US Plus (Pty) Ltd
(Registration number 2014/048709/07)
Annual Financial Statements
for the year ended 29 February 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing invoice factoring services to micro, small and medium enterprises
Directors	Leonidas Kirkinis Uys Meyer Frederik de Ridder Gary Thomas Sayers Sarita Martin
Registered office	202 Greenside Quarter 10 Gleneagles Road Greenside Randburg 2193
Business address	202 Greenside Quarter 10 Gleneagles Road Greenside Randburg 2193
Postal address	202 Greenside Quarter 10 Gleneagles Road Greenside Randburg 2193
Bankers	Investec Private Bank First National Bank Sasfin Bank
Auditors	PKF Octagon Incorporated Chartered Accountants (SA) Registered Auditors
Company registration number	2014/048709/07
Tax reference number	9868/700/15/5
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were prepared under the supervision of: L Kirkinis Director
Issued	27 March 2020

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Directors' Responsibilities and Approval

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

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 10 to 49, which have been prepared on the going concern basis, were approved by the board of directors on 27 March 2020 and were signed on their behalf by:

Leonidas Kirkinis
Johannesburg

27 March 2020

PKF OCTAGON

Independent Auditor's Report

To the shareholders of US Plus (Pty) Ltd

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the Financial Statements of US Plus (Pty) Ltd set out on pages 10 to 47, which comprise the Statement of Financial Position as at 29 February 2020, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of US Plus (Pty) Ltd as at 29 February 2020, 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 of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) (IRBA Code (Revised January 2018)), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code (Revised November 2018)) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code (Revised January 2018), the IRBA Code (Revised November 2018) and in accordance with other ethical requirements applicable to performing audits in South Africa. Sections 290 and 291 of the IRBA Code (Revised January 2018) are consistent with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. Parts 1 and 3 of the IRBA Code (Revised November 2018) are consistent with parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Events after the reporting period

We draw attention to notes 5, 6 and 28 in the Financial Statements. Subsequent to 29 February 2020 there has been an escalation in the number of Covid-19 cases resulting in an announcement by President Ramaphosa that a compulsory, temporary national shutdown is required as the next step to help manage the virus spread which will could potentially have a negative impact on South African businesses in general including US Plus (Pty) Ltd. US Plus (Pty) Ltd is principally a financial assistance provider to SMEs and provides an essential service in the maintenance of a healthy economy. In addition, US Plus (Pty) Ltd is practically able to conduct its day-to-day operations, i.e. the processing electronic payment transactions from a virtual environment insulated from the majority of disruption caused by Covid-19. We consider the impact of the temporary national shutdown to be minimal as US Plus (Pty) Ltd has fully written off Trade and other receivables and Other financial assets where there is doubt regarding the recoverability thereof. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 of South Africa and the detailed Risk Adjusted Income Statement, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

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Independent Auditor's Report

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or 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 Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 Financial Statements.

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

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

PKF OCTAGON

Independent Auditor's Report

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 terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Octagon Incorporated has been the auditor of US Plus (Pty) Ltd for 1 year.

PKF Octagon Inc

PKF Octagon Incorporated
Director: H. Schalekamp
Registered Auditor
27 March 2020
Johannesburg

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of US Plus (Pty) Ltd for the year ended 29 February 2020.

1. Incorporation

The company was incorporated on 07 March 2014 and obtained its certificate to commence business on the same day.

2. Nature of business

US Plus (Pty) Ltd was incorporated in South Africa and provides invoice factoring services to micro, small and medium enterprises.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 23.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

During the current year, 5 new ordinary shares were issued to Nicole Gounden and 270 transferred to Vaalbara (Pty) Ltd.

During the prior year, 5 new ordinary shares were issued to Reabetswe Khumbane and 100 ordinary shares transferred to Baleine Capital (Pty) Ltd from AMFAM Invest (Pty) Ltd.

The following shareholding structure of the entity applied at year end:

Baleine Capital (Pty) Ltd	744	(2019: 744)
Helios (Pty) Ltd	1400	(2019: 1400)
Saringwe (Pty) Ltd	0	(2019: 200)
FDR Family Trust	0	(2019: 70)
Liane Marais	30	(2019: 30)
Ryan Cameron	10	(2019: 10)
Mike Chan Wing	5	(2019: 5)
Reabetswe Khumbane	5	(2019: 5)
Nicole Gounden	5	(2019: 0)
Vaalbara (Pty) Ltd	270	(2019: 0)

5. Dividends

No dividends were declared or paid during the year (2019: R Nil).

6. Directorate

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

Directors	Office	Designation	Changes
Leonidas Kirkinis		Executive	
Uys Meyer		Non-executive	
Frederik de Ridder		Non-executive	Appointed 13 February 2020
Gary Thomas Sayers		Executive	Appointed 10 February 2020
Sarita Martin	Chairperson	Non-executive	Appointed 13 February 2020

Directors' Report

7. Corporate Governance

The Board has established an Audit and Risk Committee as well as a Social and Ethics Committee. As at the Reporting Date, the members of both of these committees comprise Sarita Martin (who is the chairman of the Board), Uys Meyer (who is the chairman of the Audit and Risk Committee) and Erik De Ridder (who is the chairman of the Social and Ethics Committee). The executive directors of UsPlus may attend board committee meetings as invitees.

US Plus has completed a register detailing complete King IV compliance which is available on the company's website (https://www.usplus.world/).

8. Events after the reporting period

1) Subsequent to 29 February 2020 there has been an escalation in the impact of Covid-19 on South African businesses in general including UsPlus, resulting in an announcement by President Ramaphosa that a compulsory, temporary national shutdown is required as the next step to help manage the virus spread. Principally, being a financial assistance provider to SMEs, UsPlus provides an essential service in the maintenance of a healthy economy. Furthermore, UsPlus is practically able to conduct its day-to-day operations, i.e. the processing electronic payment transactions from a virtual environment insulated from the majority of disruption caused by Covid-19.

2) The Company has commenced a process listing commercial paper on the JSE under the ZAR1,000 000 000 Domestic Medium Term Note Programme to increase funding reserves whilst diversifying its funding base. The process is nearing completion and remains within planned timelines since the recent announcement since the JSE will remain open during the shutdown. The Company plans to raise R100 million as part of the listing. The company is converting to a Public Company.

3) The company entered into a Forward Foreign Exchange Contract to buy $4 543 953 on 20 April 2020 at a rate of R17.585, this cover was taken to hedge foreign currency exposure as result of volatility in the ZAR Dollar exchange rate after year end.

4) The company has completed a rights issue subsequent to year end raising R7 589 106 of new equity in order to improve the company's balance sheet amidst the COVID -19 pandemic.

The new shareholder structure after the rights issue is as follows:

Baleine Capital (Pty) Ltd	744
Helios (Pty) Ltd	1709
Liane Marais	35
Ryan Cameron	10
Mike Chan Wing	5
Reabetswe Khumbane	5
Nicole Gounden	5
Vaalbara (Pty) Ltd	382

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

9. Going concern

Since year-end, there has been an escalation in the impact of Covid-19 on South African businesses in general including UsPlus, resulting in an announcement by President Ramaphosa that a compulsory, temporary national shutdown is required as the next step to help manage the virus spread. Principally, being a financial assistance provider to SMEs, UsPlus provides an essential service in the maintenance of a healthy economy. Furthermore, UsPlus is practically able to conduct its day-to-day operations, i.e. the processing electronic payment transactions from a virtual environment insulated from the majority of disruption caused by Covid-19. Prior to year-end, UsPlus commenced a process to list commercial paper on the JSE to increase funding reserves while removing foreign exchange exposure. The process is nearing completion and remains within planned timelines since the recent announcement that the JSE will remain open during the shutdown. As a result, UsPlus expects to raise anticipated locally denominated funding as planned and this corporate action will further enable the business to continue as a going concern for at least the ensuing 12 months. As time progresses, we anticipate increased demand for funding from SMEs that are either able to continue operating as essential services or even find positive opportunities in the current environment. This is likely to require a revision of the internal credit-vetting scorecard to adequately assess the changing risk profile, but the overall impact is that UsPlus will continue as a going concern in the foreseeable future.

Directors' Report

10. Auditors

PKF Octagon Incorporated was appointed as the new auditors for the 2020 financial year and will continue in office in accordance with section 90 of the Companies Act, No 71 of 2008.

11. Secretary

The company secretary is Acorim, appointed during the period.

Business address:	13th Floor, Illovo Point 68 Melville Road Illovo Sandton 2196

12. Annual Financial Statements

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2019 comparatives contained in these annual financial statements does not differ from those published in the annual financial statements published for the year ended 28 February 2019.Two years' comparative figures are presented on the face of the Statement of Financial Position in accordance with IFRS 1 and two years' comparative figures are presented on the face of the Statement of Profit or Loss and Other Comprehensive Income and on the Statement of Cash Flows in accordance with the JSE Listings Requirements.

Statement of Financial Position as at 29 February 2020

Figures in Rand	Notes	2020	2019	2018
Assets				
Non-Current Assets				
Property, plant and equipment	3	46 215	79 537	112 547
Other financial assets	6	19 485 177	9 821 728	7 070 783
		19 531 392	**9 901 265**	**7 183 330**
Current Assets				
Loans to shareholders	4	5 121 725	3 184 192	2 367 988
Trade and other receivables	5	86 166 493	65 663 880	48 661 025
Other financial assets	6	219 681	-	-
Current tax receivable		-	302 481	-
Cash and cash equivalents	7	22 128 370	6 590 081	4 034 517
		113 636 269	**75 740 634**	**55 063 530**
Total Assets		**133 167 661**	**85 641 899**	**62 246 860**
Equity and Liabilities				
Equity				
Share capital	8	19 270 221	19 181 116	19 091 830
Retained income		15 730 661	10 515 058	6 242 267
		35 000 882	**29 696 174**	**25 334 097**
Liabilities				
Non-Current Liabilities				
Deferred tax	9	2 484	3 127	1 684
Current Liabilities				
Trade and other payables	10	693 745	264 099	28 688
Loans from shareholders	11	6 069 218	3 863 843	3 548 377
Other financial liabilities	12	91 209 594	51 814 656	33 001 428
Current tax payable		191 738	-	332 586
		98 164 295	**55 942 598**	**36 911 079**
Total Liabilities		**98 166 779**	**55 945 725**	**36 912 763**
Total Equity and Liabilities		**133 167 661**	**85 641 899**	**62 246 860**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2020	2019	2018
Revenue	13	458 437 679	505 841 551	495 962 521
Cost of sales	14	(430 942 203)	(484 294 751)	(480 343 040)
Gross profit		**27 495 476**	**21 546 800**	**15 619 481**
Other income	15	10 635 478	2 789 908	972 784
Other operating losses	16	(9 044 871)	(3 445 578)	1 619 342
Movement in credit loss allowances	17	(15 593 077)	(7 981 834)	(7 883 252)
Operating expenses		(972 117)	(2 451 791)	(2 109 852)
Operating profit	17	**12 520 889**	**10 457 505**	**8 218 503**
Investment revenue	18	2 532 067	1 474 205	506 579
Finance costs	19	(7 804 533)	(5 987 554)	(3 200 348)
Profit before taxation		**7 248 423**	**5 944 156**	**5 524 734**
Taxation	20	(2 032 820)	(1 671 365)	(1 555 557)
Profit for the year		**5 215 603**	**4 272 791**	**3 969 177**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**5 215 603**	**4 272 791**	**3 969 177**

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 March 2018	**19 091 830**	**6 242 267**	**25 334 097**
Profit for the year	-	4 272 791	4 272 791
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**4 272 791**	**4 272 791**
Proceeds of shares issued	89 286	-	89 286
Total contributions by and distributions to owners of company recognised directly in equity	**89 286**	**-**	**89 286**
Balance at 01 March 2019	**19 181 116**	**10 515 058**	**29 696 174**
Profit for the year	-	5 215 603	5 215 603
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**5 215 603**	**5 215 603**
Issue of shares	89 105	-	89 105
Total contributions by and distributions to owners of company recognised directly in equity	**89 105**	**-**	**89 105**
Balance at 29 February 2020	**19 270 221**	**15 730 661**	**35 000 882**
Note	8		

Statement of Cash Flows

Figures in Rand	Notes	2020	2019	2018
Cash flows from operating activities				
Cash used in operations	21	(4 679 058)	(6 268 232)	(35 045 168)
Interest income		2 532 067	1 474 205	168 084
Finance costs		(7 804 533)	(5 987 554)	(1 801 602)
Tax paid	22	(1 539 244)	(2 304 989)	(1 195 040)
Net cash from operating activities		**(11 490 768)**	**(13 086 570)**	**(37 873 726)**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(10 769)	(8 697)	(22 078)
Sale of property, plant and equipment	3	-	-	1
Advance of other financial assets		(12 712 059)	(2 750 945)	(3 888 000)
Loans advanced to shareholders		(1 937 533)	(816 204)	-
Net cash from investing activities		**(14 660 361)**	**(3 575 846)**	**(3 910 077)**
Cash flows from financing activities				
Proceeds on share issue	8	89 105	89 286	7 941 830
Proceeds from other financial liabilities		39 394 938	18 813 228	40 619 056
Repayment of other financial liabilities		-	-	(14 719 411)
Proceeds from shareholders loans		2 205 375	315 466	1 750 000
Repayment of shareholders loans		-	-	(2 554 573)
Net cash from financing activities		**41 689 418**	**19 217 980**	**33 036 902**
Total cash movement for the year		**15 538 289**	**2 555 564**	**(8 746 901)**
Cash at the beginning of the year		6 590 081	4 034 517	12 781 418
Total cash at end of the year	7	**22 128 370**	**6 590 081**	**4 034 517**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 24 First-time adoption of International Financial Reporting Standards.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on 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 estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Taxation

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

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

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

Accounting Policies

1.3 Property, plant and equipment (continued)

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

Accounting Policies

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

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

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

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

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable and trade and other receivables

Classification

Loans to shareholders (note 4), other financial assets (note 6) and trade and other receivables (note 5), excluding VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

Accounting Policies

1.4 Financial instruments (continued)

Impairment

Loans receivable:
The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Trade and other receivables:
The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding deposits, employee costs in advance, other receivable, VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

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

Measurement and recognition of expected credit losses

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

Loans receivable:
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 17).

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables:
The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 5.

At year-end an impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables. The impairment loss is included in operating expenses in profit or loss as a write off (note 17).

Write off policy

The company writes off a loan or receivable when there is information indicating that an instrument is defective and cannot be replaced, the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans and receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Borrowings, loans from related parties and trade and other payables

Classification

Loans from shareholders (note 11), other financial liabilities (note 12) and trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Accounting Policies

1.4 Financial instruments (continued)

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

Accounting Policies

1.6 Leases (continued)

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

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 17) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

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

Ordinary shares are classified as equity.

Accounting Policies

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.10 Provisions and contingencies

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

1.11 Revenue from contracts with customers

Revenue will be recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The entity recognises revenue by applying the steps:
- identify the contract with a customer;
- identify the performance obligation in the contract;
- determine the transfer price;
- allocate the transaction price to the performance obligation in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Discount revenue recognised at the commencement of the contracts as revenue is deferred and recognised as and when the performance obligation are satisfied over time.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 16 Leases	01 January 2019	No impact as leases are short-term

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2021	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2020			2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
IT equipment	57 233	(46 406)	10 827	57 233	(34 960)	22 273	48 535	(24 385)	24 150
Furniture and fixtures	71 468	(42 005)	29 463	60 700	(30 319)	30 381	60 700	(18 179)	42 521
Office equipment	94 965	(89 040)	5 925	94 965	(68 082)	26 883	94 965	(49 089)	45 876
Total	**223 666**	**(177 451)**	**46 215**	**212 898**	**(133 361)**	**79 537**	**204 200**	**(91 653)**	**112 547**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
IT equipment	22 273	-	(11 446)	10 827
Furniture and fixtures	30 381	10 769	(11 687)	29 463
Office equipment	26 883	-	(20 958)	5 925
	79 537	**10 769**	**(44 091)**	**46 215**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
IT equipment	24 150	8 697	(10 574)	22 273
Furniture and fixtures	42 521	-	(12 140)	30 381
Office equipment	45 876	-	(18 993)	26 883
	112 547	**8 697**	**(41 707)**	**79 537**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
IT equipment	33 857	-	-	(9 707)	24 150
Furniture and fixtures	28 157	22 078	-	(7 714)	42 521
Office equipment	68 125	-	(3 256)	(18 993)	45 876
	130 139	**22 078**	**(3 256)**	**(36 414)**	**112 547**

Registers with details of assets are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

4. Loans to shareholders

	2020	2019	2018
Liane Marais	3 547 894	2 598 234	1 838 166
Mike Chan Wing	-	35 725	42 396
Reabetswe Khumbane	367 638	61 991	15 000
Ryan Cameron	898 523	488 242	472 426
Nicole Gouden	307 670	-	-
The loans earn interest at the South African Revenue Services official rate of interest. The current rate is 7.25%. These loans will be settled by annual profit share.			
The annual profit share structure is based on approved principals and are subject to review by the shareholders at their sole discretion on an annual basis.			
	5 121 725	**3 184 192**	**2 367 988**

Split between non-current and current portions

	2020	2019	2018
Current assets	5 121 725	3 184 192	2 367 988

Exposure to credit risk

Loans to shareholders inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Loans to shareholders are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans to shareholders is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the shareholders as well as the future prospects in the industries in which the shareholders operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount as presented below. The company does not hold collateral or other credit enhancements against loans to shareholders.

Notes to the Annual Financial Statements

4. Loans to shareholders (continued)

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined internally because external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit impaired)
In default	There is evidence that the asset is credit impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

Notes to the Annual Financial Statements

4. Loans to shareholders (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans to shareholders by credit rating grade:

2020

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Liane Marais	N/A	Performing	12m ECL	3 547 894	-	3 547 894
Reabetswe Khumbane	N/A	Performing	12m ECL	367 638	-	367 638
Ryan Cameron	N/A	Performing	12m ECL	898 523	-	898 523
Nicole Gounden	N/A	Performing	12m ECL	307 670	-	307 670
				5 121 725	**-**	**5 121 725**

2019

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Liane Marais	N/A	Performing	12m ECL	2 598 234	-	2 598 234
Mike Chan Wing	N/A	Performing	12m ECL	35 725	-	35 725
Reabetswe Khumbane	N/A	Performing	12m ECL	61 991	-	61 991
Ryan Cameron	N/A	Performing	12m ECL	488 242	-	488 242
				3 184 192	**-**	**3 184 192**

Notes to the Annual Financial Statements

4. Loans to shareholders (continued)

2018

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Liane Marais	N/A	Performing	12m ECL	1 838 166	-	1 838 166
Mike Chan Wing	N/A	Performing	12m ECL	42 396	-	42 396
Reabetswe Khumbane	N/A	Performing	12m ECL	15 000	-	15 000
Ryan Cameron	N/A	Performing	12m ECL	472 426	-	472 426
				2 367 988	**-**	**2 367 988**

No external credit ratings or rating agency indicators were applied as it was not deemed applicable to the company.

Reconciliation of loss allowances

No credit loss allowance was raised as management assessed it to be immaterial.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

5. Trade and other receivables

Financial instruments:			
Trade receivables	85 583 299	65 623 890	48 563 777
Deposits	14 500	14 500	14 500
Employee costs in advance	5 937	-	12 000
Other receivable	13 517	17 675	9 419
Non-financial instruments:			
VAT	-	7 815	61 329
Prepayments	549 240	-	-
Total trade and other receivables	**86 166 493**	**65 663 880**	**48 661 025**

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	85 617 253	65 656 065	48 599 696
Non-financial instruments	549 240	7 815	61 329
	86 166 493	**65 663 880**	**48 661 025**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. At year-end the amount of the loss allowance is written off in full.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2020	**2020**	**2019**	**2019**	**2018**	**2018**
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Invoices not at risk: 0% (2019: 0%; 2018: 0%)	85 583 299	-	65 623 890	-	48 563 777	-

Trade receivables are disclosed net of impaired and fully written of receivables of R15 939 455 (2019:13 810 726; 2018: R8 638 655)

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018
6. Other financial assets			
Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:			
Convertible Debenture A	8 644 946	1 517 793	-
The debenture has a coupon rate of 15%, is redeemable on 31 January 2023 and can be settled by issue of ordinary shares, which when divided by the total number of ordinary shares in issues, will be 15%.			
Convertible Debenture B	2 666 045	2 500 000	-
The debenture has a coupon rate of 12.5%, is redeemable on 31 January 2022 and can be settled in full by issue of ordinary shares, which when divided by the total number of ordinary shares in issues, will be 5% upon the occurrence of a triggering event (an equity raise by the company, a liquidity event, change in control of the company and redemption date) before expiration or termination of the instrument.			
Convertible Debenture C	-	2 436 159	2 101 331
The loan bears interest at 15% per annum and is repayable on or before 31 May 2019. It includes an embedded call option whereby the company can, at its sole discretion, obtain a variable number of ordinary shares in the borrower.			
The loan was written off during the year.			
Convertible Debenture D	8 175 186	3 164 921	4 214 656
The loan bears interest at 15% per annum and is repayable on or before 31 January 2022. It includes an embedded call option whereby the company can, at its sole discretion, obtain a variable number of ordinary shares in the borrower.			
Leonidas Kirkinis	-	-	496 919
Frederik de Ridder	218 681	202 855	257 877
The loan earns interest at the South African Revenue Services official rate of interest. The current rate is 7.25%. The loan is repayable on or before the end of February 2021.			
	19 704 858	**9 821 728**	**7 070 783**

Split between non-current and current portions

Non-current assets	19 485 177	9 821 728	7 070 783
Current assets	219 681	-	-
	19 704 858	**9 821 728**	**7 070 783**

Exposure to credit risk

Other financial assets inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Notes to the Annual Financial Statements

6. Other financial assets (continued)

Other financial assets are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for other financial assets is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit impaired)
In default	There is evidence that the asset is credit impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

Notes to the Annual Financial Statements

6. Other financial assets (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for other financial assets by credit rating grade:

2020

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Convertible Debenture A	N/A	Performing	12m ECL	8 644 946	-	8 644 946
Convertible Debenture B	N/A	Performing	12m ECL	2 666 045	-	2 666 045
Convertible Debenture D	N/A	Performing	12m ECL	8 175 186	-	8 175 186
Frederik de Ridder	N/A	Performing	12m ECL	218 681	-	218 681
				19 704 858	**-**	**19 704 858**

2019

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Convertible Debenture A	N/A	Performing	12m ECL	1 517 793	-	1 517 793
Convertible Debenture B	N/A	Performing	12m ECL	2 500 000	-	2 500 000
Convertible Debenture C	N/A	Performing	12m ECL	2 436 159	-	2 436 159
Convertible Debenture D	N/A	Performing	12m ECL	3 164 921	-	3 164 921
Frederik de Ridder	N/A	Performing	12m ECL	202 855	-	202 855
				9 821 728	**-**	**9 821 728**

Notes to the Annual Financial Statements

6. Other financial assets (continued)

2018

Instrument	External credit rating (where applicable)	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Convertible Debenture C	N/A	Performing	12m ECL	2 101 331	-	2 101 331
Convertible Debenture D	N/A	Performing	12m ECL	4 214 656	-	4 214 656
Leonidas Kirkinis	N/A	Performing	12m ECL	496 919	-	496 919
Frederik de Ridder	N/A	Performing	12m ECL	257 877	-	257 877
				7 070 783	**-**	**7 070 783**

No external credit ratings or rating agency indicators were applied as it was not deemed applicable to the company.

Reconciliation of loss allowances

No credit loss allowance was raised as management assessed it to be immaterial.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	22 128 370	6 590 081	4 034 517

8. Share capital

Authorised			
4 000 Ordinary No Par Value Shares	4 000	4 000	4 000
Reconciliation of number of shares issued:			
Reported as at 01 March	2 464	2 459	2 015
Issue of shares – ordinary shares	5	5	444
	2 469	**2 464**	**2 459**

1 531 issued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued			
Ordinary	19 270 221	19 181 116	19 091 830

9. Deferred tax

Deferred tax liability

Fixed assets	(2 484)	(3 127)	(1 684)

Reconciliation of deferred tax liability

At beginning of the year	(3 127)	(1 684)	21 764
Temporary difference movement on tangible fixed assets	643	(1 443)	(1 684)
Temporary difference movement on provision for bad debts	-	-	(21 764)
	(2 484)	**(3 127)**	**(1 684)**

10. Trade and other payables

Financial instruments:			
Trade payables	-	-	24 774
Sundry payables	(2 079)	2 078	3 914
Accrued expenses	173 000	130 000	-
Non-purchase refundable invoices	523 050	-	-
Non-financial instruments:			
Payroll accruals	(2 019)	132 021	-
VAT	1 793	-	-
	693 745	**264 099**	**28 688**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018
11. Loans from shareholders			
Vaalbara Proprietary Limited	2 219 500	1 938 692	1 692 982
Mike Chan Wing	3 849 718	1 925 151	1 855 395
The loans are unsecured and earns interest at prime plus 3.5% compounded monthly. There are no fixed terms of repayment of the loans.			
	6 069 218	**3 863 843**	**3 548 377**
Split between non-current and current portions			
Current liabilities	6 069 218	3 863 843	3 548 377
12. Other financial liabilities			
Held at amortised cost			
Revolving Credit Facility	73 154 120	43 824 908	26 356 456
The revolving credit facility is denominated in US Dollar and is secured by cession by the company of its rights, title and interest in and to cash amounts of a number of its bank accounts and a pledge of contract debtors in favour of an International Debt Impact Fund.			
The facility is limited to $5 000 000 of which $4 543 953 was utilised and $456 047 remains unutilised as at 29 February 2020. In terms of the agreement with an International Debt Impact Fund, the company can use the unutilised facility to refinance the maturing Utilisation.			
Interest rate is payable monthly on the revolving credit facility at 3% above the US Federal Reserve Bank Prime Loan Rate.			
Leonidas Kirkinis	7 807 670	7 942 685	6 644 972
The loan is unsecured, earns interest at prime plus 3.5% compounded monthly and is not freely transferable in terms of the Companies Act, No. 71 of 2008.			
Corinne Kirkinis	-	25 000	-
Cynthia Cellar	-	22 063	-
The loans were unsecured, bore no interest and had no fixed terms of repayment. The loans were repaid during the current year.			
African Dream Trust The loan is unsecured and earns interest at prime plus 3.5% compounded monthly. The loan is repayable at the end of May 2020.	247 804	-	-
Saringwe Proprietary Limited The loan is unsecured and earns interest at prime plus 5.5% compounded monthly. The loan is repayable at the end of August 2020.	10 000 000	-	-
	91 209 594	**51 814 656**	**33 001 428**
Split between non-current and current portions			
Current liabilities	91 209 594	51 814 656	33 001 428

Notes to the Annual Financial Statements

Figures in Rand		2020	2019	2018
13. Revenue				
Revenue from contracts with customers				
Rendering of services		458 437 679	505 841 551	495 962 521
Timing of revenue recognition				
Over time				
Rendering of services		458 437 679	505 841 551	495 962 521
14. Cost of sales				
Cost of invoices factored		430 942 203	484 294 751	480 343 040
15. Other income				
Administration and management fees received		-	-	800
Bad debts recovered		10 635 478	2 789 908	971 984
		10 635 478	**2 789 908**	**972 784**
16. Other operating losses				
Losses on disposals				
Property, plant and equipment	3	-	-	(3 255)
Foreign exchange losses (gains)				
Net foreign exchange (losses) gains		(9 044 871)	(3 445 578)	1 622 597
Total other operating (losses) gains		**(9 044 871)**	**(3 445 578)**	**1 619 342**

17. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	2020	2019	2018
Auditor's remuneration - external			
Audit fees	150 000	253 591	125 356
Employee costs			
Salaries, wages, bonuses and other benefits	134 767	1 427 000	1 156 908
Leases			
Operating lease charges			
Premises	222 636	225 602	224 469
Depreciation			
Depreciation of property, plant and equipment	44 091	41 707	36 414
Movement in credit loss allowances			
Trade and other receivables	12 764 148	7 981 834	7 883 252
Other financial assets	2 828 929	-	-
	15 593 077	**7 981 834**	**7 883 252**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

18. Investment revenue

Interest revenue			
Bank	984 776	1 122 111	372 934
Other interest	1 547 291	352 094	133 645
	2 532 067	**1 474 205**	**506 579**

19. Finance costs

Debenture interest accrual	-	-	378 182
Other interest paid	7 804 533	5 987 554	2 822 166
Total finance costs	**7 804 533**	**5 987 554**	**3 200 348**

20. Taxation

Major components of the tax expense

Current taxation			
South African normal tax- current year	2 033 463	1 669 922	1 532 109
Deferred taxation			
South African deferred tax- current year	(643)	1 443	23 448
	2 032 820	**1 671 365**	**1 555 557**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	7 248 423	5 944 156	5 524 734
Tax at the applicable tax rate of 28% (2019: 28%)	2 029 558	1 664 364	1 546 926
Tax effect of adjustments on taxable income			
SARS interest and penalties	-	7 268	-
Deferred tax on wear and tear	(643)	(267)	-
Fines income	-	-	8 631
Adjustment of deferred tax prior year	3 905	-	-
	2 032 820	**1 671 365**	**1 555 557**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

21. Cash used in operations

Profit before taxation	7 248 423	5 944 156	5 524 734
Adjustments for:			
Depreciation	44 091	41 707	36 414
Losses on disposals, scrappings and settlements of assets and liabilities	-	-	3 255
Interest received	(2 532 067)	(1 474 205)	(506 579)
Finance costs	7 804 533	5 987 554	3 200 348
Net impairments and movements in credit loss allowances	15 593 077	7 981 834	-
Gain on foreign exchange	-	-	(1 681 429)
Movement in accruals for expenses	-	-	(303 589)
Profit share accrued to key management	-	-	895 065
Changes in working capital:			
Trade and other receivables	(33 266 761)	(24 984 689)	(41 318 683)
Trade and other payables	429 646	235 411	(894 704)
	(4 679 058)	**(6 268 232)**	**(35 045 168)**

22. Tax paid

Balance at beginning of the year	302 481	(332 586)	4 483
Current tax for the year recognised in profit or loss	(2 033 463)	(1 669 922)	(1 532 109)
Balance at end of the year	191 738	(302 481)	332 586
	(1 539 244)	**(2 304 989)**	**(1 195 040)**

23. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	**Cash flows**	**Closing balance**
Other financial liabilities	51 814 656	39 394 938	91 209 594
Loans from shareholders	3 863 843	2 205 375	6 069 218
Total liabilities from financing activities	**55 678 499**	**41 600 313**	**97 278 812**

Reconciliation of liabilities arising from financing activities - 2019

	Opening balance	**Cash flows**	**Closing balance**
Other financial liabilities	33 001 428	18 813 228	51 814 656
Loans from shareholders	3 548 377	315 466	3 863 843
Total liabilities from financing activities	**36 549 805**	**19 128 694**	**55 678 499**

Reconciliation of liabilities arising from financing activities - 2018

	Opening balance	**Cash flows**	**Closing balance**
Other financial liabilities	7 101 783	25 899 645	33 001 428
Loans from shareholders	4 352 950	(804 573)	3 548 377
Total liabilities from financing activities	**11 454 733**	**25 095 072**	**36 549 805**

Figures in Rand	2020	2019	2018

24. First-time adoption of International Financial Reporting Standards

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2019 comparatives contained in these annual financial statements does not differ from those published in the annual financial statements published for the year ended 28 February 2019.

The date of transition was 01 March 2019.

25. Related parties

Relationships

Shareholders	Liane Marais
	Mike Chan Wing
	Ryan Cameron
	Reabetswe Khumbane
	Belaine Capital (Pty) Ltd
	Helios (Pty) Ltd
	Nicole Gounden
	Vaalbara (Pty) Ltd
Members of key management	Leonidas Kirkinis
	Ryan Cameron
	Reabetswe Khumbane
	Mike Chan Wing
	Frederik de Ridder
	Liane Marais
	Nicole Gounden
	Uys Meyer
	Gary Thomas Sayers
	Sarita Martin
Close family member of key management	Corinne Kirkinis

Related party balances

Loan accounts - Owing (to) by related parties			
Liane Marais	3 547 894	2 598 234	1 838 166
Mike Chan Wing	-	35 725	42 396
Reabetswe Khumbane	367 638	61 991	15 000
Ryan Cameron	898 523	488 242	472 426
Frederik de Ridder	218 681	202 855	257 877
Nicole Gounden	307 670	-	-
Vaalbara (Pty) Ltd	(2 219 500)	(1 938 692)	(1 692 982)
Mike Chan Wing	(3 849 718)	(1 925 151)	(1 855 395)
Saringwe Proprietary Limited	(10 000 000)	-	-
African Dream Trust	(247 804)	-	-
Leonidas Kirkinis	(7 807 670)	(7 942 685)	(6 148 053)
Cynthia Cellar	-	(22 063)	-
Corinne Kirkinis	-	(25 000)	-
Gordon Schachat	-	(36 621)	-

Figures in Rand	2020	2019	2018

25. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties			
Baleine Capital (Pty) Ltd	-	-	378 182
Liane Marais	(229 660)	(173 005)	(113 283)
Gordon Schachat	-	766 486	-
Ryan Cameron	(50 280)	(47 898)	(36 187)
Frederik de Ridder	(15 826)	(24 018)	(20 172)
FDR Family Trust	-	245 711	165 516
Mike Chan Wing	351 455	253 336	128 705
Leonidas Kirkinis	1 099 920	954 753	25 481
Reabetswe Khumbane	(15 647)	(7 654)	-
Nicole Gouden	(6 565)	-	-
African Dream Trust	10 804	-	-
Saringwe Proprietary Limited	783 221	-	134 108
Vaalbara (Pty) Ltd	280 808	-	-
Compensation paid to key management			
Profit share	-	1 350 000	1 156 908

26. Directors' emoluments

Executive

2020

	Profit share	Total
Leonidas Kirkinis	-	-

2019

	Profit share	Total
Leonidas Kirkinis	300 000	300 000

2018

	Emoluments	Total
Leonidas Kirkinis	221 381	221 381

27. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Notes	Amortised cost	Total	Fair value
Loans to shareholders	4	5 121 725	5 121 725	5 121 725
Other financial assets	6	19 704 858	19 704 858	19 704 858
Trade and other receivables	5	85 617 253	85 617 253	85 617 253
Cash and cash equivalents	7	22 128 370	22 128 370	22 128 370
		132 572 206	**132 572 206**	**132 572 206**

Notes to the Annual Financial Statements

27. Financial instruments and risk management (continued)

2019

	Notes	Amortised cost	Total	Fair value
Loans to shareholders	4	3 184 192	3 184 192	3 184 192
Other financial assets	6	9 821 728	9 821 728	9 821 728
Trade and other receivables	5	65 656 065	65 656 065	65 656 065
Cash and cash equivalents	7	6 590 081	6 590 081	6 590 081
		85 252 066	**85 252 066**	**85 252 066**

2018

	Notes	Amortised cost	Total	Fair value
Loans to shareholders	4	2 367 988	2 367 988	2 367 988
Other financial assets	6	7 070 783	7 070 783	7 070 783
Trade and other receivables	5	48 599 696	48 599 696	48 599 696
Cash and cash equivalents	7	4 034 517	4 034 517	4 034 517
		62 072 984	**62 072 984**	**62 072 984**

Categories of financial liabilities

2020

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	693 971	693 971	693 971
Loans from shareholders	11	6 069 218	6 069 218	6 069 218
Other financial liabilities	12	91 209 594	91 209 594	91 209 594
		97 972 783	**97 972 783**	**97 972 783**

2019

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	132 078	132 078	132 078
Loans from shareholders	11	3 863 843	3 863 843	3 863 843
Other financial liabilities	12	51 814 656	51 814 656	51 814 656
		55 810 577	**55 810 577**	**55 810 577**

2018

	Notes	Amortised cost	Total	Fair value
Trade and other payables	10	28 688	28 688	28 688
Loans from shareholders	11	3 548 377	3 548 377	3 548 377
Other financial liabilities	12	33 001 428	33 001 428	33 001 428
		36 578 493	**36 578 493**	**36 578 493**

Notes to the Annual Financial Statements

27. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2020

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Interest revenue	18	2 532 067	2 532 067
Movement in credit loss allowances	17	(15 593 077)	(15 593 077)
Net gains (losses)		**(13 061 010)**	**(13 061 010)**

2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Interest revenue	18	1 474 205	1 474 205
Movement in credit loss allowances	17	(7 981 834)	(7 981 834)
Net gains (losses)		**(6 507 629)**	**(6 507 629)**

2018

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Interest revenue	18	506 579	506 579
Movement in credit loss allowances	17	(7 883 252)	(7 883 252)
Net gains (losses)		**(7 376 673)**	**(7 376 673)**

Gains and losses on financial liabilities

2020

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	19	(7 804 533)	(7 804 533)

27. Financial instruments and risk management (continued)

2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	19	(5 987 554)	(5 987 554)

2018

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	19	(3 200 348)	(3 200 348)

Capital risk management

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

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

Loans from shareholders	11	6 069 218	3 863 843	3 548 377
Other financial liabilities	12	91 209 594	51 814 656	33 001 428
Trade and other payables	10	693 745	264 099	28 688
Total borrowings		**97 972 557**	**55 942 598**	**36 578 493**
Cash and cash equivalents	7	(22 128 370)	(6 590 081)	(4 034 517)
Net borrowings		**75 844 187**	**49 352 517**	**32 543 976**
Equity		35 000 881	29 696 174	25 334 097
Gearing ratio		217 %	166 %	128 %

Financial risk management

Credit risk

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

The company is exposed to credit risk on loans to shareholders, other financial assets, trade and other receivables and cash and cash equivalents.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Notes to the Annual Financial Statements

27. Financial instruments and risk management (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default. When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

Notes to the Annual Financial Statements

27. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

	2020			2019			2018		
	Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to shareholders	5 121 725	-	5 121 725	3 184 192	-	3 184 192	2 367 988	-	2 367 988
Other financial assets	19 704 858	-	19 704 858	9 821 728	-	9 821 728	7 070 783	-	7 070 783
Trade and other receivables	85 617 253	-	85 617 253	65 656 065	-	65 656 065	48 599 696	-	48 599 696
Cash and cash equivalents	22 128 370	-	22 128 370	6 590 081	-	6 590 081	4 034 517	-	4 034 517
	132 572 206	**-**	**132 572 206**	**85 252 066**	**-**	**85 252 066**	**62 072 984**	**-**	**62 072 984**

Notes to the Annual Financial Statements

27. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

2020

	Less than 1 year	Total	Carrying amount
Current liabilities			
Loans from shareholders	6 069 218	6 069 218	6 069 218
Trade and other payables	693 971	693 971	693 971
Other financial liabilities	91 209 594	91 209 594	91 209 594
	97 972 783	**97 972 783**	**97 972 783**

2019

	Less than 1 year	Total	Carrying amount
Current liabilities			
Loans from shareholders	3 863 843	3 863 843	3 863 843
Trade and other payables	132 078	132 078	132 078
Other financial liabilities	51 814 656	51 814 656	51 814 656
	55 810 577	**55 810 577**	**55 810 577**

2018

	Less than 1 year	Total	Carrying amount
Current liabilities			
Loans from shareholders	3 548 377	3 548 377	3 548 377
Trade and other payables	28 688	28 688	28 688
Other financial liabilities	33 001 428	33 001 428	33 001 428
	36 578 493	**36 578 493**	**36 578 493**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

27. Financial instruments and risk management (continued)

Foreign currency risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from recognised assets and liabilities.

At 29 February 2020, if the currency had weakened/strengthened by 1% against the US Dollar with all other variables held constant, post-tax profit for the year would have been R 731 203 (2019: R 422 666; 2018: R 266 134) lower/higher, mainly as a result of foreign exchange gains or losses on translation of US Dollar denominated liabilities.

Foreign currency exposure at the end of the reporting period

	2020	2019	2018
Liabilities			
Other financial liabilities: $4 543 954 (2019: $3 127 015; 2018: $2 150 000)	73 154 120	43 824 908	26 356 456

Exchange rates

The following closing exchange rates were applied at reporting date:

	2020	2019	2018
US Dollar	16.091	14.010	12.260

Interest rate risk

At 29 February 2020, if interest rates on floating rate assets and borrowings had been 0.25% higher/lower with all other variables held constant, profit for the year would have been R 224 618 (2019: R 130 572; 2018: R83 574) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019	2018

28. Events after the reporting period

1) Subsequent to 29 February 2020 there has been an escalation in the impact of Covid-19 on South African businesses in general including UsPlus, resulting in an announcement by President Ramaphosa that a compulsory, temporary national shutdown is required as the next step to help manage the virus spread. Principally, being a financial assistance provider to SMEs, UsPlus provides an essential service in the maintenance of a healthy economy. Furthermore, UsPlus is practically able to conduct its day-to-day operations, i.e. the processing electronic payment transactions from a virtual environment insulated from the majority of disruption caused by Covid-19.

2) The Company has commenced a process listing commercial paper on the JSE under the ZAR1,000 000 000 Domestic Medium Term Note Programme to increase funding reserves whilst diversifying its funding base. The process is nearing completion and remains within planned timelines since the recent announcement since the JSE will remain open during the shutdown. The Company plans to raise R100 million as part of the listing. The company is converting to a Public Company.

3) The company entered into a Forward Foreign Exchange Contract to buy $4 543 953 on 20 April 2020 at a rate of R17.585, this cover was taken to hedge foreign currency exposure as result of volatility in the ZAR Dollar exchange rate after year end.

4) The company has completed a rights issue subsequent to year end raising R7 589 106 of new equity in order to improve the company's balance sheet amidst the COVID -19 pandemic.

The new shareholder structure after the rights issue is as follows:

Baleine Capital (Pty) Ltd	744
Helios (Pty) Ltd	1709
Liane Marais	35
Ryan Cameron	10
Mike Chan Wing	5
Reabetswe Khumbane	5
Nicole Gounden	5
Vaalbara (Pty) Ltd	382

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Risk Adjusted Income Statement

Figures in Rand	Notes	2020	2019	2018
Revenue	13	**458 437 679**	**505 841 551**	**495 962 521**
Cost of sales	14	**(430 942 203)**	**(484 294 751)**	**(480 343 040)**
Discount revenue		**27 495 476**	**21 546 800**	**15 619 481**
Administration and management fees received		-	-	800
Bad debts recovered		10 635 478	2 789 908	971 984
Movement in credit loss allowance		(15 593 077)	(7 981 834)	(7 883 252)
Risk adjusted income		**22 537 877**	**16 354 874**	**8 709 013**
Investment revenue	18	2 532 067	1 474 205	506 579
Gross income		**25 069 944**	**17 829 079**	**9 215 592**
Other operating losses				
Losses on disposal of assets or settlement of liabilities		-	-	(3 255)
Expenses (Refer to page 49)		**(972 117)**	**(2 451 791)**	**(2 109 852)**
Operating profit	17	**24 097 827**	**15 377 288**	**7 102 485**
Finance costs	19	(7 804 533)	(5 987 554)	(3 200 348)
Loss on exchange differences		(9 044 871)	(3 445 578)	1 622 597
		(16 849 404)	**(9 433 132)**	**(1 577 751)**
Profit before taxation		**7 248 423**	**5 944 156**	**5 524 734**
Taxation	20	(2 032 820)	(1 671 365)	(1 555 557)
Profit for the year		**5 215 603**	**4 272 791**	**3 969 177**

Risk Adjusted Income Statement

Figures in Rand	Note(s)	2020	2019	2018
Operating expenses				
Accounting fees		(36 272)	(27 561)	(6 615)
Administration and management fees		(390)	(50)	(132)
Auditors remuneration		(150 000)	(253 591)	(125 356)
Bank charges		15 317	(25 675)	(14 308)
Cleaning		(19 683)	(19 415)	(17 075)
Commission paid		(3 943)	(6 343)	(4 768)
Computer expenses		(228 887)	(174 435)	(230 373)
Consulting and professional fees		(4 770)	(40 660)	(133 900)
Credit Bureau Fees		(9 786)	(8 067)	-
Depreciation		(44 091)	(41 707)	(36 414)
Employee costs		(134 767)	(1 427 000)	(1 156 908)
Entertainment		(450)	(500)	(3 777)
Fines and penalties		-	(16 603)	(2 926)
General expenses		(1 800)	-	-
Lease rentals on operating lease		(222 636)	(225 602)	(224 469)
Legal expenses		(114 232)	(169 709)	(122 440)
Plants		-	-	(3 479)
Postage		-	(1 720)	-
Repairs and maintenance		-	(3 248)	-
Security		(8 551)	(6 734)	(6 220)
Telephone and fax		-	-	(1 035)
Travel - local		(7 176)	(3 171)	-
Travel - overseas		-	-	(19 657)
		(972 117)	**(2 451 791)**	**(2 109 852)**

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