuations of the unlisted financial assets and liabilities are performed, these are presented to the group's investment committee for independent review. All significant valuations are approved by the investment committee.

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

3.1 Investments in listed equity and debt securities

The fair value of listed financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

3.2 Derivative financial assets

The derivative is measured initially at fair value and subsequently at fair value with changes in fair value recognised in profit or loss. The valuation technique used is the Monte-Carlo Simulation technique, which includes unobservable inputs.

3.3 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3 DETERMINATION OF FAIR VALUES (continued)

3.4 Unlisted investments

Unlisted investments are fair valued periodically by the directors using generally accepted valuation techniques. As with any valuation, a degree of subjective judgement is involved. These valuation techniques include reference to the value of the assets of underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models. Operating businesses are valued using a combination of the following: discounted cash flow analysis, application of earnings multiples on sustainable after-tax earnings, current and projected net asset values to determine overall reasonability. The cash flows are based on expected future dividends that will be paid by the businesses. Recent transactions in the sale and purchase of shares of the investments shall also be considered.

3.5 Financial liabilities at fair value through profit or loss

The group's financial liabilities held at fair value through profit or loss are all linked to listed equity investments held by the group through certain investments in associates. The fair value adjustments that relate to financial liabilities are not a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liability are such that, in the event that asset fair value falls below the face value of the liability, the group is not obligated to pay the full face of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions.

4 FINANCIAL RISK MANAGEMENT

The group and company has exposure to the following risks from its use of financial instruments:

- Liquidity risk.
- Credit risk.
- Market risk.

This note presents information about the group's exposure to the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee oversee how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation

4.2 Credit risk

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

The group and company manage this risk by transacting with customers that have good credit records and good standing in the markets.

Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of trade and other receivables and cash and cash equivalents.

The trade and other receivables relate to trade receivables and intercompany loan. Loans granted to group companies are reviewed periodically for recoverability and impaired, if necessary.

4.2 Credit risk (continued)

The group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the default risk of the industry. Each client is analysed individually for creditworthiness. The group reviews accounts receivable monthly. Unless customers have good payment records, an impairment allowance is created for any accounts greater than 60 days. Other impairment indicators considered include bankruptcy and the insolvency of clients.

The group deposits cash surpluses with major banks of good credit standing to address the related credit risk. The cash and cash equivalents are held with major banks.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The group is exposed to interest rate risk as it borrows funds at variable interest rates. The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.

The group is exposed to equity price risk on its listed investments that are not ring-fenced through underlying funding arrangements. The investments are not hedged and the pricing is reviewed daily. This risk is managed by linking the debt to the value of the underlying assets. This will ensure that the group will limit the amount payable on the underlying debt by limiting it to the value of the asset.

4.4 Currency risk

The group is exposed to currency risk on its investments in foreign operations, where fluctuations in exchange rates against the rand could impact the financial results. Exchange differences arising on translation are recognised directly in other comprehensive income. The group's investments in foreign operations are not hedged. Exchange differences on loans with foreign entities are recognised directly in profit or loss.

4.5 Capital management

The board's policy is to maintain a strong capital base to maintain investor, creditor and market confidences and to sustain future development of the business. The board of directors monitors the return on capital, which the group defines as: result from operating activities divided by total shareholders' equity and non-controlling interests. 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 capital structure of the group consists of debt and equity as disclosed in the statement of financial position.

Debt equity ratio of :

	Group	Company
Total debt	24 216	12 606
Less cash	(647)	–
Net debt	23 569	12 606
Equity	197 710	170 137
Total capital managed	221 278	182 743
Debt equity ratio	**11.9%**	**7.4%**

5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

In terms of IFRS, the group and company are required to include in their financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at the issue date.

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing these (consolidated and separate) financial statements. Those which may be relevant to the group and company are set out below. The group and company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

All standards and interpretations will be adopted at their effective dates (except for the effect of those standards and interpretations that are not applicable to the entity).

The directors are of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

Standard	**Details of amendment**	**Effective annual periods beginning on or after**	**Expected impact**
IFRS 3, Business Combinations	Definition of a Business: Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01-Jan-22	The standard will impact the group when it accounts for any business combination, as such the group will apply the amendments to the definition of a business.
IFRS 1 First-time Adoption of International Financial Reporting Standards	Annual Improvements to IFRS Standards 2018– 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	01-Jan-22	No impact as the parent applies IFRS.

5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Standard	Details of amendment	Effective annual periods beginning on or after	Expected impact
IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment addresses an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice	Standard will be assessed when its practical to do so.
IFRS 9 Financial Instruments	Annual Improvements to IFRS Standards 2018 – 2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	01-Jan-22	The standard will unlikely have a material impact on the classification of the group's liabilities.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged	01-Jan-23	

5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Standard	**Details of amendment**	**Effective annual periods beginning on or after**	**Expected impact**
IAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	01-Jan-23 01-Jan-23	The standard will have an impact on the financial statements.
	Amendments to IAS 1, Presentation of Financial Statements, clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.	01-Jan-22	The standard's impact will be reasonably estimated closer to its effective date.
IAS 37, Provisions, Contingent Liabilities and Contingent Assets	Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract.	01-Jan-22	The standard will have an impact on the financial statements when the group enters into onerous contracts.

5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Standard	**Details of amendment**	**Effective annual periods beginning on or after**	**Expected impact**
IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.	01-Jan-23	The standard's impact will be reasonably estimated closer to its effective date
IAS 16, Property, Plant and Equipment	Proceeds before Intended Use, introduce new guidance. Proceeds from selling items (e.g. samples) before the related PPE is available for its intended use can no longer be deducted from the cost of PPE. Instead such proceeds should be recognized in profit or loss, together with the costs of producing those items (to which IAS 27 applies). Accordingly, a company will need to distinguish between: costs of producing and selling items before the PPE is available for its intended use; and costs of making the PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry in particular may need to monitor costs at a more granular level. The amendments apply retrospectively but only for new PPE that reach their intended use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. They can be early adopted.	01-Jan-22	The standard will unlikely have an impact on the group's financial results.

Figures in R'000

	Group	Company
6 MANAGEMENT FEES		
Management fees	**167**	**167**
7 FAIR VALUE ADJUSTMENTS		
Other investments	(9 707)	(9 707)
Other financial liabilities	(485)	(485)
	(10 192)	**(10 192)**
8 IMPAIRMENTS		
Impairment of investment in associates	(7 486)	(7 486)
Impairment of investment in subsidiaries	–	(22 328)
Impairment of goodwill	(21 883)	–
	(29 369)	**(29 814)**
9 OPERATING EXPENSES		
Operating expenses include:		
Auditors remuneration – current period	360	309
Management fees	615	615
10 INCOME TAX		
Deferred tax		
Current period	(345)	112

No taxation is payable in the current period as the company has an estimated tax loss of R1.058 million available for set-off against future taxable income.

Reconciliation of effective tax rate	%	%
Income tax rate	28.0	28.0
Impairments	(62.0)	(20.3)
Income from associates	57.4	–
Deferred tax assets not raised	1.9	0.8
Fair value adjustments - Capital gains tax rate	(0.2)	(0.1)
Fair value adjustments - recovered via dividends	(24.8)	(9.6)
Non-deductible expenses	2.3	0.9
	2.6	(0.27)

11 RECONCILIATION OF HEADLINE EARNINGS FOR THE PERIOD		
Profit for the period attributable to equity holders of VCP	(13 620)	–
Adjusted for:		
Impairment of investment in associates	7 486	–
Impairment of goodwill	21 883	–
	15 749	–
Basic headline loss per share (cents)	9.8	–

Figures in R'000

12 PLANT AND EQUIPMENT

Group	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Total
Cost					
Balance at 29 February 2020	-	-	-	-	-
Acquired via the unbundling	214	695	533	26	1 468
Balance at 28 February 2021	**214**	**695**	**533**	**26**	**1 468**
Accumulated depreciation and impairment losses					
Balance at 29 February 2020	-	-	-	-	-
Acquired via the unbundling	(105)	(523)	(268)	(17)	(913)
Depreciation	(4)	(12)	(9)	(1)	(26)
Balance at 28 February 2021	(109)	(535)	(277)	(18)	(939)
Carrying amounts					
At 29 February 2020	-	-	-	-	-
At 28 February 2021	**105**	**160**	**256**	**8**	**529**

The company did not carry any plant and equipment at period end.

13 INVESTMENTS IN SUBSIDIARIES

	% Holding Group	% Holding Company	Cost of investment Group	Cost of investment Company
Investment in subsidiaries held at cost				
Vunani Mining Proprietary Limited	100	100	–	106 781
Vunani Resources Proprietary Limited	75	75	–	689
			–	107 470
Accumulated impairment				
Investment in Vunani Mining Proprietary Limited			–	(21 676)
Investment in Vunani Resources Proprietary Limited			–	(652)
			–	(22 328)
Investment in subsidiaries net of impairment			**–**	**85 142**

Factors considered in impairment of investments in subsidiaries

The investments in Vunani Mining Proprietary Limited and Vunani Resources Proprietary Limited were impaired in the current period. The company assesses whether there is any indication that an asset may be impaired. The company reviews the budgets of the subsidiaries, which include projected revenue, profits and cash flow forecasts. The valuations of underlying assets of the subsidiaries are also reviewed. Investments in subsidiaries are impaired if the company believes that the carrying amount of the investment may be higher than its recoverable amount.

Figures in R'000	Group and Company Number of shares	Cost	Fair value
14 OTHER INVESTMENTS			
at 28 February 2021			
Vunani Limited Preference shares	500 000	18 283	8 588
Ferrox Holdings Limited	7 200 000	5 638	5 627
		23 921	**14 215**

Vunani Limited issued 500 000 preference shares to Vunani Capital Partners in relation to the African Legend investment shares. The terms of the preference shares are such that, inter alia, all contractual rights to cash flows related to the African Legend shares and the African Legend distributions, will be transferred to Vunani Capital Partners.

15 LOANS TO SUBSIDIARIES

Loan to subsidiary	Group	Company
Vunani Mining Proprietary Limited	–	9 239
Vunani Resources Proprietary Limited	–	8 753
	–	**17 992**

The loans to subsidiary companies are unsecured, have no fixed terms of repayment and interest free, with the exception of Vunani Resources which bears interest at the Standard Bank overdraft rate.

16 INVESTMENT IN AND LOANS TO ASSOCIATES

Group

	Investment in associate	Loans to associates	Total
Investments in and loans to associates			
Balance at 29 February 2020	-	-	-
Acquired via the unbundling	125 036	20 675	145 711
Acquired during the period	1 899	500	2 399
Equity-accounted earnings	27 269	-	27 269
Cumulative impairment	(7 486)	(5 738)	(13 224)
Balance at 28 February 2021	**146 718**	**15 437**	**162 154**

Company	Investment in associate	Loans to associates	Total
Investments in and loans to associates			
Balance at 29 February 2020	-	-	-
Acquired via the unbundling	62 035	4 734	66 769
Acquired during the period *	1 899	500	2 399
Cumulative impairment	(7 486)	-	(7 486)
Balance at 28 February 2021	**56 448**	**5 234**	**61 682**

The loans to associate companies are unsecured, have no fixed terms of repayment and are interest free except the loan to Vunani Properties Pty Ltd which bears interest at prime rate.
* During the period, the company acquired the investment in Phakamani Impact Capital for R2.399 million.

16 INVESTMENT IN AND LOANS TO ASSOCIATES (continued)

Accounting considerations

IAS 28 defines an associate as an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies.

The group holds more than 20% of the voting power of its associate investee companies and has meaningful representation on the board of directors of these associate companies. The group has the ability to participate in policy-making processes which include dividend decisions.

The group equity accounts certain investments where it holds 50% or more of the equity of a company. This is as a result of the group not having control of the company based on the shareholders' agreements in place that limits the group's ability to direct the relevant activities of the investee company.

Impairments

The group reviews the recoverability of investments in associates and loans to associates by considering a broader range of information when assessing credit risk and measuring expected credit losses, including past events (cumulative loses are in excess of carrying amounts), current conditions (loss making investees), reasonable and supportable forecasts that affect the expected collectability of the future cash flows from the investees. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

Associates year ends and nature of operations

All associates are incorporated in the Republic of South Africa, with the exception of Purpose Vunani Asset Management (Private) Limited, which operates in Zimbabwe, BetBio Zambia Limited, which operate in Zambia and Alliance Capital which operates in Malawi. The carrying amounts of associates are shown net of impairment losses.

Associates that have different year-ends to the group are equity-accounted on the basis of the associates' year-end audited/unaudited financial information (which is within three months of the group's financial period end).

The group has accounted for losses incurred by associates to the extent of investments made.

The group has not recognised losses totalling Rnil million (2020: Rnil) in relation to its interests in associates, because the group has no obligation in respect of these losses.

Below is a description of the nature of the operations and activities of associates:

Associate	**Nature of operations and activities**
Alliance Holdings Limited	Fund management
Anatrica SA Proprietary Limited	Commodities trading
BetBio Zambia Limited	Gaming activities
Black Wattle Colliery Proprietary Limited	Mining operations
Butsanani Energy Investments Proprietary Limited	Mining operations
Newshelf 1361 Proprietary Limited	Investment holding
Phakamani Impact Capital Proprietary Limited	Enterprise development - financial services
Purpose Asset Management Private Limited	Fund management
Vunani Fintech Fund Proprietary Limited	Fintech investments
Vunani Properties Proprietary Limited	Property management and investments
Verbicept Proprietary Limited	Investment holding

16 INVESTMENT IN AND LOANS TO ASSOCIATES (continued)

Associates' net carrying amount is presented below:

Figures in R'000	Effective ownership	Group and Company Cost of invest-ment	Loans to/(from) associates	Cumulative Impairments	Equity earnings net of dividends	Net carrying amount
2021						
Alliance Capital Limited	**45%**	5 758	–	(3 766)	–	**1 992**
Anatrica SA Proprietary Limited	**29.25%**	*	1 095	–	761	**1 856**
BetBio Zambia Limited	**45%**	*	–	–	17 194	**17 194**
Black Wattle Colliery Proprietary Limited	**37.5%**	*	–	–	–	**–**
Butsanani Energy Investments Proprietary Limited	**33.3%**	63 000	9 108	–	–	**72 108**
Newshelf 1361 Proprietary Limited	**25%**	*	5 738	(5 738)	–	**–**
Phakamani Impact Capital Proprietary Limited	**51%**	1 899	500	–	(525)	**1 874**
Purpose Vunani Asset Management (Private) Limited	**65%**	3 892	–	(3 720)	–	**172**
Vunani Fintech Fund Proprietary Limited	**20%**	*	–	–	5 673	**5 673**
Vunani Properties Proprietary Limited	**70%**	*	5 017	–	–	**5 017**
Verbicept Proprietary Limited	**50%**	52 386	(283)	–	4 166	**56 269**
		126 935	**21 175**	**(13 224)**	**27 269**	**162 154**

* Less than R1 000.

A reconciliation of the movements in associates is shown below:

	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	126 935	21 175	148 110
Cumulative impairments	(7 486)	(5 738)	(13 224)
Cumulative equity earnings net of dividends	27 269	–	27 269
	146 718	**15 437**	**162 154**

Figures in R'000

16 INVESTMENT IN AND LOANS TO ASSOCIATES (continued)

Material associates' statement of financial position are presented below:

	Current assets	Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Anatrica SA Proprietary Limited	92 610	36 416	17	(119 743)	(6 698)	2 601
BetBio Zambia Limited *	-	-	-	-	-	-
Butsanani Energy Investments Proprietary Limited *	-	-	-	-	-	-
Phakamani Impact Capital Proprietary Limited	1 763	5 943	527	(4 823)	(1 000)	2 410
Verbicept Proprietary Limited *	-	-	-	-	-	-
Vunani Fintech Fund Proprietary Limited *	-	-	-	-	-	-
Other immaterial associates #	-	-	-	-	-	-
	94 373	**42 359**	**544**	**(124 566)**	**(7 698)**	**5 011**

* The net asset value is based on the fair values to February 2021, with the exception of Anatrica SA Pty Limited and Phakamani Impact Capital Proprietary Limited which have been based on the book values.

Material associates' statement of comprehensive income is presented below:

	Revenue/ other income	Depre- -ciation	Interest Income/ (expense)	Income tax (expense)	Other expenses	Total compre- -hensive income
for the period ended 28 February 2021						
Anatrica SA Proprietary Limited	-	-	-	-	-	-
BetBio Zambia Limited	-	-	-	-	-	-
Butsanani Energy Investments Proprietary Limited	-	-	-	-	-	-
Phakamani Impact Capital Proprietary Limited	1 444	(20)	14	-	(2 751)	(1 313)
Verbicept Proprietary Limited	-	-	-	-	-	-
Vunani Fintech Fund Proprietary Limited	-	-	-	-	-	-
Other immaterial associates #	-	-	-	-	-	-
	1 444	**(20)**	**14**	**–**	**(2 751)**	**(1 313)**

 # - The other associates represents immaterial assets not represented individually.

16 INVESTMENT IN AND LOANS TO ASSOCIATES (continued)

A reconciliation of the investments in and loans to associates:

	Group and Company					
Figures in R'000	Net asset value	Share of net assets	Loans to associates	Impairments	Goodwill *	Net carrying amount
Anatrica SA Proprietary Limited	–	–	1 095	–	761	1 856
BetBio Zambia Limited	–	–	–	–	17 194	17 194
Butsanani Energy Investments Proprietary Limited	–	63 000	9 108	–	–	72 108
Phakamani Impact Capital Proprietary Limited	2 410	1 374	500	–	–	1 874
Verbicept Proprietary Limited	52 386	52 386	(283)	–	4 166	56 269
Vunani Fintech Fund Proprietary Limited	–	–	–	–	5 673	5 673
Other immaterial associates&	–	9 650	10 755	(13 224)	–	7 181
		126 410	**21 175**	**(13 224)**	**27 794**	**162 154**

& - The other associates represents immaterial assets not represented individually.

* - In terms of IAS 28.32, on the date of acquisition of an equity accounted investee, fair values are attributable to the investee's identifiable assets and liabilities. Any positive difference between the cost of investment and the investor's share of the fair values of the identifiable net assets acquired is goodwill.

Goodwill is included in the carrying amount of the investment in the equity accounted investee and is not shown separately.

Any excess in the investor's share in the fair value of identifiable net assets over cost is included in the investor's share of the investee's profit or loss in the period in which the investment is acquired. This above goodwill has been accounted for in the equity accounted earnings in the statement of comprehensive.

Figures in R'000

17 OTHER FINANCIAL ASSETS

Non-current	Group	Company
Black Wattle Option		
Opening balance	–	–
Acquired via the unbundling	28 119	–
Balance at 28 February 2021	**28 119**	**–**

During the 2010 financial period, Vunani Mining Proprietary Limited ("Vunani Mining"), a subsidiary of Vunani Limited, obtained a 37.5% interest in Black Wattle through a vendor financed transaction. The 37.5% shareholding consists of 22.5% A ordinary shares and 15% ordinary shares. Vunani Mining has classified this investment as an associate as it has the ability to exercise significant influence in the company.

Vunani Mining is not entitled to share in the economic benefits of ownership until such time as the debt associated with the acquisition is settled. The debt would be redeemed through dividends received by Vunani Mining on the A ordinary shares. Cash flows relating to the 15% ordinary shares will be paid to Vunani Mining. The risks and rewards of ownership have not passed to Vunani Mining and accordingly Vunani Limited equity accounts 0% of Black Wattle in profit or loss.

Vunani Mining benefits from the upside of the investment being dividends and the capital growth; however, it does not bear the downside of the risk. The substance of the transaction is a call option with dividend rights. Vunani Mining has therefore recognised an in-substance call option.

On day one in 2010, the fair value of the in-substance call option was significantly greater than the R375 that was paid. The fair value amounted to R17.9 million. Since only R375 was paid, this resulted in a day-one gain of R17.9 million. The full gain was recognised over a five-period period, to February 2016. The option is revalued at each period-end, with any movements in the value of the option being taken to profit or loss for the period. A Monte Carlo simulation valuation technique is applied to the unobservable inputs in order to determine the fair value.

The option is a derivative financial instrument as defined by IFRS and is classified at fair value through profit or loss. The derivative is measured initially at fair value and subsequently at fair value with changes in fair value recognised in profit or loss.

Level 3 Fair value hierarchy

The fair value measurement for the derivative financial instrument has been classified as a level 3 fair value based on the inputs of the valuation technique used (refer to note 30.5).

Figures in R'000

18 DEFERRED TAX ASSET

	Group	Company
Recognised deferred tax asset arises on:		
Fair value of investments	2	2
Other financial liabilities	1 565	1 565
	1 567	**1 567**
Reconciliation of movement in deferred tax		
Balance at the beginning of the period	–	–
Acquired	1 455	1 455
Recognised against profit or loss	(345)	112
Reversed	457	–
Balance at end of the period	**1 567**	**1 567**
Estimated tax losses available for utilisation against future taxable income	1 055	1 135
Recognised as deferred tax assets	–	–
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	1 055	1 135

No taxation is payable in the current period as the company has an estimated tax loss of R1.1 million (2020: R nil) available for set-off against future taxable income. Deferred tax assets are raised when there is availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

19 TRADE AND OTHER RECEIVABLES

	Group	Company
Sundry accounts receivable	13 345	2 145
Trading debtors	2 211	–
Prepaid expenses	20	–
Provision for doubtful debts	(2 211)	–
	13 365	**2 145**
Reconciliation of movement in allowance for impairment		
Balance at the beginning of the period	–	–
Impairment allowance acquired	(2 211)	–
Impairment allowance	–	–
Balance at 28 February 2021	(2 211)	–

Factors considered in impairment

The group assesses impairment of trade and other receivables on a portfolio basis grouping those that possess shared credit risk characteristics. These have then been grouped based on the days past due. The group has therefore concluded that the expected loss rates calculated on the trade receivables are a reasonable approximation of the loss rates.

20 INVENTORY

	Group	Company
Inventory comprises:		
Balance at the beginning of the period	–	–
Acquired	1 330	–
Balance at 28 February 2021	**1 330**	**–**

Inventory comprise coal on hand.

21 CASH AND CASH EQUIVALENTS

	Group	Company
Cash at bank and cash in hand	627	–
Short-term deposits	20	–
Cash and cash equivalents in the statement of cash flows	***647***	**–**

22 STATED CAPITAL AND SHARE CAPITAL

Authorised

500 000 000 ordinary shares of no par value

Issued - Ordinary shares

	Group	Company
161 155 915	**211 166**	**211 166**

Reconciliation of movement in number of shares issued (000s):

	Group	Company
Balance at the beginning of the period	–	–
Shares issued	161 156	161 156
Balance at the end of the period	**161 156**	**161 156**

All issued shares have been paid in full. Unissued ordinary shares are under the control of the directors.

Weighted average number of ordinary shares (000s)

	Group	Company
Issued ordinary shares at the beginning of the period	–	–
Shares issued	161 156	–
Weighted average number of shares in issue during the period	161 156	–

Reconciliation of movement in stated capital (R'000):

	Group	Company
Balance at the beginning of the period	–	–
Shares issued	211 166	211 166
Balance at end of the period	**211 166**	**211 166**

Figures in R'000

23 OTHER FINANCIAL LIABILITIES

	Group	Company
Carried at fair value through profit or loss on initial recognition		
Opening balance	–	–
Acquired via the unbundling	(6 499)	(6 499)
Fair value adjustment	(485)	(485)
Force Holdings Proprietary Limited	**(6 985)**	**(6 985)**

This represents the value of the option granted to Force Holdings Proprietary Limited to acquire Vunani's shareholding in Verbicept Proprietary Limited, at a 10% discount to the fair value calculated in terms of an agreement with Force Holdings Proprietary Limited.

24 TRADE AND OTHER PAYABLES

	Group	Company
Trade creditors	701	–
Sundry payables	4 746	4 697
Expense accruals	2 094	924
Leave pay accrual	225	–
VAT payable	9 465	–
	17 231	**5 621**

25 CASH UTILISED BY OPERATIONS

	Group	Company
Loss before income tax	(13 347)	(41 141)
Adjusted for:		
Finance income	–	–
Finance costs	20	–
Impairments	29 369	29 814
Expected credit losses	(389)	–
Equity accounted losses	(27 269)	–
Fair value adjustments	10 192	10 192
	(1 424)	**(1 135)**
Changes in working capital:		
Increase/(decrease) in trade and other receivables	(13 365)	(2 145)
Increase/(decrease) in trade and other payables	16 786	3 279
Increase/(decrease) in inventory	(1 330)	–
Cash utilised by operations	**667**	–

Figures in R'000

26 RELATED PARTIES

Relationships

Major shareholder	Bambelela Capital Proprietary Limited
Subsidiaries	Refer to note 13
Directors	Per the Directors report
Associates	Refer to note 16

Related party balances

Investments in subsidiaries	–	85 142
Loan to subsidiary company	–	17 992

Related party transactions

There were no related party transactions during the period.

27 NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the group's subsidiaries' material non-controlling interest ("NCI") before intra-group eliminations. Intra-group transactions and balances that eliminate on consolidation are reflected separately.

Figures in R'000	Vunani Resources Proprietary Limited	Intra-group eliminations	Total
NCI percentage	**25%**		
Non-current assets	1 624		
Current assets	18 935		
Non-current liabilities	–		
Current liabilities	(20 218)		
Net assets	**342**		
Carrying amount of NCI	**85**	**(9)**	**76**
Revenue	–		
Loss	(289)		
OCI	–		
Total comprehensive loss	**(289)**		
Loss allocated to NCI	**(72)**	**–**	**(72)**
OCI allocated to NCI	**–**		**–**
Net increase in cash and cash equivalents	**162**		
Dividends paid to non-controlling interest	**–**		

28 DIRECTORS REMUNERATION AND BENEFITS

No emoluments were paid to directors in the February 2021 financial period.

29 COMPARATIVE FIGURES

No comparative figures are presented as these are the first financial statement of the company.

Figures in R'000

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

30.1 Liquidity risk

	Carrying amount	Un-discounted contractual cash flows	Less than 1 year
28 February 2021			
Group			
Non-derivative financial liabilities			
Trade and other payables	(17 231)	(17 231)	(17 231)
Other financial liabilities	(6 985)	(6 985)	(6 985)
Loans from associates	(283)	(283)	(283)
	(24 499)	**(24 499)**	**(24 499)**
Company			
Non-derivative financial liabilities			
Trade and other payables	(5 621)	(5 621)	(5 621)
Other financial liabilities	(6 985)	(6 985)	(6 985)
Loans from associates	(283)	(283)	(283)
	(12 889)	**(12 889)**	**(12 889)**

Management of liquidity risk

The group's approach to managing liquidity by managing its working capital, capital expenditure and cash flows, is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the company ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations.

30.2 Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:

Loan to subsidiary company	–	17 992
Trade and other receivables	13 365	2 145
Loan to associates	15 720	5 234
Cash and cash equivalents	647	–
	29 732	**25 371**

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

30.2 Credit risk (continued)

Impairment losses

The ageing of financial assets at the reporting date was:

Group

	Total	Trade and other receivables	Loan to subsidiary company	Loan to associates
2021				
Stage 1	29 085	13 365	–	15 720
Stage 2	–	–	–	–
Stage 3	7 949	2 211	–	5 738
Impairment	(7 949)	(2 211)	–	(5 738)
	29 085	**13 365**	**–**	**15 720**

Company

	Total	Trade and other receivables	Loan to subsidiary company	Loan to associates
2021				
Stage 1	**25 371**	**2 145**	**17 992**	**5 234**

There is limited credit risk with intercompany loans, as the company does not have any intention to recall the loan. There is no expected repayment terms and thus the probability of default will almost be minimum. Covid-19 has had no impact on the ECL measurement, as such, no ECL has been raised on the loan balances in the current year.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
30.3 Fair values				
Financial assets at fair value				
Other investments	14 215	14 215	14 215	14 215
Financial assets at amortised cost				
Loan to subsidiary company	–	–	17 992	14 775
Loan to associates	15 720	11 995	5 234	4 067
	29 935	**26 210**	**37 441**	**33 057**
Financial liabilities measured at fair value				
Other financial liabilities	(6 985)	(6 985)	(6 985)	(6 985)
	(6 985)	**(6 985)**	**(6 985)**	**(6 985)**

The carrying amounts of trade and other payables reasonably approximate their fair values and therefore not included in the table above.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

30.4 Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Figures in R'000	Group Level 3	Company Level 3
2021		
Financial assets measured at fair value	42 334	14 215
Financial assets measured at amortised cost	11 995	18 842
Financial liabilities measured at fair value	(6 985)	(6 985)
	47 344	**26 072**

A change of 10% in the unobservable inputs of the investment and liability at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation

	Group	Company
Free cash flow		
10% increase	(2 707)	1 477
10% decrease	4 710	(1 479)
Net asset value		
10% increase	1 422	1 422
10% decrease	(1 422)	(1 422)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

30.5 Fair value information

Level 3

Information about valuation techniques and inputs used to derive level 3 fair values

Valuation processes applied by the Group

The group uses both internal staff members and external consultants to prepare the valuations. After the valuations are performed they are presented to the investment committee for independent review.

Valuation techniques

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the company establishes fair value by using a valuation technique. These valuation techniques may include: earnings multiples; discounted-cash flow analysis: various option pricing models; using recent arm's length market transactions between knowledgeable parties and reference to the value of the net assets of the underlying business.

In applying valuation techniques, the company uses estimates and assumptions that are consistent with available information.

about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

Valuation techniques applied by the company would result in financial instruments being classified as level 2 or level 3 in terms of the fair value hierarchy. The determination of whether a financial instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the financial instrument.

Valuation methodologies and techniques applied for level 3 financial instruments include a combination of discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings and or current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depend on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

Data is considered by the company to be 'market-based' if the data is: reliable, based on consensus within reasonable narrow, observable ranges, provided by sources that are actively involved in the relevant market and supported by actual market transactions.

It is not intended to imply that all of the above characteristics must be present to conclude that the evidence qualifies as observable market data. Judgement is applied based on the strength and quality of the available evidence.

Listed investments - inputs to valuation techniques

Equity prices: Prices (and indices of prices) of traded equity instruments are readily observable on the JSE Ltd or any other recognised international exchange.

Inputs are selected on a basis that is consistent with the characteristics of the instrument that market participants would take

into account in a transaction for that instrument. Inputs to valuation techniques applied by the company include, but are not limited to, the following:

- Discount rate: Where discounted-cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market
- The time value of money: The business may use well-accepted and readily observable general interest rates, or an appropriate swap rate, as the benchmark rate to derive the present value of a future cash flow.

30.5 Fair value information

Level 3

Information about valuation techniques and inputs used to derive level 3 fair values

- Foreign currency exchange prices: Active currency exchange markets exist for most major currencies, and prices are quoted.
- Volatility: Measures of the volatility of actively traded items can be reasonably estimated by the implied volatility in current market prices. The shape and skew of the volatility curve is derived from a combination of observed trades and doubles in the market. In the absence of an active market, a methodology to derive these volatilities from observable market data will be developed and utilised.
- Dividend yield: Dividend yield is represented as a percentage and is calculated by dividing the value of dividends paid in a given year per share held by the value of one share.
- Earnings multiples: This is the share price divided by earnings per share.

The following sets out the company's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 3 in the fair-value hierarchy:

Assets

Loans and advances:

Valuation technique - Discounted cash flow

Key inputs: Discount rates.

Unlisted investments:

Valuation technique: Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields.

Key inputs: Discount rates, valuation multiples, dividend growth, foreign exchange rates.

Liabilities

Other financial liabilities: Valuation technique - Earnings multiples, dividend yields

Key inputs - Valuation multiples, dividend growth

31 OTHER LEGAL AND REGULATORY REQUIREMENTS

As part of an internal restructuring 75% owned subsidiary Vunani Resources (Pty) Ltd. (hereinafter referred to as Vunani Resources) sold and transferred the assets and liabilities of its commodity trading division to a newly formed company previously called Ingwecron (renamed to Anatrica SA (Pty) Ltd, hereinafter referred to as Anatrica), in terms of a sale of business agreement, effective 1 March 2020 ("Sale of Business Agreement").

The rationale for the Sale of Business Agreement was to separate the coal trading activities which remain housed under Vunani Resources and the boron and agriculture trading activities which are now housed under Anatrica.

In order for the consideration in respect of the sale of an income earning activity to be subject to VAT at 0% (section 11(1)(e)(cc) of the VAT Act) it must be stated as such and recorded in writing at the time of conclusion of the agreement. The Sale of Business Agreement omitted to state that the sale of the commodity trading division was sold as a going concern, or words to such effect.

Even though the divisions had been disposed of, VR aggregated its VAT 201 submissions to SARS with the transactions from the boron and agriculture divisions. By aggregating the transactions in the VR VAT 201, the VAT input claimed by VR from Anatrica's transactions would not be allowed and would become payable by VR to SARS, which could result in penalties and interest.

During the financial period the Vunani Resources coal trading division entered into a barter transaction with one of its suppliers in which no disclosures were made in the VAT 201 submissions as management believed that the transaction had a nil VAT effect. The VAT Act, however, requires such barter transactions to be disclosed in the submissions (in terms of both the input VAT and output VAT positions).

VR is exposed to 10% late payment penalty, interest and potential understatement penalties. The estimated total liability to SARS is R11.8 million. Vunani Resources has provided for the VAT liability, which is included in trade and other payables, and the corresponding receivable is included in trade and other receivables. The net impact on the statement of financial position as at 28 February 2021 is immaterial.

VR has determined that in order to regularise the Sale of Business Agreement and subsequent transactions as well as the coal barter trade it shall make the appropriate submission to SARS through the SARS Voluntary Disclosure Programme (VDP). Management's estimate of the actual VAT liability is R2 million as most of the stock transferred in terms of the sale of business agreement related to stock held overseas and stock in-transit which is subject to VAT at 0%.

32 GOING CONCERN

The consolidated and separate financial statements have been prepared on a going-concern basis.

The group has recognised a net loss after tax of R13.692 million for the period ended 28 February 2021, and as at that date current assets, fairly valued, exceed current liabilities by R1.889 million.

The board undertook processes to ensure that the going-concern principle applies, which include:

- the group's and company's financial budgets and a 12-month rolling cash flow forecast;
- the performance of underlying business operations and their ability to make a positive contribution to the group's and company's objectives;
- the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and
- the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's and company's working capital requirements.

Management has a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future and that the group and company will extinguish liabilities in the normal course of business at the amounts stated in the consolidated and separate financial statements.

The board is of the view that, based on its knowledge of the group and company, assumptions regarding the outcome of the key processes under way and specific enquiries it has made, the group has adequate resources at their disposal to settle obligations as they fall due and the group and company will continue as going concerns for the foreseeable future.

COVID-19 IMPLICATIONS

The group has been successfully operating with no restrictions and has been able to adjust to the "new normal" of working-from home. The board and management continue to actively engage, communicate and monitor the impact of Covid-19 on the group's businesses to ensure the sustainability of the group given the conceivable adverse consequence on the economy. The group continues to carefully monitor the impact of Covid-19 on its businesses and has put strategic plans in place to ensure minimum disruptions.

Management continue to stringently monitor debtors to ensure the appropriate credit lines are expanded and are focused on cost containment. Given the abovementioned, management believes the company is a going concern and will continue to operate into the foreseeable future.

33 EVENTS AFTER REPORTING DATE

The company listed on Equity Express Securities Exchange ("EESE") on 15 June 2021.

There have been no other material events between the period end and the date of the signing of the results.

GENERAL INFORMATION

Registration number	2019/431743/06
Country of incorporation and country of domicile	Republic of South Africa
Headquarters	Sandton, South Africa
EESE code	VCP
ISIN	ZAEE00000062
Listing date	15 June 2021
Shares in issue at 28 February 2021	161 155 915
Business address and registered office	Vunani House Vunani Office Park 151 Katherine Street Sandown Sandton
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