CAPRICORN CAPITAL (PROPRIETARY) LIMITED

Registration number: 2007/433

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022

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COMPANY INFORMATION

Registration number:	2007/433
Registered address:	Capricorn Group Building Kasino Street Windhoek, Namibia
Postal address:	PO Box 15 Windhoek, Namibia
Country of incorporation:	Namibia
Auditors:	PricewaterhouseCoopers
Attorneys:	Dr Weder Kauta & Hoveka Inc
Bankers:	Bank Windhoek Limited First National Bank South Africa
Company Secretary:	H.G. von Ludwiger
Directors:	M.J. Prinsloo (appointed 27 April 2017) B.R. Hans (appointed 8 May 2018) J.J. Esterhuyse (resigned 28 February 2022) D.G Fourie (appointed 23 August 2019)
Nature of operations and principal activities:	Corporate and specialist finance advisory services

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTOR

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Capricorn Capital (Proprietary) Limited.

The financial statements presented on pages 5 to 22 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future. The viability of the company is supported by the financial statements.

The financial statements have been audited by the independent auditing firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders and the board of directors. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on pages 2 to 4.

The financial statements set out on pages 5 to 22 were approved and authorised for issue by the board of directors on 15 August 2022 and are signed on its behalf.

A directors' report is not presented as the company is a wholly owned subsidiary of Capricorn Group Limited, a company incorporated in the Republic of Namibia.

Director

Director

Independent auditor's report

To the Members of Capricorn Capital (Proprietary) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Capricorn Capital (Proprietary) Limited (the Company) as at 30 June 2022, 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 of Namibia.

What we have audited

Capricorn Capital (Proprietary) Limited's financial statements set out on pages 5 to 22 comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

PricewaterhouseCoopers , Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T:+ 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com.na

Country Senior Partner: Chantell N Husselmann
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Capricorn Capital (Proprietary) Limited Annual Financial Statements for the year ended 30 June 2022". The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.

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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
Date: 15 August 2022

CAPRICORN CAPITAL (PROPRIETARY) LIMITED

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2022

	Notes	2022 N$	2021 N$
Revenue	5	**14,854,062**	9,558,059
Operating expenses	6	**(12,469,197)**	(9,336,822)
Other income	7	**4,003**	841
Profit before income tax		**2,388,868**	222,078
Income tax expense	9	**(2,016,759)**	(16,604)
Profit for the year		**372,109**	205,474
Total comprehensive income for the year		**372,109**	205,474

CAPRICORN CAPITAL (PROPRIETARY) LIMITED

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STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Notes	2022 N$	2021 N$
ASSETS			
Non-current assets			
Property, plant and equipment	10	**1,172**	35,214
Deferred tax	11	**7,430,898**	9,447,657
		7,432,070	9,482,871
Current assets			
Trade and other receivables	12	**471,473**	4,285,685
Cash and cash equivalents	13	**3,129,317**	566,678
		3,600,790	4,852,363
Total assets		**11,032,860**	14,335,234
EQUITY			
Capital and reserves attributable to equity holder			
Share capital	14	**3,800**	3,800
Share premium	14	**96,200**	96,200
Accumulated loss		**(19,466,079)**	(19,838,188)
Total equity		**(19,366,079)**	(19,738,188)
LIABILITIES			
Current liabilities			
Trade and other payables	15	**635,610**	1,964,793
Loans from group companies	16	**29,763,329**	32,108,629
		30,398,939	34,073,422
Total equity and liabilities		**11,032,860**	14,335,234

CAPRICORN CAPITAL (PROPRIETARY) LIMITED

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STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2022

	Share capital N$	Share premium N$	Accumulated loss N$	Total equity N$
Balance at 1 July 2020	3,800	96,200	(20,043,662)	(19,943,662)
Total comprehensive income for the year	-	-	205,474	205,474
Balance at 30 June 2021	3,800	96,200	(19,838,188)	(19,738,188)
Balance at 1 July 2021	**3,800**	**96,200**	**(19,838,188)**	**(19,738,188)**
Total comprehensive income for the year	**-**	**-**	**372,109**	**372,109**
Balance at 30 June 2022	**3,800**	**96,200**	**(19,466,079)**	**(19,366,079)**
Note	14	14		

CAPRICORN CAPITAL (PROPRIETARY) LIMITED

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STATEMENT OF CASH FLOWS
for the year ended 30 June 2022

	Notes	2022 N$	2021 N$
Cash flows from operating activities			
Profit before income tax		**2,388,868**	222,078
Adjusted for:			
Non cash items and adjustments disclosed separately:			
Depreciation	10	**8,339**	22,739
Loss on disposal of property, plant and equipment	6	**6,267**	47,094
Interest income	7	**(4,003)**	(841)
Movements in working capital	17	**2,485,029**	(6,094,192)
Cash flows generated from / (utilised in) operating activities		**4,884,500**	(5,803,122)
Interest income	7	**4,003**	841
Net cash generated from / (utilised in) operating activities		**4,888,503**	(5,802,281)
Cash flows from investing activities			
Disposal of property, plant and equipment	10	**19,436**	75,680
Net cash generated from investing activities		**19,436**	75,680
Cash flows from financing activities			
Repayment of related party loans	16	**(3,000,000)**	-
Proceeds from related party loans	16	**654,700**	6,004,549
Net cash (utilised in) / generated from financing activities		**(2,345,300)**	6,004,549
Net increase in cash and cash equivalents		**2,562,639**	277,948
Cash and cash equivalents at beginning of year		**566,678**	288,730
Cash and cash equivalents at end of year	13	**3,129,317**	566,678

1. Summary of 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 a 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 of Namibia.

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 Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

1.2 Financial instruments

1.2.1 Measurement methods
Amortised cost and effective interest
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider the expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income
Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a part to the contractual provisions of the instrument.

At initial recognition, the group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

1.2 Financial instruments (continued)

1.2.1 Measurement methods (continued)

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference immediately when the fair value is based on quoted price in an active market for an identical asset of liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

1.2.2 Financial assets

(i) Classification and subsequent measurement
The company has applied IFRS 9 and classifies its financial assets in the following measurement categories:
• Fair value through profit or loss (FVPL); or
• Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Debt and debt instruments for the company consists of cash and cash equivalents.

Equity instruments
Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The company does not have any such instruments.

(ii) Impairment
The company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments. The company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by using the transition matrix methodology;
• The time value of money; and
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

1.2.3 Financial liabilities

(i) Classification and subsequent measurement
In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

(ii) Derecognition
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

1.3 Tax

(a) Current income tax
Income tax payable / (receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense / (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

Where the company has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

The company does not offset current income tax liabilities and current income tax assets.

b) Deferred tax
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognised as an asset to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

1.4 Cash and cash equivalents

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

1.5 Provisions

(a) Pension obligations
The company operates a defined contribution plan. The plan is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity.

The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company provides no other post-retirement benefits to their retirees.

(b) Leave pay provision
Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the reporting date.

(c) Severance pay provision:
Capricorn Capital (Pty) Ltd is also committed, by legislation to make payments (or provide other benefits) to employees when it terminates their employment as is required by the Labour Act 11 of 2007. The implications of the new Act are that severance pay has to be paid to all employees when:
a) The employee is dismissed under certain circumstances;
b) dies while employed; or
c) reaches the age of 65.

Based on the above it is clear that Capricorn Capital (Pty) Ltd has an obligation, however, this balance is immaterial. Therefore no provision for severance pay is included in the statement of financial position.

(d) Performance bonuses
The company recognises a liability and an expense for bonuses, based on the approved budget for performance bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.6 Revenue from contracts with customers

The company recognises revenue from consulting services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue as the services are rendered from retainer fees over time and revenue from mandates at a specific point in time.

Interest income is recognised on a time-proportion basis, taking account of the principle outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Dividends are recognised when the right to receive payment is established.

1.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established on an expected credit loss basis.

The entity applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

1.8 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Share capital

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. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.10 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Furniture and fittings	8 years
- Computer equipment	3-5 years
- Office equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statements of financial position. The residual values of property, plant and equipment are deemed to be negligible.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2. Standards and interpretations issued

2.1 Standards and interpretations issued, effective for the first time during the current year

Standards and interpretations issued affecting amounts reported and disclosures in the current year.

	Impact	**Effective date**
Amendments to IFRS 9 'Financial instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosure', IFRS 4 'Insurance contracts and IFRS 16 'Leases' - Interest rate benchmark reform		
Interest rate benchmark reform phase 2: The amendments to IAS 39, IFRS 7 and IFRS 9, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. • The amendments enable (and require) entities to continue hedge accounting in the circumstances when changes arise because of the IBOR reform by requiring companies to amend their heding relationship to reflect: Designating an alternative benchmark rate as the hedged risk; changing the description of the hedged item, including the designated portion, and changing the description of how the entity would assess hedge effectiveness. • The amendment to IFRS 7 requires an entity to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform. • The amendments to IFRS 9 enable an entity to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.	No impact	Annual periods commencing on or after 1 January 2021 Adoption date by the company: 1 July 2021

Amendments to IFRS 16 'Leases'

Interest rate benchmark reform phase 2: The amendment enables an entity to apply a practical expedient to account for a lease modification required by the IBOR reform.	No impact	Annual periods commencing on or after 1 January 2021 Adoption date by the company: 1 July 2021

2. Standards and interpretations issued (continued)

2.2 Standards and interpretations issued but not yet effective during the reporting period

	Expected impact	**Effective date**
IFRS 17 'Insurance contracts		
The IASB issued IFRS 17 'Insurance contracts' and thereby started an epoch of accounting for insurers. Whereas the current standards, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on the financial statements and key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation of the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	The standard is not expected to have a material impact on the company.	Mandatory for financial years commencing on or after 1 January 2023 Expected date of adoption by the company: 1 July 2023

3. Financial risk management

The company's activities expose it to a variety of financial risks: cash flow interest rate risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company does not use derivative financial instruments to hedge risk exposures.

The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

3.1 Market risk

Cash flow and fair value interest rate risk
As part of managing interest rate exposure, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Currently, the company is not exposed to interest rate risk.

The company is not exposed to price risk.

Foreign currency risk
The company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The company is is not exposed to foreign currency exchange rate risk at year-end.

3.2 Credit risk

The company only deposits short-term cash surpluses with major banks of high credit standing (Bank Windhoek Limited: A1+ rating; First National Bank South Africa: A1+ rating) and, by policy, limits the amounts of credit exposure to any one financial institution.

The majority of trade receivables are with subsidiaries of Capricorn Group, including Bank Windhoek and Bank Gaborone, which has a credit rating of A1+, and are also related parties. Risks relating to customers are evaluated by management on an ongoing basis.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3.2.1 Maximum exposure to credit risk before collateral held or other credit enhancements

	Gross carrying amount	Credit loss allowance	Amortised cost
	N$	N$	N$
2022			
Cash and cash equivalents	**3,129,317**	**-**	**3,129,317**
Trade and other receivables*	**198,750**	**-**	**198,750**
	3,328,067	**-**	**3,328,067**
2021			
Cash and cash equivalents	566,678	-	566,678
Trade and other receivables*	4,089,696	-	4,089,696
	4,656,374	-	4,656,374

The above table represents a worst case scenario of credit risk exposure to the company on financial assets at 30 June 2022 and 30 June 2021 without taking account of any collateral held or other credit enhancements attached.

* Trade and other receivables exclude amounts for VAT

3. Financial risk management (continued)

3.2 Credit risk (continued)

3.2.2 Financial assets at amortised cost classification

	2022 N$	2021 N$
Neither past due nor impaired	**3 328 067**	4 656 374
Individually impaired	**-**	-
Gross	**3 328 067**	4 656 374
Less: allowance for impairment	**-**	-
Net	**3 328 067**	4 656 374

Financial assets which are neither past due nor impaired consists of cash and bank balances with banks with A1+ ratings, as well as receivables which are not past due and on which no issues with regards to recovery have been noted in the past.

3.2.3 Credit risk concentration by statement of financial position line item

	Financial instruments at amortised cost	TOTAL
As at 30 June 2022		
FINANCIAL ASSETS		
Cash and cash equivalents	**3 129 317**	**3 129 317**
Trade and other receivables*	**198 750**	**198 750**
Total assets	**3 328 067**	**3 328 067**
FINANCIAL LIABILITIES		
Trade and other payables**	**89 230**	**89 230**
Loans from group companies	**29 763 329**	**29 763 329**
Total liabilities	**29 852 559**	**29 852 559**
As at 30 June 2021		
FINANCIAL ASSETS		
Cash and cash equivalents	566 678	566 678
Trade and other receivables*	4 089 696	4 089 696
Total assets	4 656 374	4 656 374
FINANCIAL LIABILITIES		
Trade and other payables**	690 135	690 135
Loans from group companies	32 108 629	32 108 629
Total liabilities	32 798 764	32 798 764

* Trade and other receivables exclude amounts for VAT
** Trade and other payables exclude amounts for provisions

3. Financial risk management (continued)

3.3 Liquidity risk

The company has minimised its risk of liquidity by ensuring that it has adequate banking facilities and reserve borrowing capacity. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

	Within 1 year	Contractual cash flow
Maturity profile of financial instruments	**N$**	**N$**
As at 30 June 2022		
Financial assets		
Cash and cash equivalents	**3,129,317**	**3,129,317**
Trade and other receivables*	**198,750**	**198,750**
	3,328,067	**3,328,067**
Financial liabilities		
Trade and other payables**	**89,230**	**89 230**
Loans from group companies	**29,763,329**	**29 763 329**
	29,852,559	**29,852,559**
As at 30 June 2021		
Financial assets		
Cash and cash equivalents	566,678	566,678
Trade and other receivables*	4,089,696	4,089,696
	4,656,374	4,656,374
Financial liabilities		
Trade and other payables**	690,135	690,135
Loans from group companies	32,108,629	32,108,629
	32,798,764	32,798,764

* Trade and other receivables exclude amounts for VAT
** Trade and other payables exclude amounts for provisions

3.4. Fair value

In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at each date of the statement of financial position. For financial assets and liabilities with a maturity of less than one year, the carrying values are assumed to approximate their fair values.

3.5 Capital risk management

The company's objective in capital risk management is to maintain a balance between optimizing shareholder's return, as well as to ensure the company is able to operate efficiently in the foreseeable future, which includes operating with an acceptable level of gearing. In order for this balance to be maintained, the company determines the dividends to be paid to the shareholders, issue new shares or sell assets to reduce debt.

There were no major changes in the capital structure of the company.

4. Critical accounting estimates and judgements

4.1 Critical judgement in applying the company's accounting policy
In the process of applying the company's accounting policy, management has not made any significant judgements that have a significant effect on the amounts recognised in the financial statements.

4.2 Critical accounting estimates and judgements
There have been no critical estimates or judgements made which may have a significant effect on the financial statements.

	2022 N$	2021 N$
5. Revenue		
Disaggregation of revenue from contracts with customers:		
- Namibia	**2,717,500**	828,200
- South Africa	**12,136,562**	8,729,859
	14,854,062	9,558,059
Timing of revenue recognition:		
- At a point in time	**12,754,062**	4,824,059
- Over time	**2,100,000**	4,734,000
	14,854,062	9,558,059

6. Operating expenses

	2022 N$	2021 N$
The following items have been charged in arriving at operating profit:		
Audit fees	**27,103**	25,936
Consulting fees	**8,088,718**	3,197,765
Depreciation	**8,339**	22,739
Loss on sale of property, plant and equipment	**6,267**	47,094
Office expense	**6,947**	81,378
Rental expenses	**-**	87,952
Staff costs (refer note 8)	**3,825,880**	5,391,384
Travelling	**54,245**	19,674
Non-claimable taxes	**346,803**	-
Staff transfer costs	**-**	200,000
Other	**104,895**	262,900
	12,469,197	9,336,822

7. Other income

	2022 N$	2021 N$
Interest income	**4,003**	841
	4,003	841

8. Staff costs

	2022 N$	2021 N$
Salaries and wages	**3,651,576**	4,903,899
Medical aid contributions	**65,104**	215,685
Pension contributions	**109,200**	271,800
	3,825,880	5,391,384

9. Income tax expense

	2022 N$	2021 N$
Deferred tax		
- current year	**2,016,759**	16,604
	2,016,759	16,604
Total tax expense	**2,016,759**	16,604

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022 N$	2021 N$
Profit before income tax	**2,388,868**	222,078
Tax at the applicable tax rate of 32%	**764,438**	71,065
Effect of different tax rates in countries in which the company operates	**(52,991)**	(54,461)
Prior period deferred tax adjustment	**1,305,312**	-
Total tax charge for the year	**2,016,759**	16,604

	Furniture & fittings N$	Computer equipment N$	Office equipment N$	Total N$
10. Property, plant and equipment				
Year end 30 June 2022				
Cost				
Cost at 1 July 2021	**-**	**58,891**	**4,998**	**63,889**
Additions	-	-	-	-
Disposals	**-**	**(58,891)**	**(2,499)**	**(61,390)**
Cost at 30 June 2022	**-**	**-**	**2,499**	**2,499**
Accumulated depreciation				
Depreciation at 1 July 2021	**-**	**26,723**	**1,952**	**28,675**
Charge for the period	**-**	**7,707**	**632**	**8,339**
Disposals	**-**	**(34,430)**	**(1,257)**	**(35,687)**
Accumulated depreciation at 30 June 2022	**-**	**-**	**1,327**	**1,327**
Net book value at 30 June 2022	**-**	**-**	**1,172**	**1,172**
Year end 30 June 2021				
Cost				
Cost at 1 July 2020	35,881	69,652	124,644	230,177
Additions	-	-	-	-
Disposals	(35,881)	(10,761)	(119,646)	(166,288)
Cost at 30 June 2021	-	58,891	4,998	63,889
Accumulated depreciation				
Depreciation at 1 July 2020	6,751	17,464	25,235	49,450
Charge for the period	2,723	13,932	6,084	22,739
Disposals	(9,474)	(4,673)	(29,367)	(43,514)
Accumulated depreciation at 30 June 2021	-	26,723	1,952	28,675
Net book value at 30 June 2021	-	32,168	3,046	35,214

11. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method.

	2022 N$	2021 N$
Deferred tax asset		
- Calculated tax loss	**7,378,789**	9,340,560
- Payroll accruals	**52,484**	118,364
	7,431,273	9,458,924
Deferred tax liability		
- Property, plant and equipment	**(375)**	(11,267)
	(375)	(11,267)
Net deferred tax asset/(liability)	**7,430,898**	9,447,657
The movement on the deferred tax account is as follows:		
At beginning of year	**9,447,657**	9,464,261
Adjustment of opening balance accumulated loss on assessment	**(1,105,254)**	-
Calculated tax loss	**(856,517)**	156,703
Temporary differences on payroll accruals	**(65,880)**	(190,959)
Temporary differences on property, plant and equipment	**10,892**	17,652
At end of year	**7,430,898**	9,447,657

A deferred tax asset has been raised as management is of the opinion that future taxable profits will be generated against which the accumulated tax losses can be utilised. Accumulated calculated tax losses available against future taxable income at year-end amounts to N$20,500,465 in Namibia and R2,923,718 in South Africa. Assessed tax losses for 30 June 2021 amounts to N$21,579,991 in Namibia and R3,985,225 in South Africa.

	2022 N$	2021 N$
12. Trade and other receivables		
Financial instruments:		
Trade receivables	**198,750**	4,089,696
Loss allowance	**-**	-
Trade receivables at amortised cost	**198,750**	4,089,696
Non-financial instruments:		
VAT	**272,723**	195,989
Sundry deposits	**-**	-
Sundry debtors	**-**	-
	471,473	4,285,685

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.

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:

	2022	
	Estimated gross carrying amount at default	**Loss allowance (lifetime expected credit losses)**
Not past due: 0 %	-	-
Total	-	-

	2021	
	Estimated gross carrying amount at default	**Loss allowance (lifetime expected credit losses)**
Not past due: 0 %	-	-
Total	-	-

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Entity has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL for the entity was assessed to be immaterial and therfore no provision was made.

Classification as trade and other receivables:

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

	2022 N$	2021 N$

13. Cash and cash equivalents

	2022 N$	2021 N$
Current bank accounts:		
- Bank Windhoek Limited	**38,965**	31,048
- First National Bank of South Africa Limited	**3,090,352**	535,630
	3,129,317	566,678

14. Share capital

Share capital
Authorised:

	2022 N$	2021 N$
4,000 ordinary shares of N$1 each	**4,000**	4,000
Issued:		
3,800 (2021: 3,800) ordinary shares of N$1 each	**3,800**	3,800
Share premium	**96,200**	96,200
	100,000	100,000

Unissued shares
Share capital and share premium
All the unissued shares are under the control of the directors in terms of a general authority to allot and issue them on such terms and conditions and at such time as they deem fit. This authority expires at the forthcoming annual general meeting, where upon the authority can be renewed.

15. Trade and other payables

	2022 N$	2021 N$
Accruals	**10,841**	904,771
Payroll accruals	**535,539**	369,887
Trade creditors	**89,230**	690,135
	635,610	1,964,793

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

16. Loans from group companies

	2022 N$	2021 N$
Capricorn Group Limited	**29,763,329**	32,108,629
	29,763,329	32,108,629

The loan does not carry any interest and is repayable on demand. The shareholder has subordinated this loan in order for the company to settle its obligations as they fall due.

17. Working capital movements

	2022 N$	2021 N$
Decrease / (increase) in trade and other receivables	**3,814,212**	(2,441,375)
Decrease in trade and other payables	**(1,329,183)**	(3,652,817)
Working capital movements	**2,485,029**	(6,094,192)

18. Related party transactions

The company is controlled by the ultimate holding company Capricorn Group Limited, incorporated in Namibia, which owns 100% of the enterprise's ordinary shares. Bank Windhoek Ltd, Capricorn Asset Management (Pty) Ltd and Bank Gaborone Limited are subsidiaries of Capricorn Group Limited, fellow subsidiaries of the company. Peo Finance (Pty) Ltd (previously Peo Micro (Pty) Ltd) is a subsdiairy of Capricorn Investment Holdings Botswana, a subsidiary of Capricorn Group. All related party transactions are conducted at normal terms of trade.

The following directors and their close family members are also related parties of the entity:
M.J. Prinsloo
B.R. Hans
D.G. Fourie

	2022 N$	2021 N$
18.1 Bank balances with related parties		
Bank Windhoek Limited - bank	**38,965**	31,048
18.2 Loan balances with related parties		
Capricorn Group Limited	**29,763,329**	32,108,629
18.3 Payables balances with related parties		
Bank Windhoek Limited	**-**	35,603
18.4 Receivables balances with related parties		
Bank Gaborone	**-**	1,395,691
Peo Finance	**-**	1,500,000
18.5 Expenses paid to related parties		
Capricorn Group - accounting fees	**-**	165,932
Capricorn Group - consulting fees	**492,869**	263,043
Bank Windhoek - legal fees	**107,250**	-
18.6 Key management compensation		
Salaries and other short-term benefits	**4,925,486**	3,665,000

No directors' emoluments were paid during the year.

19. Going concern

The financial statements are prepared on the assumption of going concern. However, the company has suffered losses in the past, and as a result, the company is in a net liability position of N$19.4 million (2021: N$19.7 million) while accumulated losses are N$19.5 million (2021: N$19.8 million) as at 30 June 2022.

Notwithstanding the above, the directors are of the opinion that the company is a going concern on the basis of the following:

1. The loan from the company's only shareholder, Capricorn Group Limited, of N$29.8 million (2021: N$32.1 million) as per note 16 has been subordinated;
2. The company does not have material creditors other than the subordinated loan from its shareholder as per note 16.
3. The company has been in profitable position for the past two years, and cash flow and profit forecasts shows that the company will remain profitable by 30 June 2023. Cash flows for the past two years have also been positive.
4. The company will receive continued support from Capricorn Group Limited, it shareholder, as has been the case in the past by means of the subordinated loan until such time as the assets of the company exceeds its liabilities.

20. Events after the reporting period

No events that could materially affect the fair presentation of the financial statements took place between the end of the reporting period and the approval of the annual financial statements.