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

Level of Assurance

1. Level of assurance

These Annual Financial Statements have been audited in compliance with the International Standards of Auditing. The preparation of the annual financial statements was supervised by:

G Hope CA(SA)
Chief Financial Officer

2. Preparer

Dylan Kohler Professional Accountant (SA)
Consultant

Audit and Risk Committee Report

Introduction

The Audit Committee ("the Committee") has pleasure in submitting its report, as required by section 94 of the Companies Act, 2008, as amended, and by the JSE Listings Requirements. The Committee acts for Afdawn Group of companies and is accountable to the Shareholders and the Board. It operates within its documented charter and complies with all relevant legislation, regulation and executes its duties in terms of substantially all the King IV requirements.

The Committee was appointed by the AGM on the 7 August 2019.

Committee report

The Committee continues to focus on ensuring effective operation, through sound control and compliance. In the period under review the Committee has focused its attention on the critical risks facing the Group and sustainability of the Group. It has been another difficult year and cash flow was a particular problem with the directors assisting the Group to remain liquid. The Group does not have an internal audit function and the policy is to obtain external specialists to review areas of concern.

The Committee has reviewed the going concern assessment on which the Board has confirmed that it concludes that the Group and the Company are both going concerns. The Committee agrees that this conclusion is appropriate and that the basis of accounting for the Group and the Company as a going concern is appropriate.

The Committee has reviewed the Key Audit Matters in the Auditors report and confirm that they agree with the issues that have been raised.

1. Purpose

The main purpose of the Committee is to assist the Board in the oversight of:

- the integrity of the financial statements;
- the effectiveness of internal control over financial reporting;
- independence and qualification of the independent registered auditor;
- the Company's compliance with legal and regulatory requirements;
- approving the expertise of the financial director; and
- review of the Key Audit Matters and confirm that they concur with the issues the Committee believe are important

2. Composition of the Committee

The members of the Committee are all independent non-executive directors of the group and include:

Name	Qualification
Ms HH Hickey *	CA(SA)
Ms V Lessing	
Mr SM Roper	CA(SA)
Mr B Stagman**	CA(SA)

' Ms HH Hickey resigned as a member on 31 August 2019

** Mr B Stagman was appointed as a member on 30 October 2019

The Committee meetings were attended by invitees throughout the period. All the directors were invited to attend the meetings. The financial director was required to attend. The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of 2008 and Regulation 42 of the Companies Regulation, 2011.

3. Meetings held by the Committee

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. The Committee held three meetings during the period. The attendance of the meetings is set out below:

	Meeting dates		
	24 May 2019	**20 November 2019**	**14 February 2020**
Ms HH Hickey*	Yes	N/A	N/A
Ms V Lessing	Yes	Yes	Yes
Mr SM Roper (Chair)**	Yes	Yes	Yes
Mr B Stagman***	N/A	Yes	Yes

* Ms HH Hickey was chair until she resigned as a member on 31 August 2019

** Mr SM Roper was appointed chair of the Committee on 20 November 2019
*** Mr B Stagman was appointed as a member on 30 October 2019

4. External auditor

The Committee satisfied to continue with Mazars who were appointed in the prior year and has satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements. The information obtained included the latest inspection reports, decisions letters and remedial actions to address IRBA's findings on Mazars and the individual audit partner as well as a summary as approved by the audit firm's head of risk, of internal monitoring review procedures performed, conclusions drawn, together with a description of significant deficiencies and steps taken to resolve or amend them. Based on the review of these documents the audit committee is satisfied with the quality of the work performed by the external auditors.

The audit partner and designated auditor, Mr Jaco Cronje, and the firm are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. The Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved for the 2020 financial year end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. The Committee has a non-audit services policy which determines the nature and extent of any non-audit services which Mazars may provide to the Company. The policy allows for limited tax and corporate governance advice.

The appointment of Mazars as auditor will be tabled as a resolution at the annual general meeting of African Dawn pursuant to Section 61(8) of the Companies Act.

5. Financial statements

The Committee has evaluated the group financial statements for the year ended 29 February 2020 and, based on the information provided, considers that the Group complies in all material respects, with the requirements of the Companies Act, International Financial Reporting Standards (IFRS) and the Listing Requirements of the JSE. The requirements of King IV are continuously being assessed and compliance therewith being improved on. The Group substantially complies with the requirements of King IV except in respect of those principles highlighted in the corporate governance report. The King IV requirements will be reviewed in the coming year.

The disruptions caused by COVID-19 and the resultant lock down had the effect that the preparation and audit of the financial results had to be delayed. Extension was accordingly granted by the JSE to finalise and publish the provisional results by 31 August 2020 and the Notice of AGM and AFS to be distributed to shareholders by 30 September 2020.

6. Accounting practices and internal control

Based on the available and communicated information, together with discussions with the independent external auditor, the Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The Committee reviewed the auditor's management letter and can report that there are no material issues requiring immediate additional attention. The value added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

7. Financial director

The Committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements that the financial director has the appropriate expertise and experience.

The Committee has also evaluated the financial capability of the finance team and believes that the appropriate skill, expertise and experience resides in the financial function.

8. Company Secretary

The Committee has evaluated the Company Secretary and are satisfied that the level of the secretary's experience, expertise and independence is in line with JSE requirements.

On behalf of the Committee.

SM ROPER
Chair Audit Committee Johannesburg

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group 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 Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of 2008. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the Johannesburg Stock Exchange ("JSE") Listings Requirements, the requirements of the South African Companies Act and Financial reporting pronouncements as issued by the Financial Reporting Standards Council. The financial statements are prepared using appropriate accounting policies which are 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 Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group 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 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 auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 10 to 13.

The directors hereby confirm that

(a) the annual financial statements set out on pages 15 to 57, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. "

The financial statements have been prepared on the going concern basis (refer to note 1.18 accounting policies), were approved by the board on 31 August 2020 and were signed on its behalf by:

DS Danker

G Hope

Johannesburg

31 August 2020

Group Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act of 2008

Statucor

COMPLIANCE • GOVERNANCE • SECRETARIAL

AFRICAN DAWN CAPITAL LIMITED
REGISTRATION NUMBER: 1998/020520/06

REPORT BY THE COMPANY SECRETARY

We, in our capacity as Company Secretary, hereby certify, in terms of S88(2)(e) of the Companies Act, 71 of 2008, as amended (the Act), that for the year ended 29 February 2020, the Company has lodged with the Commissioner all such returns as are required in terms of the Act, and that all such returns are, to the best of our knowledge and belief, true, correct and up to date.

....
COMPANY SECRETARY
STATUCOR (PTY) LTD
Per: A Rich

31 August 2020

JOHANNESBURG
Wanderers Office Park
52 Corlett Drive, Illovo 2196
Private Bag X60500
Houghton, 2041

PRETORIA
Summit Place Office Park, 221
Garsfontein Road, Building 5, 2nd floor, Menlyn, Pretoria
PO Box 95436, Waterkloof, 0145

DURBAN
Rydallviews Building, 5A Rydall Vale Office Park, 38 Douglas Saunders Drive, La Lucia Ridge, 4051
PO Box 47, la Lucia, 4153

CAPE TOWN
6th Floor, 119 – 123 Hertzog Boulevard, Foreshore,
Cape Town, 8001
PO Box 2275
Cape Town, 8000

Directors: HN Bhaga Muljee • AS Moosa • AJ Rich • L van der Westhuizen
Statucor (Pty) Ltd - Registration number: 1989/005394/07

T +27 (0) 11 488 1888 • E info@statucor.co.za • www.statucor.co.za

Directors' Report

The directors have pleasure in submitting their report on the financial statements of African Dawn Capital Limited and subsidiaries for the year ended 29 February 2020.

1. Review of activities

General information

Nature of business

Afdawn was formed in 1998 as a micro finance company which, following its listing on the Alternative Exchange of the JSE in 2004, grew into a niche finance provider. The Group, through its wholly owned subsidiaries, Elite and Elite Two, provides unsecured personal loans (micro finance) and provides online consulting to entrepreneurs, investors and advisors through its online YueDiligence platform.

Group details

The Group's place of domicile and country of incorporation is the Republic of South Africa and it has an AltX listing on the JSE Limited.

The registered office and principal place of business is: 3rd floor The Village at horizon, Cnr Sonop & Ontdekkers Road Horizon View, Gauteng 1724.

Information relating to the subsidiaries of the company is in note 5 of the financial statements.

Review of operations

The operating results and the state of affairs of the Group are fully set out in the attached statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the notes thereto.

The Group's loss attributable to shareholders amounted to (R10.35)million (2019: (R9.4)million). The Net (Liability)/Asset Value decreased to (R2.9million) (2019: R6.6 million). The Company's loss amounted to (R9.9) million (2019:(R3.9m). Net Asset Value of the company decreased to R7.7million (2019: R 16.8million).

Covid-19 started to affect South Africa after the financial year end and before the financial statement authorisation date. The effect of the pandemic is still being assessed for any financial effect. Operations have been affected by the lockdown instated by the SA government but branches have been re-opened in compliance with the lockdown regulations for further details refer to note 31 events after the reporting period.

2. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 29 February 2020, the group and company had accumulated losses of Group R327 million (2019: R316.7 million), Company R316.4 million (2019: R306.5 million) and that the total liabilities exceed its assets by R2,9 million for the group.

The directors have considered the possible impacts that Covid-19 may have on the ability of the company to continue as a going concern and conclude that the company remains a going concern given a range of possible future impacts which Covid-19 may have on the income as well as expenditure in the next reporting period. The impacts already noted as a result of Covid-19 are also included in this assessment. Refer to note 31 for further details.

The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in the table referred to in note 1.18 significant judgement of the financial statements.

3. Major transactions, events and disclosure changes

The major transactions and events during the year were:

- Related party transactions note 26 of the financial statements
- Specific Issue of Share for cash note 12 of the financial statements

4. Events after the reporting period

For events after the reporting period. Refer to note 31 of the financial statements.

5. Directors

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

Directors	Office	Designation
J Slabbert	Chairperson ^	Non – executive
WJ Groenewald	Chief Executive Officer (CEO) *	Executive
DS Danker	Chief Executive Officer (CEO) #	Executive
G Hope	Chief Financial Officer (CFO)	Executive
V Lessing	Chairman remunerations committee	Independent non-executive
SM Roper	Chair audit committee	Independent non-executive
B Stagman @		Independent non-executive
HH Hickey	Chair audit committee*	Independent non-executive

^ J Slabbert took up the role of Executive Chairman and CEO with effect from 1 September 2019 with a special dispensation from the JSE ("Johannesburg Stock Exchange"), on 10 October 2019 resigned as CEO and became Non-executive Chairman.
* WJ Groenewald and HH Hickey both resigned as directors on 31 August 2019.
# DS Danker joined as director and CEO on 10 October 2019.
@ B Stagman was appointed a Non-executive director on 30 October 2019.

6. Meetings held by the board

Member	2019/05/24	2019/08/22	2019/11/20
J Slabbert	Yes	Yes	Yes
HH Hickey	Yes	Yes	N/A
V Lessing	Yes	Yes	Yes
SM Roper	Yes	Yes	Yes
WJ Groenewald	Yes	Yes	N/A
G Hope	Yes	Yes	Yes
DS Danker	N/A	N/A	Yes
B Stagman	N/A	N/A	Yes

7. Directors' interests in shares

As at 29 February 2020, the directors of the company held direct and indirect beneficial interests in 55.2% (2019: 57.6%) of its issued ordinary shares, as set out below.

Interests in shares

	2020 Direct	2019 Direct	2020 Indirect	2019 Indirect
J Slabbert #	-	-	26,800,000	26,800,000
WJ Groenewald	3,952	3,952	1,151,240	1,151,240
G Hope	58,750	58,750	-	-
Shares held by associates of directors	-	-	114,102	81,292
	62,702	62,702	28,065,342	28,032,532

At the date of this report, the directors of the company held direct and indirect beneficial interests in the company as indicated per the table below:

2020	Direct	Indirect	Total	% Held
J Slabbert #	-	26,800,000	26,800,000	52.6
WJ Groenewald	3,952	1,151,240	1,155,192	2.3
G Hope	58,750	-	58,750	0.1
Shares held by associates of directors	-	114,102	114,102	0.2
	62,702	**28,065,342**	28,128,044	55.2

J Slabbert's shareholding is held indirectly through Arvesco 153 Proprietary Limited.

There was no change in the director's interest between year end and the date of this report.

8. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

9. Special resolutions

The special resolutions set out below were passed at the Annual General Meeting ("AGM") held on 7 August 2019 and the General Meeting ("GM") held on 20 November 2019.

- Non-executive directors' fees
- Loans or other financial assistance to inter-related companies within the Group
- Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company
- Share repurchase by the company and its subsidiaries

10. Auditors

We will recommend to the shareholders that Mazars will continue in office as auditors of Afdawn in terms of the Companies Act of 2008.

11. Secretary

The independent company secretary at the year-end is Statucor (Pty) Ltd whose address is as follows:

2nd floor, Block D
The Boulevard Office Park
Searle Street
Woodstock
7925

12. Dividends

No dividends were declared or paid to shareholders' during the period Rnil (2019: Rnil).

13. Shares

Refer to note 12 of the financial statements for details on additional shares issued during the current financial year.

14. Registered Office

3RD Floor,
The Village at Horizon,
Corner of Sonop and Ontdekkers Roads,
Horizon View
1724
Gauteng

MAZARS

Independent Auditor's Report

To the Shareholders of African Dawn Capital Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of African Dawn Capital Limited (the group and company) set out on pages 15 to 57 which comprise the statements of financial position as at 29 February 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 29 February 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group 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)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) 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 Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1.18 in the consolidated and separate financial statements, which indicates that the group incurred a net loss of R10,35 million (2019: R9,39 million) and that the company incurred a net loss of R9,92 million (2019: R3,92 million) during the year ended 29 February 2020. As at that date, the group's total liabilities exceed its total assets by R2,902 million.

Since the reporting date, the World Health Organisation declared COVID-19 as a pandemic. In forming our opinion on the consolidated and separate financial statements, which is not modified in respect of this matter, we draw your attention to the group directors' view on the impact of COVID-19 as disclosed in Note 31. The group has assessed the impact of COVID-19 on the consolidated and separate financial statements and considered the potential impact on the business. Since COVID-19 is highly contagious there is a realistic possibility that the group will be negatively influenced. Management will continue to assess the financial impact of COVID-19 and its impact on the group's financial condition, liquidity, operations, suppliers, industry and workforce.

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS(SA) • IRBA REGISTRATION NUMBER 900222

MAZARS HOUSE RIALTO ROAD GRAND MOORINGS PRECINCT CENTURY CITY 7441 • PO BOX 134 CENTURY CITY 7446 • DOCEX 9 CENTURY CITY
TEL: +27 21 818 5000 • FAX: +27 21 818 5001 • cpt@mazars.co.za • www.mazars.co.za

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty relating to going concern* section above, we have determined the matters described below to be the key audit matters to be communicated in our report on the consolidated and separate financial statements.

Matter	Audit response
Impairment allowance on Trade Receivables (Note 1.14 and Note 8)	
At 29 February 2020, trade receivables amounted to R21,46 million against which an impairment allowance of R12,72 million was recorded. This is disclosed in Note 8 to the consolidated and separate financial statements.	Our audit approach included obtaining an understanding of the group's policy in relation to the expected credit loss impairment allowance of trade receivables, and testing the application of this policy.
The group applies the accounting standard IFRS 9: Financial Instruments and in doing so, calculates expected credit loss ("ECL") impairments for trade receivables, taking into account reasonable and supportable forward-looking information. The ECL impairment was a matter of most significance to the audit and therefore identified as a key audit matter, given the material value of trade receivables as a whole to the consolidated and separate financial statements, the subjective nature / judgements of the impairment allowance calculation and the effect of the impairment allowance on the risk management processes and operations of the group. There are a number of significant management-determined judgements made on the ECL impairment allowance calculations including: * determining the criteria for a significant increase in credit risk; * techniques used to determine the probability of default ("PDs") and loss given default ("LGD") and * forward looking assumptions. These judgements required models to measure the expected credit losses on certain financial assets measured at amortised cost. The large number of data inputs applied in these models increases the risk that data used to develop assumptions and operate the model is not appropriate or accurate.	We performed the following audit procedures: * Evaluated the appropriateness of the application of either a specific expected credit loss model or a simplified approach to the relevant financial assets by understanding the nature of the financial assets and comparing the application to the requirements of the standard; * Tested the IT general control environment and application controls over the ageing of the trade receivables that will determine the staging as per IFRS 9. * Obtained an understanding of the group's approach for estimating ECL and whether this is in compliance with IFRS 9; * We assessed the appropriateness of relying on the work of the management expert in terms of ISA620 by: o evaluating the competence, capability and objectivity of the management expert and o Having discussions with the management expert to assess the scope of the review performed by the management expert * We tested the work of the management expert in accordance with ISA620 through verifying the data inputs used by the management expert in the ECL impairment model back to the underlying data.
Another judgement required was Assessing the impact of COVID-19 on the forward looking economic model as a non-adjusting post reporting date event with it only becoming a pandemic post the reporting date. Information available up to 29 February 2020 was included in the forward looking economic model. The impact of expected lower disposable income and retrenchments was included into the macro-economic variables input in the forward looking economic model. An independent expert was appointed by management to assist with the calculation of the IFRS 9 expected credit losses on the impairment allowance on trade receivables.	* We considered management's assessment of COVID-19 being a non-adjusting post reporting date event by considering the timing of when sentiment changed to viewing it as a pandemic, taking into account the number of identified COVID-19 cases in South Africa, local stock market changes and public announcements. * We assessed the reasonableness of the economic factors considered by management's expert applied in estimating the impact of COVID-19 on forward looking information. We furthermore considered the adequacy of the group's disclosure of trade receivables and the related impairment allowance.

Matter	Audit response
Impairment of Investments in subsidiaries (Note 1.3 and Note 5) As per IAS 36 Impairment of Assets, the Company is required to annually test the carrying value of the investment in subsidiaries for impairment when there is an indicator of impairment. This is performed using discounted cash flow models for the various investments. Due to the value of the investment in subsidiaries representing more than 50% of the total assets as at 29 February 2020 as well as the significant judgement used in the inputs into the discounted cash flow models, this has been considered to be a key audit matter. Based on the impairment testing performed by management no impairment were required relevant to the Investments in subsidiaries.	In evaluating the recoverable amount of investments in subsidiaries we performed various procedures including the following: * Utilised an auditors expert in assessing the reasonability of the discounted cash flow model used for the value in use calculator as well as the key inputs into the model such as the pre-tax discounted rate, revenue growth rates and terminal growth rate against external market data; * Tested the mathematical accuracy of the discounted cash flow model used; * Performed a sensitivity analysis on the key assumptions applied; * Considered the reasonableness of the assumptions used, including managements' growth forecast and WACC; We evaluated the relevant disclosure of the Company for compliance with IFRS.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Annual Financial Statements for the year ended 29 February 2020"*, which includes the Directors' Report, the Audit and Risk Committee's Report and the Group Company Secretary's Certificate as required by the Companies Act of South Africa which we obtained prior to the date of this report and the Annual Report which is expected to be made available to us after the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 group's and 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 group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 group and / or the company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Mazars has been the auditor of African Dawn Capital Limited for two years.

Mazars
Partner: FJ Cronje
Registered Auditor
Date: 31 August 2020
Cape Town

Statement of Financial Position as at 29 February 2020

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Assets					
Non-Current Assets					
Property, plant and equipment	0	1,970	343	6	16
Intangible assets	4	440	554	-	-
Loans to Group companies	7	-	-	-	6,161
Investments in subsidiaries	5	-	-	9,822	11,377
		2,410	**897**	**9,828**	**17,554**
Current Assets					
Loans to Group companies	7	-	-	43	3,008
Trade and other receivables	8	9,161	15,387	33	34
Cash and cash equivalents	11	411	2,388	12	7
		9,572	**17,775**	**88**	**3,049**
Total Assets		**11,982**	**18,672**	**9,916**	**20,603**
Equity and Liabilities					
Equity					
Share capital and share premium	12	324,143	323,323	324,143	323,323
Accumulated loss		(327,045)	(316,700)	(316,442)	(306,520)
		(2,902)	**6,623**	**7,701**	**16,803**
Liabilities					
Non-Current Liabilities					
Borrowings	13	4,600	431	-	-
Lease liability	15	1,381	-	-	-
		5,981	**431**	**-**	**-**
Current Liabilities					
Borrowings	13	5,161	6,774	338	409
Lease liability	15	528	-	-	-
Loans from directors	14	626	2,820	626	2,820
Operating lease liability	15	-	2	-	-
Trade and other payables	16	2,588	2,022	1,251	571
		8,903	**11,618**	**2,215**	**3,800**
Total Liabilities		**14,884**	**12,049**	**2,215**	**3,800**
Total Equity and Liabilities		**11,982**	**18,672**	**9,916**	**20,603**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Operations					
Revenue	17	12,035	13,335	-	95
Other income	18	333	638	20	98
Investment income	20	4	4	-	1
Loss on sale of subsidiary	9	-	(181)	-	-
Bad debts written off*		(721)	(1,157)	(330)	-
Impairment trade and other receivables*	28	(2,104)	(1,249)	-	-
Impairment trade and other receivables reversed*	28	1,052	-	-	-
Impairment group loans*	7	-	-	(5,273)	(5)
Impairment group loans reversed*	7	-	-	826	693
Impairment of investments*	5	-	-	(1,555)	-
Employee cost including non-executive directors fees*		(7,804)	(8,192)	(622)	(623)
Depreciation on property, plant and equipment *	3	(727)	(59)	(10)	(20)
Finance costs	21	(1,201)	(1,505)	(126)	(580)
Other operating expenses	19	(11,212)	(11,017)	(2,852)	(3,582)
Operating loss before taxation		**(10,345)**	**(9,383)**	**(9,922)**	**(3,923)**
Taxation	22	-	(10)	-	-
Loss from continuing operations		**(10,345)**	**(9,393)**	**(9,922)**	**(3,923)**
Total comprehensive (loss) for the year		(10,345)	(9,393)	(9,922)	(3,923)
Loss attributable to:					
Owners of the parent:		(10,345)	(9,393)	-	-
Loss per share from operations					
Basic and diluted loss per share (c)		(20.6)	(33.5)		

* These amounts were reclassified from operating expenses as the items are material nature. The reallocation did not have an impact on the operating loss as disclosed.

Statement of Changes in Equity

	Share Capital	Share Premium	Total Share Capital	Accumulated loss	Non control Interest	Total equity
Group	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance at 01 March 2018	8,803	305,140	313,943	(306,955)	(114)	6,874
Share Issue (refer to note 12)	10,720	(1,340)	9,380	-	-	9,380
Sale of subsidiary (refer to note 9)				(352)	114	(238)
Total comprehensive loss for the year	-	-	-	(9,393)	-	(9,393)
Balance at 28 February 2019	19,523	303,800	323,323	(316,700)	-	6,623
Share Issue (refer to note 12)	877	(57)	820	-	-	820
Total comprehensive loss for the year	-	-	-	(10,345)	-	(10,345)
Balance at 29 February 2020	**20,400**	**303,743**	**324,143**	**(327,045)**	**-**	**(2,902)**
Notes	12	12	12			
Company						
Balance at 01 March 2018	8,803	305,140	313,943	(302,597)	-	11,346
Share Issue (refer to note 12)	10,720	(1,340)	9,380	-	-	9,380
Total comprehensive loss for the year	-	-	-	(3,923)	-	(3,923)
Balance at 28 February 2019	19,523	303,800	323,323	(306,520)	-	16,803
Share Issue (refer to note 12)	877	(57)	820	-	-	820
Total comprehensive loss for the year	-	-	-	(9,922)	-	(9,922)
Balance at 29 February 2020	**20,400**	**303,743**	**324,143**	**(316,442)**	**-**	**7,701**
Notes	12	12	12			

Statement of Cash flows

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Cash flows from operating activities					
Cash (used in) operations	24	(4,860)	(1,560)	(2,774)	(2,751)
Interest income	20	4	4	-	1
Finance costs	21	(889)	(1,505)	(39)	(580)
Tax (paid)	25	-	(5,662)	-	(3,312)
Net cash from operating activities		**(5,745)**	**(8,723)**	**(2,813)**	**(6,642)**
Cash flows from investing activities					
Purchase of property, plant and equipment	0	-	(2)	-	-
Investment in subsidiary	5	-	-	-	(5,000)
Purchase of intangible assets	4	-	(40)	-	-
Sale of subsidiary – cash effect	9	-	(4)	-	-
Advances to group companies	7	-	-	-	(398)
Proceeds from loans to Group companies	7	-	-	1,162	2,415
Repayment of loans from group companies	7	-	-	(155)	(2,346)
Net cash from investing activities		**-**	**(46)**	**1,007**	**(5,329)**
Cash flows from financing activities (refer to note 24 for movements reconciliation)					
Share Issue	12	820	9,380	820	9,380
Borrowings repaid	13	(3,311)	(4,628)	(12)	(1,142)
Borrowings raised	13	6,226	3,841	300	1,551
Lease payments	15	(670)	-	-	-
Directors loans raised	14	1,208	3,102	1,208	3,101
Directors loans (repaid)	14	(505)	(967)	(505)	(967)
Net cash from financing activities		**3,768**	**10,728**	**1,811**	**11,923**
Total cash movement for the year		(1,977)	1,959	5	(48)
Cash at the beginning of the year		2,388	429	7	55
Total cash at end of the year	11	**411**	**2,388**	**12**	**7**

1. Accounting Policies

1.1 Summary of accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the requirements of the Companies Act of 2008 and the JSE Listing Requirements and Financial reporting pronouncements as issued by the Financial Reporting Standards Council.

The consolidated financial statements have been prepared using the historical cost convention, as modified for certain items measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. The principal accounting policies applied in the preparation of these consolidated financial statements are set out in this note. These policies have been consistently applied to all the years presented, 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 Group's accounting policies. The areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.18.

1.2 Changes in accounting policies and basis of preparation

The following standards have been adopted during the current year

- **IFRS 16 Leases**

The group adopted IFRS 16 during the current period and has chosen not to adjust retrospectively. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

Until the 2019 financial year, the majority of leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 – Leases. On transition to IFRS 16 the lease liability is measured at the date of initial application by discounting future lease payments by the incremental borrowing rate applicable to the lease. The land and buildings were of a similar size and location and for this reason a similar incremental borrowing rate was used.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 28 February 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. There was no impact on retained earnings on 1 March 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The Group elected to make use of a single discount rate for portfolios of leases with reasonably similar characteristics.
- The Group elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 March 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining term.

- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

- The Group benefited from the use of hindsight for determining lease terms when considering options to extend and terminate leases.

The Group elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4.

On transition to IFRS 16 the lease liability is measured at the date of initial application by discounting future lease payments by the incremental borrowing rate applicable to the lease. The land and buildings were of a similar size and location and for this reason a similar incremental borrowing rate was used. A deferred tax asset and liability was raised with the recognition of the right-of-use assets and lease liabilities.

The effect of the adoption of the accounting policies is indicated in the notes to the financial statements as below:

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 March 2019:

Account	Carrying amount at 28 February 2019	IFRS 16 lease liability raised on 1 March 2019	Straight lining lease liability derecognised	IFRS 16 carrying amount 1 March 2019
Right-of-use Asset: Land and buildings refer to note 0	-	1,799	(2)	1,797
Leases refer to note 15	-	1,799	-	1,799

The following is a reconciliation of total operating lease commitments at 28 February 2019 – as disclosed in the previous Annual Financial Statements to the lease liabilities recognised at 1 March 2019.

Operating lease commitments as disclosed at 28 February 2019	1,726
Adjustments related to operating costs included in commitments	(446)
Less short term lease less than 12 months	(177)
Lease renewal option to be exercised	1,224
Lease liability before discounting	2,327
Discounting using incremental borrowing rate	(528)
Leases raised 1 March 2019	1,799

The effect of the adoption of IFRS 16 during the year on profit and loss is indicated below:

	R'000
Reduction in operating lease expenses	670
Increase in depreciation related to right-of-use assets	(658)
Increase in interest on lease liabilities	(225)
Reduction in net profit after tax	(213)
Increase in loss per share	0,04c

IFRS 16 policy disclosure refer to note 1.4.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are those entities that are controlled by the Group.

Control

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers all facts and circumstances relevant to its involvement with an entity to evaluate whether control exists and assesses any changes to the facts and circumstances relevant to the entity and reassesses the consolidation requirements on a continuous basis.

Company - separate financial statements

Investments in Group companies are accounted for at cost less impairment losses in the company financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary by applying policy described in policy note 1.10.

1.4 Right-of-use assets and lease liability

As described in Note 1.2 the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 1 March 2019

The Group as a lessee

For any new contracts entered into on or after 1 March 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group.

In assessing the lease period of the office facilities, management considers the nature of the office to be adaptable to variety of facilities and as a result the likelihood of the extending of the lease term or termination of the lease term are both possible. The agreed lease period is therefore used in determining the lease payment until such time as the likelihood of extending or terminating the lease becomes probable.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Assets with a value below R100,000 are considered to be low value assets.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

Accounting policy applicable before 1 March 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee, all other leases are classified as operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Employee benefits

Short-term employee benefits

The Group provides only short-term employee benefits. There are no post retirement employee benefits.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.7 Income taxes

Tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

Current taxation

Current taxation is the expected tax payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years (prior-period tax paid).

Deferred tax

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxation is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity or in other comprehensive income, or a business combination that is accounted for as an acquisition.

Deferred taxation assets are recognised to the extent that it is probable that future taxable income will be available against which the unutilised taxation losses and deductible temporary differences can be used. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

1.8 Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

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.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, to their residual values. The straight-line method is used and the estimated useful lives are as follows:

Property, plant and equipment

Item	Depreciation method	Average useful life
Land and buildings – right of use assets	Straight line	Per lease agreement
Furniture and fixtures	Straight line	4 - 10 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	3 - 10 years
IT equipment	Straight line	3 - 5 years

The depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

If the recoverable amount is less than the carrying amount then the carrying amount is impaired in line with policy 1.10.

1.9 Intangible assets

Computer software - internally generated

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product for use;
- there is an ability to use the software product;
- adequate technical, financial and other resources to complete the development and to use or; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequently these intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Micro finance software	5 years - 10 years
YueDiligence software development	4 years

The amortisation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The amortization period for YueDiligence software development was assessed during the year and changed to 4 years (2019: 3 years). The effect of the change decreased the amortization in the current period by R50,120.

Intangible assets are 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 is 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.

1.10 Impairment testing of intangible assets and subsidiaries and property, plant and equipment

The carrying amounts of the Group’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

Intangible assets that are not ready for use are tested annually for impairment and when an indicator for impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less cost of disposal and value in use. Fair value less cost of disposal is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are Grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

1.11 Contingent assets

A Contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events not wholly within control of the entity.

1.12 Revenue

Revenue from contracts with customers
Revenue comprises services rendered as follows:

- Commissions received;
- Administration fees
- Income from the rendering of services;
- Interest income on trade receivables and originating fees

Revenue is measured at the amount that the group expects to be entitled to. This measurement takes into account rebates and trade discounts allowed and excludes value-added tax. Revenue is recognised basis on a time spent basis.

Management have elected to apply the practical expedient available and carry revenue and the related receivable at the undiscounted value for all contracts with customers where management expects at contract inception, the period between revenue recognition and when repayment for those goods or services will be one year or less.

The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to their relative standalone selling price.

Commission income

Commission income is derived from the sale of insurance premiums to micro-financing debtors as well as collection commission where the group earns commission from collecting debts.

For insurance commission the group acts as an agent by offering insurance products under-written by an external party. The group therefore receives a commission based on the number of premiums written by the external company and recognises only the commission earned, once under-written, per the agreement between the parties.

Collection commission relates to collecting services provided by the group to external parties. The group earns commission based on a fixed portion that the group collects. These commissions are earned as amounts are collected. Revenue is recognised at a point in time when the insurance premiums are sold or when collection services have been finalised.

Administration fees

Monthly administration fees are charged on micro-finance debtors classified as trade receivables. Fees are recognised when the services are provided and determined as a fixed cost for each debtor for the period that their loan remains outside of default or in the legal book. No administration fees are charged on loans in default or in the legal book. Revenue is recognised on a straight line basis over time as the services are rendered.

Interest income

Interest income is recognised in profit or loss using the effective-interest method taking into account the expected timing and amount of cash flows. Interest income is recognised for micro-financing debtors; which are measured at amortised cost and classified as trade receivables.

Once a financial asset or a group of similar financial assets have been categorised as a stage 3 receivable (credit impaired and legal receivables), interest income is recognised on the carrying value of the receivable net of impairment losses recognised.

Origination fees on loans granted

These fees are charged upfront, are capitalised into the loan, and are primarily based on the cost of granting the loan to the individual. These origination fees are considered an integral part of the loan agreement and are therefore recognised as an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan using the effective interest rate method. Related transaction costs are also deferred and recognised as an adjustment to the effective interest rate.

The Group does not capitalise any related operating costs which are not integral to the creation of micro-financing loans, as these costs are not directly attributable to individual transactions and are recorded in profit and loss as incurred.

Rendering of services

Revenue is recognised basis on a time spent basis.

The Group generates revenues from consulting and advisory services. Consideration received for these services is initially deferred, included in other liabilities, and is recognised as revenue in the period when the service is performed.

The Group determines the stage of completion by considering both the nature and timing of the services provided and its customer’s pattern of consumption of those services, based on historical experience. The stage of completion is determined with reference to services provided in relation to the total services to be provided as agreed between the parties.

1.13 Investment income

Investment income relates to interest earned on cash and cash equivalents and is recognised on the same basis as interest income as outlined above.

1.14 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).

Financial liabilities:

- Amortised cost.

Note 1.14 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Financial Assets

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are stated at amortised cost which approximates fair value due to the short-term nature of these instruments.

<u>Trade and other receivables</u>

Trade receivables are grouped as indicated in note 28.

Classification

Trade and other receivables, excluding, when applicable, 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 group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group 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.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance to the value of the lifetime expected credit losses for trade receivables under the general approach as envisaged by IFRS 9, excluding prepayments, deposits and Value Added Tax.

A separate impairment percentage is calculated based on the different portfolios as described above. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group categorises assets based on their term, there performance as well as the type of receivable as described in credit risk note 28. Impairment provisions are applied to these categories of trade receivables in order to calculate the lifetime ECL recognised on trade and other receivables.

The group considers that there has been a significant increase in credit risk when trade and other receivables when a SICR event occurs. Refer to note 1.18 for management's assessment of when a SICR event occurs.

- Measurement and recognition of expected credit losses

The provision is based on historic credit loss experience, adjusted for current and forecast direction of economic conditions at the reporting date, including the time value of money, where appropriate.

The most significant class of financial asset subject to an ECL provision is trade receivables. Trade receivables mostly comprise a large number of small, homogeneous assets. The group uses an ECL provisioning model based on historical roll rates and applies forward-looking industry available knowledge to provide a forward economic over-lay onto the historical rates.

The loss allowance is reduced by the collateral in place over all its trade receivables. The collateral mainly consist out of directors loans which have been given up as security for selected debtors. The value of the collateral is considered before incorporating it within the impairment calculation.

Adjustments to the ECL provision are recognised through use of a loss allowance account. The ECL gain or loss is recognised in profit or loss as a movement in credit loss allowance.

The group stratifies the ECL provision results into similar groups to ensure results are stable and appropriate to predict future cash flows for clients with similar characteristics. Refer to the classes of trade receivables above for the stratification criteria.

The ECL provision is calculated by multiplying the gross amount of debt (exposure at default) with the loss given default multiplied with the probability of default. This calculation takes into account the loss of time value of money should debt be collected over a longer period of time than originally anticipated.

- Default

The Group considers that there has been a significant increase in credit risk for trade and other receivables when contractual payments are more than 75 days or when a SICR event has occurred and therefore applies a greater impairment percentage to these assets, than those that are performing. Refer to note 1.18 for details of when a SICR event is identified. Debtors are transferred from Collection and under-performing receivables to Legal receivables when a debt pack is signed that would lead to an emolument attachment order, the debtor is placed under administration or debt review. This is considered a default.

- Write off

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

From the trade receivables allocated to the collections book, loans that are 180 days overdue are fully written off unless the debtor was transferred to the legal book.

- Bad debt recovered

In the event that debt which has been written off is recovered the bad debt recovered is recognised directly in the profit and loss statement.

- Credit risk

Details of credit risk are included in the trade and other receivables note and the financial instruments and risk management note 28.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Loans advanced including group loans

Classification and measurement

Loans are initially recognised at fair value.

Loans for which repayment terms have been set are classified as financial assets subsequently measured at amortised cost, using the effective interest method. The loans are held to collect contractual cash flows on the principal amount and interest over the term of the loan.

Loans for which no repayment terms have been set are regarded as being repayable on demand. These loans are discounted at their effective interest rate of 0%.

Impairment

The group has established a policy to perform an assessment, at the end of each reporting period, of whether an advance's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the group groups its advances into Stage 1, Stage 2 and Stage 3, as described below (the advances can alternate between stages):

Stage 1 Performing: When advances are first recognised, the group recognises an allowance based on 12-month ECLs. Stage 1 advances also include facilities where the credit risk has improved, and the advance has been reclassified from Stage 2. The advances included within Stage 1 are those advances made to group companies with strong capability to repay the loans and that are in a sound financial position with assets exceeding liabilities.

Stage 2 Underperforming: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the life time ECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Based on the history of the group, these might include advances where the company has not made payments, mainly due to deterioration in the financial health of the company, based on forecast information and the net asset value of the companies. This is considered to increase the credit risk of the company, but advances are still expected to be recovered through a debt management process.

Stage 3 Non-performing: Loans considered credit-impaired. The group records an allowance for the life time ECLs. This is where there has been defaults by the company or more advanced debt management processes is required.

The advances can move between stages based on their performance, ie an advance in Stage 2 in the current year can move to a Stage 1 loan in the next period if the lender's risk decreases, for example, the lender recovers and makes regular payments again.

The entity considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters advance management process.

Impairment of loans with no fixed terms of repayment:

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually small and the expected credit loss is immaterial as a result. If the borrower could not repay the loan if demanded at the reporting date, the group considers the expected manner of recovery to measure expected credit losses. This includes a 'repay over time' strategy.

If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

If the full balance of the loan cannot be recovered over time, a loss allowance is recognised.

Write off

Loans are written off when management in both companies agree the amount is no longer recoverable due to the company being winded-down The loss on the derecognition of the loan is recognised in profit or loss.

Financial liabilities

Borrowings and other loans

Classification

The group recognises a financial liability once it becomes a party to the contractual terms of the financial instrument. Financial liabilities carried at amortised cost are recognised initially at fair value net of directly attributable transaction costs. Subsequently financial liabilities are stated at amortised cost using the effective interest rate method.

Recognition and measurement

Loans from group companies, borrowings and loans from directors are classified as financial liabilities at amortised cost. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

Loans repayable on demand is discounted from the first day the loans can be demanded.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 28 for details of risk exposure and management thereof

Derecognition

A financial liability, or part of a financial liability, is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and 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.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

1.15 Segment reporting

The identification of reportable segments and the measurement of segment results are determined based on Group's internal reporting to management as well as a consideration of products and services, organisational structures, geographical areas, economic and regulatory environments and the separable nature of activities or conversely inherent interconnectedness and whether these meet the criteria for aggregation.

The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices.

The Group has three operating segments:

* Investment advisory and investment management
* Micro finance
* Head Office

All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services. For management purposes, the Group uses the same measurement policies as those used in its financial statements.

1.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares in issue for the effect of all dilutive potential ordinary shares.

1.17 Share Capital and share premium

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 and share premium are classified as equity.

Ordinary shares are recoginsed at par value and classified as "Share Capital" in equity. Any amounts received from the issue of shares in excess of par value is classified as "Share Premium" in equity. Where shares are issued at less than par value the difference between par value and issue value is offset against "Share Premium".

1.18 Significant judgements and sources of estimation uncertainty

When preparing the financial statements, management and the board make a number of judgements, estimates and assumptions. The following are the most significant judgements, estimates and assumptions that have been made in preparing the financial statements.

Significant judgements

Going concern judgement

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

This judgement is based on a careful consideration of the following:

* Financial statements should be prepared on a going concern basis unless it is intended to liquidate the entity or to cease trading or there is no realistic alternative but to do so.

* In considering whether the going concern assumption is appropriate, all available information is taken into account, including information about the foreseeable future.

* Where there are material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern, those uncertainties should be disclosed.

* The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in the table below. The table also outlines the actions being taken to manage these uncertainties and also the current status of these uncertainties and actions.

The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined below:

Uncertainty	*Action*	*Status*
Operating losses incurred by the group over the last three years and potential future operating losses in the future. Furthermore, the group's total liabilities the exceed its total assets by R2,902 million resulting in solvency issues.	Additional funding and equity investment to be obtained in the group.	Post February 2020 year end, African Dawn Capital concluded a long term funding commitment from a private equity firm. These funds will be used predominantly to extend loans through Elites low cost distribution network as well as to fund operating expenses and settle historical creditors and improve solvency of the group. Refer to note 31.
Afdawn's ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding and other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding the Elite debtors book.	With the additional funding as disclosed in note 31, Afdawn's wholly owned subsidiary, Elite Group, will be able to grow its debtors book that would generate free cashflow to cover the groups operating expenses. Management of Afdawn are still exploring other business activities for further revenue generation. The directors are currently also sourcing additional funding for further growth within the group. They have already secured funding Refer to note 31.
Covid-19 effect on going concern – expected future credit losses on customers affected by COVID-19 through job losses and salary reductions. Ongoing support from creditors and the resumption of profitable lending operations.	The Afdawn group support all the government lockdown rules and are monitoring the financial impact closely.	The group operations comply with the government guidelines and the group managed to operate a portion of its operations throughout the lockdown levels and is now fully operational. Management have included the possible impact of these uncertainties into a comprehensive cashflow forecast to take into account the various scenarios of COVID 19 – refer to note 31 for the impact of COVID-19 post year end.

We draw attention to the fact that the group incurred a net loss of R10,35 million (2019: R9,39 million) and that the company incurred a net loss of R9,92 million (2019:R3,92 million) during the year ended 29 February 2020. As at that date, the group's total liabilities exceed its total assets by R2,902 million.

Having regard to the nature of the uncertainties, the actions being taken and also the current status of these uncertainties, the judgment of the management and board (as a result of the actions taken mentioned above) is that it is appropriate that the financial statements be prepared on the going concern basis.

Significant estimation uncertainty

Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that certain key assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The assets that have been tested for impairment and the specific estimates and assumptions are as follows:

- Investment in subsidiaries – refer to note 5

Loss allowance of trade receivables in Elite

The amount recognised related to the impairment of receivables by Elite and Elite Two requires the use of significant estimates and assumptions. The Group reviews its loans to assess impairment at least on a monthly basis.

In determining the expected credit loss allowance, the Group makes judgements as to whether there has been an adverse change in the payment status of borrowers in a Group, or national or local economic conditions that correlate with defaults on assets in the Group.

Management uses estimates based on historical loss experience for assets with similar credit risk characteristics to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing requires significant judgement and estimation. Refer note 1.14 for the accounting policy regarding the impairment of loans.

Refer to note 28, for further information on the specific estimates and assumptions used to assess the recoverability of trade receivables.

Discounting of interest free loans and loans that bear interest at non-market related rates

The following judgements are made relating to these loans:

* Credit loans that have no repayment terms are:
  - classified as financial liabilities at amortised cost;
  - included in current liabilities (because the company does not have the right to defer payment for at least 12 months after the reporting date;) and
  - not discounted because the amount that could be demanded by the lender is equal to the carrying amount of the loans.
* Credit loans that have repayment terms are:
  - classified as financial liabilities at amortised cost;
  - split between non-current liabilities and current liabilities in accordance with the terms.
* Debit loans that have no repayment terms are:
- classified as financial assets;
- split between non-current assets and current assets in accordance with the intention of the lender;
- assessed for impairment; and
- not discounted because the amount that could be demanded by the lender is equal to the carrying amount of the loans.
* Debit loans that have repayment terms are:
- classified as financial assets;
- split between non-current assets and current assets in accordance with the terms and the intention of the lender;
- assessed for impairment; and
- Loans that are interest free or bear interest at a rate that is not market related are discounted at a market related rate. The imputed interest is deferred onto the Statement of Financial Position and included as part of the loan balance, or as part of the investment in the related subsidiary, as applicable.

2020 & 2019

The interest rates that have been applied in the discounting is an effective interest rate of 11,44% (2019: 11.44%).

Modelling assumptions for trade and other receivables

In terms of IFRS9, all loans and advances are assessed at each reporting date to determine whether there has been a significant increase in credit risk (SICR). In cases where SICR has occurred an impairment equal to the lifetime expected credit loss (ECL) is recognised. Loans are split into 12 month expected credit loss and lifetime expected credit loss categories.

The company considers the following to be SICR events. An assessment of the credit quality of the client after inception of the loan indicates an increase in credit risk. For intercompany loans this might include advances where the counterparty has not made payments, mainly due to deterioration in the financial health of the company, based on forecast information and the net asset value of the companies. For trade receivables this occurs when a debtor is more than 75 days overdue. A SICR event is also noted if a debtors' loan did not have a performing status for the last 6 months; at any time during the last 6 months, any one of the debtors' loans were restructured or the debtor was referred to the debt review process; or subsequent to a claim made on the credit life insurance policy, the outstanding balances on the client's loans are not zero.

The trade receivables are short term financing. The expected credit loss will therefore always be lifetime expected credit losses for trade receivables. Risk assessment is however applied in determining whether the debt falls into current receivables, collection receivables and legal receivables (refer to note 28 for a description of these groups). The allocation of trade receivables to these groups result in shared credit characteristics within the groups.

The assessment of 12-month versus lifetime expected credit loses as explained above is applied in determining the impairment assessment for loans receivable (refer to accounting policy 1.14 and note 8).

Historical data may not always be reflective of the future. The way in which it is used by statistical ECL models (PD, EAD, LGD) to estimate the timing and amount of the forecasted cash flows based on historical default data, roll rates and recoveries, requires consideration of sub-segments. These include aspects such as client risk groups, time on book, product term, payment frequency, default statuses, employment, industry and rescheduling status and the behaviour score of the client. Refer to note 28 for further information on the specific estimates and assumptions used to assesses the recoverability of trade receivables and to note 8 for the assumptions used in impairing loans receivable.

Forward-looking information

It is a fundamental principle of IFRS9 that the ECL impairment provision that the company holds against potential future losses should take into account changes in the economic environment in the future. To capture the effects of changes to the economic environment management have taken into consideration market forward-looking impairment rates applied and benchmarked this against their own assessments. Three economic scenarios (negative, baseline and positive scenario) are taken into account when calculating future expected credit losses. The probability of each scenario is determined by management estimation, and are factored into the calculation of the probability of default ("PD"), exposure at default ("EAD"), and the loss given default ("LGD") within the ECL calculation.

Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment is depreciated and intangible assets are amortised on a straight-line basis over its estimated useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation or amortisation charge. The residual values, useful lives and depreciation / amortisation methods applied to property, plant and equipment and intangible assets are reviewed by management on an annual basis, taking into account market conditions as well as historical trends.

Lease extensions

In assessing the lease period of the office facilities, management considers the nature of the office to be adaptable to variety of facilities and as a result the likelihood of the extending of the lease term or termination of the lease term are both possible. The agreed lease period is therefore used in determining the lease payment until such time as the likelihood of extending or terminating the lease becomes probable.

2. New Standards and Interpretations

Standard and interpretations adopted during the current year

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model.
Refer to note 1.4 for details on the policy adopted.

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:

Unlikely there will be a material impact

Standard/ Interpretation	Effective date: Years beginning on or after
The Conceptual Framework for Financial Reporting – update	01 January 2020
Presentation of the Financial Statements – IAS1	01 January 2022
Presentation of Financial Statements IAS1 and Accounting Policies, changes in Accounting Estimates and Errors IAS8	01 January 2020
Leases amendments - IFRS16	01 June 2020

3. **Property, plant and equipment**

Group

	2020 R'000			2019 R'000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Land and buildings right-of-use assets*	2,354	(658)	1,696	-	-	-
Furniture and fixtures	354	(334)	20	354	(323)	31
Motor vehicles	642	(422)	220	642	(394)	248
Office equipment	593	(567)	26	593	(542)	51
IT equipment	493	(485)	8	493	(480)	13
Total	**4,436**	**(2,466)**	1,970	**2,082**	**(1,739)**	343

Company

	2020 R'000			2019 R,000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Furniture and fixtures	110	(104)	6	110	(94)	16
Total	**110**	**(104)**	6	**110**	**(94)**	**16**

* The land and buildings consist of several premises that are lease by the group and were raised in terms of IFRS 16 - refer to note 15 lease liability. The leases range between 3 to 6 years.

Reconciliation of property, plant and equipment - Group – 2020 R'000

	Opening balance	Raised in terms of IFRS 16 *	Additions	Depreciation	Closing balance
Land and buildings – right-of-use asset	-	1,797	557	(658)	1,696
Furniture and fixtures	31	-	-	(11)	20
Motor vehicles	248	-	-	(28)	220
Office equipment	51	-	-	(25)	26
IT equipment	13	-	-	(5)	8
	343	**1,797**	**557**	**(727)**	**1,970**

Reconciliation of property, plant and equipment - Group – 2019 R'000

	Opening Balance	Additions	Depreciation	Closing Balance
Furniture and fixtures	53	-	(22)	31
Motor vehicles	254	-	(6)	248
Office equipment	76	-	(25)	51
IT equipment	17	2	(6)	13
	400	**2**	**(59)**	**343**

Reconciliation of property, plant and equipment - Company - 2020 R'000

	Opening balance	Additions	Disposals	Depreciation	Closing Balance
Furniture and fixtures	16	-	-	(10)	6
	16	-	-	(10)	6

Reconciliation of property, plant and equipment - Company – 2019 R'000

	Opening balance	Additions	Disposals	Depreciation	Closing Balance
Furniture and fixtures	35	-	-	(19)	16
IT equipment	1	-	-	(1)	-
	36	-	-	(20)	16

4. **Intangible assets**

Group	2020 R'000			2019 R'000		
	Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount
Micro finance software	1,026	(637)	389	1,026	(573)	453
YueDiligence software development	332	(281)	51	332	(231)	101
Total	**1,358**	**(918)**	**440**	**1,358**	**(804)**	554

Refer to note 29 in regards to a change in estimated useful life of the asset.

Reconciliation of intangible assets - Group - 2020

	Opening balance	Business combinations note 9	Additions	Amortisation	Closing balance
Micro finance software	453	-	-	(64)	389
YueDiligence software development	101	-	-	(50)	51
	554	-	-	(114)	440

Reconciliation of intangible assets - Group - 2019

	Opening balance	Business combinations note 9	Additions	Amortisation	Closing balance
Micro finance software	472	-	40	(59)	453
SME Snapshot software development	242	(242)	-	-	-
YueDiligence software development	207	-	-	(106)	101
	921	(242)	40	(165)	554

The remaining useful life of the micro finance software is 6 years.

5. **Investments in subsidiaries**

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

The principal place of business and incorporation for all subsidiaries is South Africa.

The carrying amounts of the subsidiaries are shown net of impairment losses.
The carrying amounts of investments in subsidiaries were reassessed for impairment at year end and impaired as indicated.

Company

Name of company	% voting power 2020	% voting power	Nature	Carrying value 2020 R'000	Carrying value 2019 R'000
ABC Cashplus (Randburg) Proprietary Limited*	0 %	100 %	Dormant	-	-
African Dawn Debt Management Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Kwazulu Natal Proprietary Limited*	0 %	100 %	Dormant	-	-
African Dawn Property Transfer Finance 1 Proprietary Limited	100 %	100 %	Bridging Finance	-	-
African Dawn Property Transfer Finance 2 Proprietary Limited	100 %	100 %	Bridging Finance	-	-
African Dawn Social Education Proprietary Limited*	0 %	100 %	Dormant	-	-
African Dawn Wheels Operations Proprietary Limited*	0 %	100 %	Dormant	-	
African Dawn Wheels Proprietary Limited	100 %	100 %	Vehicle finance	-	-
Albistar Investments Proprietary Limited*	0 %	100 %	Dormant	-	-
Almika Properties 81 Proprietary Limited	100 %	100 %	Dormant	-	-
Amalgum Investments 138 Proprietary Limited*	0 %	100 %	Dormant	-	-
Bhenka Financial Services Proprietary Limited*	0 %	100 %	Dormant	-	-
Candlestick Park Investments Proprietary Limited	100 %	100 %	Dormant	-	-
Elatiflash Proprietary Limited*	0 %	100 %	Dormant	-	-
Elite Group Two Proprietary Limited	100 %	100 %	Unsecured lending	-	-
Elite Group Proprietary Limited	100 %	100 %	Unsecured lending	8,322	8,322
YueDiligence Proprietary Limited	100 %	100 %	Consulting	1,500	3,055
				9,822	11,377

The year end of all subsidiaries are the same as the group year end.
* These companies were de-registered during the year and no longer form part of the group.

Testing for impairment

The investments in subsidiaries are tested for impairment by analysing each investment's recoverable amount when there is an indication of impairment. The measurement is a Level 3 fair value measurement.

The recoverable amount of the investments has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. This growth rate does not exceed the long-term average growth rate in which the businesses operates in.
During the current year YueDiligence was tested for impairment and was impaired by R1,555 million bringing the net asset value to R1,500 million.

The group obtained additional funding which was used to increase the capacity of the Elite lending book. This will result in a greater ability to generate income associated with new loans granted.

The key assumptions, long term growth rates & discount rates used in the value-in-use calculations are as follows:

Assumptions for terminal value 2020	Note	YueDiligence	Elite
Compounded annual revenue increase %		6%	5%
Compounded annual total operating costs increase %		6%	5%
Pre-taxation discount rate (WACC Rate)		32.1%	22.1%

Assumptions for terminal value 2019	Note	YueDiligence	Elite
Compounded annual revenue increase %		6%	6%
Compounded annual total operating costs increase %		6%	5%
Pre-taxation discount rate (WACC Rate)		29.8%	17.9%

Testing for impairment Elite.

The recoverable amount of Elite was higher than the carrying value and therefore did not result in an impairment.

6. Deferred tax asset/deferred tax liability

Reconciliation of movement in deferred tax:				
At beginning of year	-	26	-	-
Temporary difference income received in advance	41	-	-	-
Temporary difference on leave pay accrual	13	226	-	-
Temporary difference on intangible assets	14	42		
Temporary difference on operating lease liability	(1)	18		
Temporary difference on ECL provision	(878)	(312)		
Temporary difference right-of-use assets	(474)	-		
Temporary difference lease payments	534			
Temporary difference on assessed losses	751			
	-	-	-	-

Deferred tax balances:				
Deferred tax liabilities				
Intangible assets	(14)	(28)		
Operating lease liability	-	1		
Right-of-use assets	(474)	-		
Deferred tax assets				
Income received in advance	41	-		
Leave pay accrual	244	231		
Trade and other receivables loss allowance	1,333	2,212		
Lease liability	534	-		
Deferred tax asset not expected to be utilised	(1,664)	(2,416)		
	-	-	-	-

Deferred tax assets amounting to R31,237,913 (2019:R30,56,139) for the group and R3,304,155 (2019:R2,398,979) for the company are not recognized above in the light of the losses in the current and prior year..

7. Loans to Group companies

Subsidiaries

Company 2020 R'000	Loan balance	Expected credit loss	Total
Subsidiaries			
African Dawn Property Transfer Finance 2 Proprietary Limited *	18,182	(18,182)	-
African Dawn Property Transfer Finance 1 Proprietary Limited *	4,119	(4,119)	-
African Dawn Wheels Proprietary Limited *	438	(416)	22
African Dawn Debt Management Proprietary Limited *	14,239	(14,239)	-
YueDiligence Proprietary Limited *	548	(527)	21
Almika Properties 81 Proprietary Limited *	15	(15)	-
Elite Group Proprietary Limited *	21,953	(21,953)	-
	59,494	(59,451)	43

Company 2019 R'000	Loan balance	Loan impairment	Total
Subsidiaries			
African Dawn Property Transfer Finance 2 Proprietary Limited *	20,535	(18,746)	1,789
African Dawn Property Transfer Finance 1 Proprietary Limited *	5,478	(4,382)	1,096
African Dawn Wheels Proprietary Limited *	437	(412)	25
African Dawn Debt Management Proprietary Limited *	14,239	(14,239)	-
YueDiligence Proprietary Limited	558	(460)	98
Almika Properties 81 Proprietary Limited *	15	(15)	-
Elite Group Proprietary Limited * ^	22,911	(16,750)	6,161
	64,173	(55,004)	9,169

	Group		Company	
	2020	2019	2020	2019

	R'000	R'000	R'000	R'000
Non-current assets	-	-	-	6,161
Current assets	-	-	43	3,008
	-	-	43	9,169

Movement in impairment	2020 R'000	2019 R'000
Opening balance	55,004	58,186
IFRS 9 adjustment effect on impairment	-	1,130
Impairment raised	5,273	5
Impairment reversed on loans written off	-	(3,624)
Reversal of impairment due to improved net asset value	(826)	(693)
	59,451	**55,004**

All the loans are unsecured, interest free and have no fixed terms of repayment, except as indicated below.

* The loans are sub-ordinated to the extent that the subsidiaries' liabilities exceed the assets in favour of other creditors of the subsidiaries for as long as the subsidiaries' liabilities exceeds the assets.

Loans to Group companies impaired

The recoverability of the loans have been assessed based on the net asset value of the subsidiary. The net asset value is calculated by taking the subsidiary total asset less total liabilities. Where the liabilities of these companies exceed the assets and the disposal of assets would not be sufficient to settle all the liabilities the loan is fully impaired. The impairment was calculated by allocating the value of the assets to other creditors first in settlement of those liabilities. The remaining assets were allocated to African Dawn Capital Limited and the impairment was calculated by deducting the remaining value of the asset from the loan balance. The loans have been assessed as non-performing.

All of the above loans are classified as stage 2, under performing in both 2020 and 2019. The expected credit loss on stage 2 loans has been calculated based on the lifetime Expected Credit Losses ("ECL"). The ECL is calculated taking into account the net asset value of the subsidiaries that take into account the ECL calculation of the subsidiary financial assets. The ECL on the financial assets of the subsidiaries took into account the same assumptions as disclosed note 1.14. This is considered to increase the credit risk of the company, but advances are still expected to be recovered through a debt management process.

The assets of Elite are substantially the group's trade and other receivables whose characteristics are encompassed in note 28. In the other subsidiaries there are no substantial assets other than cash reserved in YueDiligence (Pty) Ltd and African Dawn Wheels (Pty) Ltd. Therefore these assets are not subject to frequent change.

8. **Trade and other receivables**

Financial assets at amortised cost:				
Trade receivables	21,458	26,452	-	-
Impairment allowance	(12,719)	(11,667)	-	-
Deposits	212	236	-	-
Other receivables	177	327	-	-
Non-financial receivables:				
VAT	33	39	33	34
	9,161	15,387	33	34

Refer to note 28 for a detailed analysis of the trade receivables

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due. There have been no significant changes in the credit risk management policies and processes since the prior reporting period. The impairment allowance provided on trade and other receivables was calculated on the general approach.

Interest is charged on outstanding trade receivables.

Details of credit risk are included in the financial instruments and risk management note 28.

Exposure to interest rate risk

Refer to note 28 financial risk management for details of interest rate risk management for amounts due from trade and other receivables.

Fair value of trade and other receivables

Trade and other receivables are carried at amortised cost, with their fair value being approximated by such value.

9. Business Combinations – disposal of SME Snapshot

Disposal of SME Snapshot Proprietary Limited

On 1 March 2018 the group disposed of its investment in SME Snapshot in return for the 18 shares in YueDiligence.

	2019
Assets and liabilities disposed	**R'000**
Intangible assets software development	242
Cash and cash equivalents	4
Trade and other receivables including	471
Trade and other payables	(298)
Net liability disposed/acquired	419
Reversal of minority interest in SME Snapshot	114
Less equity accounted consideration see below	(352)
Loss on sale of subsidiary	181

The effect on equity can be reconciled as follows:

Consideration at fair value	-	(352)		

10. Current tax (payable)

Current tax payable	-	-	-	-
	-	-	-	-

11. Cash and cash equivalent

Cash and cash equivalents consist of:

Cash on hand	82	94	-	-
Bank balances	329	2,294	12	7
	411	2,388	12	7

12. Share Capital and share premium

Authorised	Group		Company	
	Shares	Shares	Shares	Shares
125,000,000 Ordinary shares of 40c each	50,000,000	50,000,000	50,000,000	50,000,000

The total shares in issue as at 29 February 2020 amounted to 50,917,533 (2019: 48,725,057).

Reconciliation of number of shares in issue	R'000	R'000	R'000	R'000
Reported as at 01 March	48,725	21,925	48,725	21,925
Share issue 7 December 2018	-	26,800	-	26,800
Share issue 14 June 2019*	1,143	-	1,143	-
Share issue 17 July 2019 *	1,050	-	1,050	-
Closing balance	50,918	48,725	50,918	48,725
Reconciliation of share values 'R000:				
Reported at beginning of period	323,323	313,943	323,323	313,943
Share issue 7 December 2018	-	9,380	-	9,380
Share issue 14 June 2019*	400	-	400	-
Share issue 17 July 2019 *	420	-	420	-
Reported at the end of the period	**324,143**	**323,323**	**324,143**	**323,323**

Total share premium	303,743	303,800	303,743	303,800
Ordinary shares @ 40c	20,400	19,523	20,400	19,523
	324,143	323,323	324,143	323,323

* In term of the approval at the AGM the directors issued two tranches of shares during the current financial year. The first issue was at 35c per share in June 2019 and the second issue was at 40c per share in July 2019.

13. **Borrowings**

	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Peregrine Financial Services Holdings Limited loan (C) Interest is charged at prime +1%, currently 10.75% (2019: 11.25%). The loan terms have been renegotiated to only interest payments from March 2020 to May 2020 and then Capital repayments of R100,000 + interest per month, and a final settlement on 30 September 2020 . During 2019 capital repayments of R2,902,000 were made at an average of R242,000 per month. The loan is unsecured.	932	3,333	-	-
Peregrine Financial Services Holdings Limited loan (A) Interest was charged at prime +1%. Capital repayments of R698,000 were made during the 2020 financial year amounting to an average of R162,500 per month. Interest was paid together with the monthly capital repayments as they fell due. The loan was unsecured.	-	698	-	-
Related Parties - Secured The loans bear of Interest 10.5% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable in 6 months.	630	605	-	-
Related Parties - Unsecured These loans bears Interest of between 10.5% and 15% per annum. The loans are unsecured and are repayable on demand.	778	-	338	-
Related Parties - Secured with Put option # The loan bears interest at 15%, is secured as indicated in note 14 and is repayable on demand.	-	409	-	409
Unrelated Parties - Secured The loans bears Interest of 10.5% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable between 0 - 12 months.	2,671	2,160	-	-
Unrelated Parties - Unsecured These loans bears Interest of between 10.5% and 17% per annum. The loans are unsecured and are repayable between 0 - 36 months.	4,750	-	-	-
Total	9,761	7,205	338	409

Non-current liabilities	**Group**		**Company**	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
At amortised cost	4,600	431	-	-

	4,600	**431**	**-**	**-**
Current Liabilities				
At amortised cost	5,161	6,774	338	409
	5,161	**6,774**	**338**	**409**
	9,761	**7,205**	**338**	**409**

14. Loans from directors

	Group		Company	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
WJ Groenewald ** #	-	428	-	428
G Hope ** #	626	2,392	626	2,392
	626	**2,820**	**626**	**2,820**
Non-current liabilities	-	-	-	-
Current liabilities	(626)	(2,820)	(626)	(2,820)
	(626)	(2,820)	(626)	(2,820)

** All loans accrue interest @15% per annum are unsecured and are repaid on demand.

The directors exercised the put option linked to their loans on the 19 February 2020. Trade receivables of R2,3 million from subsidiary African Dawn Property Transfer Finance 2 (Pty) Ltd and R1,3 million from subsidiary African Dawn Property Transfer Finance 1 (Pty) Ltd were transferred to African Dawn Capital via their outstanding group loans and the rights to the Trade receivables were transferred to the directors to offset their loans to the value of R3,3 million being the outstanding balances. The directors have subsequently advanced additional funds which are unsecured and interest free. African Dawn no longer carries any credit risk relating to the debtors transferred to the directors in settlement of the loan and is no longer involved in recovering the debt.

15. Leases liability/Operating lease liability

The Group has leases for several premises in commercial areas. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must incur maintenance costs on certain items in accordance with the lease contracts, in addition some of the leases include a month to month commitment to pay water, electricity and parking.

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned. Refer to note 0.

Reconciliation of lease movement:

Opening balance	-	2	-	-
derecognition of the straight lined lease liability on adoption of IFRS 16 (refer to note 1.2)	(2)	-	-	-
Opening balance of lease liability on adoption of IFRS 16 (refer to note 1.2)	1,799	-	-	-
Additional leases entered into	557	-	-	-
Interest on leases realized 2020	225	-	-	-
Less lease payments capital	(670)	-	-	-
Closing balance	1,909	2	-	

The lease installments are payable as indicated below:

Within 1 year	715	-	-	-
Within 2-5 years	1,616	-	-	-
Total	2,331	-	-	-

Current liability	528	2	-	-
Non-current liability	1,381	-	-	-
	1,909	2	-	-

16. Trade and other payables

Trade payables	1,382	707	1,138	463

VAT	74	160	-	
Accrued leave pay	871	933	108	108
Accrued expenses	261	222	5	-
	2,588	2,022	**1,251**	571

17. Revenue

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Commissions received	173	185	-	-
Administration fee	2,683	3,058	-	-
Rendering of service	159	310	-	-
Interest received	9,058	9,785	-	95
Discount allowed	(38)	(3)	-	-
	12,035	**13,335**	**-**	**95**

All the revenue streams except commission received is recognised over time.

Below is the disaggregated revenue per segment:

2020 Group R'000	***Investment advisory and investment management***	*Micro finance*	***Head Office***	**Total**
Commissions received				
- Insurance commission	-	103	-	103
- Other commission	-	70	-	70
Administration fees	-	2,683	-	2,683
Rendering of other services	159	-	-	159
Interest received	-	8,729	329	9,058
Discount allowed – administration fees	-	(38)	-	(38)
	159	11,547	329	12,035

2019 Group R'000	***Investment advisory and investment management***	*Micro finance*	*Head office*	**Total**
Commissions received				
- Insurance commission	-	101	-	101
- Other commission	-	84	-	84
Administration fees	-	3,058	-	3,058
Rendering of other services	144	166	-	310
Interest received	-	9,785	-	9,785
Discount allowed	-	(3)	-	(3)
	144	13,191	-	13,335

Company

Interest income:	**2020 R'000**
Interest income	-

Company

Interest income:	**2019 R'000**
Interest income	95

18. Other income

	Group	**Company**

	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Bad debts recovered on trade receivables	332	425	20	-
Sundry income	1	213	-	98
	333	**638**	**20**	**98**

19. Other operating expenses include:

Lease payments short term	1,182	1,826	-	-
Low value lease items	286	351	-	-
Legal fees	35	244	-	-
Amortisation of intangible assets (refer to note 4)	114	165	-	-

20. Investment income

Interest revenue

Cash and equivalents	4	4	-	1

21. Finance costs including interest on income tax

Directors loans	48	517	48	517
SARS	-	63	-	63
Interest leases	225	-	-	-
Peregrine Financial Services Holdings Limited borrowing	293	358	-	-
Other borrowings	635	567	78	-
	1,201	**1,505**	**126**	**580**

22. Taxation

Major components of the tax expense (income)

Local income tax - current period				
Local income tax - recognised relating to prior periods	-	10	-	-
	-	10	-	-

Deferred

	Group		Company	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
	-	**10**	-	-

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss from continued operations	(10,345)	(9,383)	(9,922)	(3,923)
Tax at the applicable tax rate of 28% (2019: 28%)	(2,897)	(2,627)	(2,778)	(1,098)
Tax effect of adjustments on taxable income				
Permanent difference interest and penalties SARS	-	18	-	18
Permanent difference non-deductible expenses	92	84	92	84
Permanent difference non-taxable income	(6)	-	(6)	-
Permanent difference loss on sale of subsidiary	-	51	-	-
Prior period adjustments	-	10	-	-
Deferred tax asset not raised	2,811	2,474	2,692	996
	-	**10**	-	-

The estimated tax loss available for set off against future taxable income is for all companies in the Group is R 103,873,832 (2019: R 98,532,924). The company estimated tax loss available for set off against future taxable income is R11,800,553 (2019: R8,126,261) per the terms of the settlement agreement assessed losses till 2017 are forfeited.

23. Contingent Asset

Arising from the sale of Grindstone to Thinkroom, the "Grindstone Advisory Fee Agreement" was reached in terms of which, if Grindstone facilitates transactions between Grindstone incubation entities and third party investors, and earns transactional revenue, than Afdawn shall be entitled to the first R375 000.

24. Cash used in operations

Loss before taxation	(10,345)	(9,383)	(9,922)	(3,923)
Adjustments for:				
Depreciation	727	59	10	21

Investment income	(4)	(4)	-	(1)
Finance costs	1,201	1,505	126	580
Loss on sale of subsidiary – refer to note 9	-	181	-	-
Non-cash Impairment adjustment Group loans – refer to note 7	-	-	4,446	(693)
Non-cash impairment of investments	-	-	1,555	-
Non-cash Put option exercised setoff	-	-	330	-
Non-cash amortisation (refer to note 4)	114	165	-	-
Non-cash deemed interest expense	-	(152)	-	-
Non-cash operating lease movement	-	(60)	-	-
Non-cash movement in deferred income	196	-	-	-
Non-cash impairment of debtors loss allowance	1,052	1,249	-	-
Non-cash settlement of debtors	721	1,157	-	-
Changes in working capital:				
Trade and other receivables IFRS 9 prior year adjustment	-	1,130	-	-
Trade and other receivables	912	2,452	1	960
Trade and other payables	566	141	680	305
	(4,860)	**(1,560)**	(2,774)	**(2,751)**

Cashflow from financing activities

2020 Group R'000	**Borrowings non-current**	**Borrowings current**	**Directors loans**	**Leases**	**Total**
Opening balance	431	6,774	2,820	-	10,025
Cash movements	4,600	(1,685)	703	(670)	2,948
Borrowings repaid	-	(3,311)	(505)	(670)	(4,486)
Advances on existing	-	646	1,208	-	1,854
Advances new current	4,600	980	-	-	5,580
Total cash movements					
Non-cash movements	(431)	72	(2,897)	2,581	(677)
Transfer of borrowings to current	(431)	431	-	-	-
Implementation of IFRS16	-	-	-	2,354	2,354
Finance costs	-	38	49	225	312
Put option exercised *	-	(397)	(2,946)	-	(3,343)
Closing balance	4,600	5,161	626	1,909	12,296

2020 Company R'000	**Borrowings current**	**Loans to group companies**	**Directors loans**	**Total**
Opening balance	409	(9,169)	2,820	(5,940)
Cash movements	288	1,007	703	1,998
Borrowings repaid current	(12)	1,162	(505)	645
Group loans advanced	-	(155)	-	(155)
Advances on existing current	300	-	1,208	1,508
Non-cash movements	(359)	8,119	(2,897)	4,863
Put option exercised *	(397)	3,673	(2,946)	330
Finance costs	38	-	49	87
Movement in impairment	-	4,446	-	4,446
Closing balance	338	(43)	626	921

* Refer to note 14 for details on the option was exercised by the directors.

2019 Group R'000	**Borrowings non-current**	**Borrowings current**	**Directors loans**	**Total**
Opening balance	4,031	4,259	685	8,975
Cash movements	-	(787)	2,135	1,348
Borrowings repaid	-	(4,628)	(967)	(5,595)
Advances on existing	-	3,841	3,102	6,943
Advances new current	-	-	-	-
Non-cash movements	(3,600)	3,302	-	(298)
Transfer of borrowings to current	(3,600)	3,600	-	-
Disposal of subsidiary	-	(298)	-	(298)
Closing balance	**431**	**6,774**	2,820	**10,025**

2019 Company R'000	Borrowings non-current	Loans to group companies	Directors loans	Total
Opening balance	-	(9,276)	685	(8,591)
Cash movements	606	(329)	2,135	2,412
Borrowings repaid current	(945)	(2,346)	(967)	(4,258)
Group loans advanced	-	(398)	-	(398)
Advances on existing current	1,551	2,415	3,102	7,068
Non-cash movements	(197)	437	-	240
Offset of directors loans	(197)	-	-	(197)
IFRS 9 adjustment	-	1,130	-	1,130
Movement in impairment	-	(693)	-	(693)
Closing balance	409	(9,169)	2,820	(5,939)

25. Tax paid

Balance at beginning of the year	-	(5,705)	-	(3,312)
Current tax recognized for prior year profit or loss continued	-	(10)	-	-
Adjustment in respect of penalties and interest raised	-	53	-	-
	-	**(5,662)**	-	(3,312)

26. Related parties

Relationships

Subsidiaries	Refer to note 5
Subsidiaries loan accounts	Refer to note 7
Significant shareholder with borrowings	Peregrine Financial Services Holdings Limited refer note 13
Company controlled by a director providing services to the Group	Shockproof Investments Proprietary Limited Makalu Capital Arvesco 153 Proprietary Limited
Directors' loans and subsequent change	Refer to notes 14
Executive and non-executive directors	Refer to directors' report
Key management	DD Breedt
Key management close relative	JC Breedt

Related party balances	**Group 2020 R'000**	**Group 2019 R'000**	**Company 2020 R'000**	**Company 2019 R'000**
Loan accounts - Owing (to) by related parties				
Peregrine Financial Services Holdings Limited	(932)	(4,031)	-	-
Makalu Capital Proprietary Limited	-	(397)	-	(397)
Shockproof Investments Proprietary Limited	-	(12)	-	(12)
Arvesco 153 Proprietary Limited	(338)	-	(338)	-
Outstanding loans to directors and key management				
WJ Groenewald	-	(428)	-	(428)
G Hope	(646)	(2,392)	(626)	(2,392)
DS Danker	(350)	-	-	-
DD Breedt	(70)	-	-	-
JC Breedt	(630)	(605)	-	-
Related party transactions				
Administration fees (received from) paid to related parties				
Shockproof Investments Proprietary Limited	-	(3)	-	-
Makalu Capital Proprietary Limited	360	(1)	-	-
Interest (received)/paid from related parties				
Elite Group Proprietary Limited	-	-	-	95
G Hope	49	301	49	301
WJ Groenewald	-	75	-	75
DS Danker	63	-	-	-
DD Breedt	10	-	-	-
JC Breedt	134	111	-	-

Arvesco 153 Proprietary Limited	38	27	38	20
Shockproof Investments Proprietary Limited	-	17	-	12
Makalu Capital Proprietary Limited	-	51	-	45
Impairment of group loans refer to note 7				
Compensation to key management including directors				
Compensation	1,265	1,289	408	432

27. Directors emoluments and prescribed officers

Executive

2020 R'000 Company

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
	R'000	R'000	R'000	R'000
G Hope	-	-	-	-
WJ Groenewald #	-	-	-	-
J Slabbert	-	-	-	-
D Danker ^	-	-	-	-
	-	-	-	-

- WJ Groenewald resigned from African Dawn Capital Limited on 31 August 2019 at the same time his role in the subsidiary Elite Group (Pty) Ltd was converted from executive to Non-executive, he now performs consultancy work for Elite via Makalu Capital (Pty) Ltd.
^ - D Danker was appointed as a director and CEO on 10 October 2019.

2019 R'000 Company

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
WJ Groenewald	-	-	-	-
G Hope	-	-	-	-
	-	-	-	-

Non-executive

2020 R'000 Company

	Directors' Fees	Total
HH Hickey #	72	72
V Lessing	144	144
SM Roper	144	144
B Stagman ^	48	48
	408	408

- HH Hickey resigned from African Dawn Capital Limited and all subsidiaries on 31 August 2019.
^ - B Stagman was appointed as a non-executive director on 30 October 2019.

2019 R'000 Company

	Directors' Fees	Total
HH Hickey	144	144
V Lessing	144	144
SM Roper	144	144

	432	432

Prescribed officers

2020 R'000 Group	Salary	Total
DD Breedt	857	857

2019 R'000 Group	Salary	Total
DD Breedt	857	857

28. Risk management

Risk Management definitions

For the purposes of risk management, the following definitions are applicable:

* Credit risk – the risk that the Group may not recover amounts it is owed (debit balances - receivables, bank, debit loans).
* Liquidity risk – the risk that the Group may not be able to pay an amount as it becomes due.
* Interest rate risk
  - Cash flow interest rate risk – the risk that the cash flows will change because the interest rate has changed.

Concentrations of risk - There are no concentrations of risks.

Exposure

The Group is exposed to credit risk, interest rate risk and liquidity risk as follows:

Financial instrument	Credit Risk	Liquidity risk	Cashflow interest rate risk
Loans to Group companies	Yes	No	No
Trade receivables	Yes	No	Yes
Other receivables	Yes	No	No
Cash and cash equivalents	Yes	No	Yes
Borrowings	No	Yes	Yes
Loans from Group companies	No	Yes	No
Loans from directors	No	Yes	No
Trade payables	No	Yes	No

Management of risk

Cashflow is monitored very closely on a continuous basis.

Credit risk is very closely managed in accordance with the basis as disclosed in the accounting policy.

Analysis of the statement of financial position

The statement of financial position is analyzed in the table below:

Group 2020 R'000	Financial assets at amortised cost	Liabilitie s at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	1,970	1,970
Intangible assets	-	-	440	440
Trade and other receivables	9,128	-	33	9,161
Cash and cash equivalents	411	-	-	411
Share capital and share premium	-	-	(324,143)	(324,143)
Accumulated loss	-	-	327,045	327,045

Borrowings non-current	-	(4,600)	-	(4,600)
Leases liability non-current	-	(1,381)	-	(1,381)
Borrowings current	-	(5,161)	-	(5,161)
Leases liability current	-	(528)	-	(528)
Loans from directors	-	(626)	-	(626)
Trade and other payables	-	(1,506)	(1,082)	(2,588)

Group 2019 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	343	343
Intangible assets	-	-	554	554
Trade and other receivables	15,348	-	39	15,387
Cash and cash equivalents	2,388	-	-	2,388
Share capital and share premium	-	-	(323,323)	(323,323)
Accumulated loss	-	-	316,700	316,700
Borrowings non-current	-	(431)	-	(431)
Borrowings current	-	(6,774)	-	(6,774)
Operating lease liabilities	-	-	(2)	(2)
Loans from directors	-	(2,820)	-	(2,820)
Trade and other payables *	-	(929)	(1,093)	(2,022)

Company 2020 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	6	6
Investments in subsidiaries	-	-	9,822	9,822
Loans to Group companies	43	-	-	43
Trade and other receivables	-	-	33	33
Cash and cash equivalents	12	-	-	12
Share capital and share premium	-	-	(324,143)	(324,143)
Accumulated loss	-	-	316,442	316,442
Borrowings	-	(338)	-	(338)
Loans from directors	-	(626)	-	(626)
Trade and other payables	-	(1,137)	(114)	(1,251)

Company 2019 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	16	16
Investments in subsidiaries	-	-	11,377	11,377
Loans to Group companies	9,169	-	-	9,169
Trade and other receivables	-	-	34	34
Cash and cash equivalents	7	-	-	7
Share capital and share premium	-	-	(323,323)	(323,323)
Accumulated loss	-	-	306,520	306,520
Borrowings	-	(409)	-	(409)
Loans from directors	-	(2,820)	-	(2,820)
Trade and other payables	-	(463)	(108)	(571)

Analysis of the statement of profit or loss and other comprehensive income ("SOCI")

The SOCI is analysed below:

Group 2020 R'000	Financial assets at	Liabilities at	Not a financial	Balance SOCI

	amortised cost	amortised cost	instrument	
Interest income	9,058	-	-	9,058
Interest expense	-	(1,201)	-	(1,201)
Impairments	(1,052)	-	-	(1,052)
Bad debts written off	(721)	-	-	(721)

Group 2019 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income	9,785	-	-	9,785
Interest expense	-	(1,505)	-	(1,505)
Impairment	(1,249)	-	-	(1,249)
Bad debts written off	(1,157)	-	-	(1,157)

Company 2020 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income	-	-	-	-
Interest expense	-	(126)	-	(126)
Impairments	(4,447)	-	(1,555)	(6,002)
Bad debts written off	(330)	-	-	(330)

Company 2019 R'000	Financial assets at amortised cost	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income	95	-	-	95
Interest expense	-	-	(580)	(580)
Impairment	(442)	-	-	(442)
Bad debts written off	-	-	-	-

Credit risk

Maximum exposure

The amount that best represents the Group's maximum exposure to credit risk is as follows:

* Granting of loans and receivables to customers and other parties - the maximum exposure to credit risk is the carrying amount of the related financial assets. (I.e. net of any impairment losses recognised in accordance with IFRS 9).
* Placing deposits with banks - the maximum exposure to credit risk is the carrying amount of the related financial assets.

Collateral and receivables pledged as security

The following collateral is held as security:

Group '000	2020		2019	
	Carry amount	Security held	Carrying amount	Security held
Trade receivables for which collateral is held	-	-	3,857	2,392

The directors exercised their put option during the current financial year refer to note 14 and acquired the related trade receivables. The effect of this is that the security held is now nil.

The company did not hold any collateral in 2020 or 2019.

Amount of impairment for each class of financial asset:

Group R'000

	Amount of loss allowance 2020	Amount of loss allowance 2019
Trade and receivables (refer to note 8)	12,719	11,667
	12,719	11,667

Company R'000

	Amount of loss allowance 2020	Amount of loss allowance 2019

Loans to Group companies (refer to note 7 for reconciliation of movement)	59,451	55,004
	59,451	55,004

Trade and other receivables – Loss allowance reconciliation

Group	2020 R'000	2019 R'000
Opening balance	11,667	10,418
Plus additional impairment provisions	2,104	2,356
Less actual write off of impaired receivables	(1,052)	(1,107)
	12,719	11,667

The ECL has been calculated for each stage in the trade and other receivables as below:

2020 R'000	Opening	Additional impairment	Less write off impairment	Less reversed impairment	Closing
Current receivables	335	-	(4)	(119)	212
Collections and under-performing receivables	3,496	1,536	(53)	-	4,979
Legal receivables	7,836	50	(321)	(37)	7,528
Total	11,667	1,586	(378)	(156)	12,719

2019 R'000	Opening	Additional impairment per IFRS 9	Less reversed impairment	Closing
Current receivables	105	230	-	335
Collections and under-performing receivables	1,689	1,947	(140)	3,496
Legal receivables	8,624	179	(967)	7,836
Total	10,418	2,356	(1,107)	11,667

Analysis of financial assets

Trade receivables are grouped in terms of the accounting policy into:

- *Current receivables* - includes debtors that are paying within their credit terms as well as those that are up to 75 days overdue where after they are transferred to the collections book. A transfer to collection and under-performing receivables also takes place for debtors where a significant increase in credit risk is noted. These are events where a loan did not have a performing status for the last 6 months, at any time during the last 6 months, any one of the debtors' loans were restructured or the debtor was referred to the debt review process; or subsequent to a claim made on the credit life insurance policy, the outstanding balances on the client's loans are not zero.

- *Collection and under-performing receivables* - debtors remain in collections and will move through the ageing brackets with Provisions recognised at varying percentages until they are 180 days overdue at which point they are fully written off unless:
  * The debtor was previously written off because it was sequestrated or deceased; or
  * The debtor was transferred to the legal book.

- *Legal receivables* - includes debtors transferred from the collections book when the debtors have the following legal status:
  * A debt pack has been signed that would lead to an emolument attachment order; or
  * The debtor is placed under administration; or
  * The debtor is placed under debt review.

The trade receivables constitute short term debt. The advances are for a 3 months to 6 months period and therefore lifetime expected credit losses will always apply.

The group uses an independent third party to evaluate the ECL, the following was noted in relation to each of the categories of trade and other receivables as explained in note 28.

- On the current book, the ECL's as a percentage of balance declined from 4.5% to 4.1% since the previous year-end. We believe this is a result of data volatility and it is appropriate to maintain this overall provision as a percentage of outstanding balance in line with the previous financial year. This resulted in a small upward adjustment to the overall impairment of R27,559.

- We note a relatively small movement in total balance distribution from the current to the collection book over the last year. This is not large enough to be concerning and may just be due to normal fluctuations. This is also consistent with Management observation relating to financial health statistics of the book that are being monitored. These statistics suggests that the overall default probability on the book has been roughly stable over the last year.

- Within the collections book itself, the model is responding to potentially deteriorating payment experience that may follow in future. This pushes the ECL as a percentage of outstanding balance on the collections category up to 79.3% (2019: 67.7%). This is the main reason for the overall increase in the impairments compared to the previous financial year. We believe this is a strong provision against the collections category, even in the current market conditions. This observation is not contradicting to Management observations around the financial health statistics and it is positive/prudent to witness the model responding to the updated data in this manner. The impairments model appears to be suggesting that there is a possibility that collections on accounts that are already in the collections book at the moment may decline, even though the probability of default may remain stable.

The forward looking information applied in the ECL determination includes allowances for macro-economic factors and asymmetric risk on the loan book. The group incorporates future changes in the Consumer Price Index, the petrol price, the unemployment rate, the real wage rate and the real credit extension to households to link these scenario's to probability of default and used to derive a forward looking ECL.

Elite has specific percentages that are used to calculate the provision based on the ageing of the debtors. These are outlined below:

Analysis of financial assets trade receivables:

	2020 % Loss Allowance	2020 Estimated gross carrying amount at default	2020 Loss Allowance	2019 % Loss Allowance	2019 Estimated gross carrying amount at default	2019 Loss Allowance
Current receivables						
Current	2.2%	5,674	(123)	2.3%	7,027	(165)
30 days	12.2%	148	(18)	10.8%	784	(85)
60 days	53.8%	119	(64)	52.6%	97	(51)
90 days	87.5%	8	(7)	69.4%	49	(34)
Collections and under-performing receivables						
Current	6.0%	588	(35)	6.1%	820	(50)
30 days	29.4%	153	(45)	79.3%	82	(65)
60 days	49.3%	69	(34)	20.5%	180	(37)
90 days	69.9%	143	(100)	69.5%	187	(130)
120 days	94.5%	182	(172)	47.0%	196	(92)
120+ days	92.1%	4,989	(4,593)	43.3%	7,212	(3,122)
Legal receivables						
Current	78.7%	654	(515)	77.0%	1,286	(994)
30 days	78.7%	191	(150)	77.0%	274	(212)
60 days	78.7%	118	(93)	77.0%	100	(77)
90 days	78.7%	142	(112)	77.0%	55	(42)
120 days	78.7%	67	(53)	77.0%	473	(365)
120+ days	78.7%	8,390	(6,605)	77.0%	7,957	(6,146)
		21,635	(12,719)		26,779	(11,667)

Loans with a gross value of R 4,418,000 in 2019 were reclassified to Collection and under-performing receivables as this is more reflective of their nature. This accounts for the decrease in the comparative figures for Current 120 days and Current 120+ days and the corresponding increase in Collection and under-performing receivables 120 days and 120+ days.

Loans reflected in Collection and under-performing receivables for 120 days and 120+ days represent specific loans made with counterparties and only to a small degree loans from the group's micro-lending business. Therefore the expected increase in ECL is not noticed in these categories as loan specific ECL's were applied. The 120+ days loan has seen a credit deterioration in the current year and therefore a higher ECL is provided.

The loans classified as Legal receivables are stage 3 ECL loans and therefore share similar characteristics in terms of probability of default, loss given default and time expected to recover the debt. Given that these loans have similar characteristics management have applied a constant ECL provision rate to those loans

The above loss allowance percentages were calculated based on the last two years credit history in the debtor's book increased for forward looking information. This forward looking information adjustment is based on industry factors for similar short term finance arrangements. There are no concentrations of credit risk during the current year.

Credit quality information for financial assets not impaired:

Group R'000

	2020		2019	
	Carrying amount	Credit Quality	Carrying amount	Credit quality
Cash and cash equivalents	411	High	2,388	High

Company R'000

	2020		2019	
	Carrying amount	Credit Quality	Carrying amount	Credit quality
Cash and cash equivalents	12	High	7	High

Subsequent to year-end the credit rating was moved from Baa3 to Ba1 for the long-term local currency and foreign currency deposit ratings of the major banks in South Africa.

Risk on South African banks is considered negligible as all cash deposits are guaranteed by the SA Reserve Bank and banks are financially sound.

Liquidity risk

Group 2020 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Borrowings	1,031	381	5,787	4,008	-	11,207
Loans from directors	634	-	-	-	-	634
Trade and other payables	600	398	508	-	-	1,506
Lease payments	64	127	524	1,616	-	2,331
	2,329	906	6,819	5,624	-	15,678

Group 2019 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Borrowings	239	571	6,560	452	-	7,822
Loans from directors	2,820	-	-	-	-	2,820
Trade and other payables	769	160	-	-	-	929
	3,828	731	6,560	452	-	11,571

Company 2020 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Borrowings	367	-	-	-	-	367
Loans from directors	634	-	-	-	-	634
Trade and other payables	250	250	643	-	-	1,143
	1,251	250	643	-	-	2,144

Company 2019 R'000

	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Loans from directors	2,820	-	-	-	-	2,820
Trade and other payables	462	-	-	-	-	462
	3,282	-	-	-	-	3,282

The short term liquidity obligations will be met through a combination of operations and funding raised per note 31.

Interest rate risk

The sensitivity analyses below has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 50 (2019:100) basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 (2019: 100) basis points higher or lower and all other variables were held constant, the Group's loss for the period would change by R 57,408 (2019: 220,300) company: (R4,820) (2019: R17,200).

A 50 (2019: 100) basis points increase would increase revenue on unsecured lending by an estimated Group R109,343 (2019: R292,500).
A 50 (2019: 100) basis points increase would increase finance costs on borrowings linked to prime by an estimated R51,935 (2019: R72,200) company R4,820 (2019: -)(refer to note 13).
A 50 (2019: 100) basis points increase would increase interest income on cash and cash equivalents by an estimated R2,055 (2019: R17,200).

Capital risk management

The group'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 group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages the 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 group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, 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.

The capital structure and gearing ratio of the group at the reporting date was as follows:

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Borrowings	9,761	7,205	338	409
Lease liabilities	1,909	-	-	-
Loans from directors	626	2,820	626	2,820
Trade and other payables	2,588	2,022	1,251	571
Total borrowings	14,884	12,047	2,215	3,800
Less Cash held	(411)	(2,388)	(12)	(7)
Net borrowings	14,473	9,659	2,203	3,793
Equity	(2,902)	6,623	7,701	16,803
Gearing Ratio	498.7%	145.8%	28.6%	22.6%

29. Change in estimate

Intangible assets

In the current year the useful life of YueDiligence software was revised as there was an indication that the software was not aging as originally anticipated. The estimated useful life is 4 years (2019: 3 years). The effect of this revision has decreased the amortisation for the current periods by R50,120 (2019:nil).

30. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	2020	2019
- within one year	-	929
- in second to fifth year inclusive	-	797
	-	1,726

The group adopted IFRS16 in 2020, in terms of the new standard all leases are included statements of financial position – leases.

In the prior year under IAS17, operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years with an option to extend. No contingent rent is payable.

31. Events after the reporting period

- Impact of the spread of COVID-19

The group notes the announcement made by the World Health Organisation ("WHO") declaring the COVID-19 a Global Pandemic and the President of South Africa Cyril Ramaphosa on Monday, 23 March 2020 during which it was announced that the South African Government will be implementing a 21-day nationwide lockdown with effect from midnight on Thursday, 26 March 2020 until midnight on Thursday, 16 April 2020 and further extended indefinitely to curb the spread of COVID-19. The lockdown was extended beyond the initial 21 days and a 5 stage approach was implemented .It is noted that as there were no reported infections in South Africa at 29 February 2020 and the likelihood of this evolving into an epidemic in South Africa was considered to be small considering the geographic distance of South Africa to the infections the directors viewed the impacts of Covid-19 as a non-adjusting event.

It is anticipated that the COVID-19 pandemic will affect the group's profitability for the year ending 28 February 2021 largely in the expected credit loss allowances adjustment to the trade and other receivables, due to the economic impact of the nationwide lockdown. In order to mitigate the effect management has implemented a number of policies the most significant being a reduction in the maximum loan granted and shortening the repayment period.

At the start of the lockdown the group closed all offices for business and Elite moved all the branches programs to one computer and the division and area manager worked from home. When the lockdown moved to Level 4 on 1 May 2020 only essential offices were opened to serve the clients. President Cyril Ramaphosa then announced a countrywide move from level four to level three lockdown on 1 June 2020. Elite opened all office and worked in shifts in order to allow for social distancing to limit the disease spread. On the 17 August 2020 the country moved to level 2 and Elite is keeping operations for August as per Level 3.

The directors have evaluated the effect of the COVID-19 pandemic, for which the following impact has been identified:

Going concern

For details of the evaluation performed on the impact of the COVID-19 pandemic on the group's ability to continue operations for the foreseeable future, refer to note 1.18.

Collections

Pre Covid-19 Instalments in arrears averaged R318,000 per month. During April this increased to R415,000. This amount almost doubled in May, however since July Elite is almost back to normal at R324,000. The reason for this appears to be that Clients accounts had insufficient funds for the debit order instalments to go off against. The more the lockdown was relaxed more clients got back to work and are in the position to come to the branch and make payments on arrears.

Bad Debts

Bad debt handed over to collections pre Covid-19 average at about R107,000 per month and during lockdown this increased to R109,000 per month which is not large considering the economic circumstances. This is believed to be due to the loan periods being limited to 3 months and clients frequent contacted by branch personnel.

Staff

Elite applied for the TERS assistance from March to end June 2020, which assisted with the cash flow.

Rent paid

Funding restrictions had the biggest impact and arrangements were made with Landlords for rental to be delayed with a catch up later in the financial year. Arrangements was also made with other suppliers of the company.

Revenue

The impact on revenue is directly related to the ability to lend out money and not necessarily related to COVID.

This can been seen in April when Company was in full lockdown, both total loans advanced and revenue fell sharply but from June as lending increased revenue and loan advances were starting to return to normal with both loans and revenues growing close to pre Covid-19 levels.

Below is an estimation of the effect on Elite revenue during the lockdown:

	March 2020	April 2020	May 2020	June 2020	July 2020
Revenue	R625 110	R391 111	R489 796	R508 421	R579 570

Plans implemented

- Additional funding (see below) was raised and is being lent out in tranches as it becomes available.
- Raise more funding.
- Build a mobile APP for the clients to use so that they can have less exposure to the virus.
- Start a branch call centre to service the APP and Popup branches for marketing purposes.
- Get into the Truckstop Environment with the Popup branches, Elite Card and APP.
- Market the Call Centre to the corporate marketplace.

- *Additional funding*

The group has secured long term permanent funding as announced on SENS 9 June 2020. The company has entered into binding term sheet with Caleo Private Equity Proprietary Limited ("**Caleo**"), in terms of which Caleo will provide long-term funding to Elite Group Proprietary Limited ("**Elite**"), Afdawn's subsidiary that provides personal loans to the mass market. The capital provided to Afdawn will be used to support operational expenses and, more significantly, provide funding for expansion of the lending book of Elite.

In terms of the Term Sheet, Caleo will provide a total of R10 million of long-term loan funding to Elite in three separate tranches. The funding is considered to be permanent capital in that it has no set repayment date or redemption term. The funding will be provided as follows:

• In terms of tranche 1, Caleo will provide a loan of R3.6 million to Elite at an interest rate of 1.5% per month, within 1 (one) month of the Term Sheet becoming binding and unconditional, and Afdawn shall issue 9% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 1 ("**Tranche 1 Shares**"). The Tranche 1 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%;
• In terms of tranche 2, Caleo will provide a loan of R1.4 million to Elite at an interest rate of 1.5% per month, immediately after the disbursement of Tranche 1, and Afdawn shall issue an additional 3.5% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 2 ("**Tranche 2 Shares**"). The Tranche 2 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%; and
• In terms of tranche 3, Caleo will provide a loan of R5 million to Elite at an interest rate of 1.5% per month, within a 3(three) month period of the disbursement of Tranche 2, and Afdawn shall issue an additional 7.5% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 3 ("**Tranche 3 Shares**"). The Tranche 3 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%.

While there is no set repayment date or redemption term for the loan funding, should Afdawn or Elite choose to repay the loan funding, then Caleo shall be entitled to a fee equal to the present value of the expected interest payments for the period starting from the date of repayment and ending on the 20th anniversary of funds having been disbursed in respect of each respective tranche, discounted at a rate of 4.5% per annum.

The provision of the funding is subject to various conditions precedent as stipulated in the Term Sheet including any regulatory and shareholder approvals required for each tranche. The Tranche 1 Shares will be issued in terms of the general authority to issue shares for cash authority obtained by Afdawn at the last annual general meeting. Shareholder approval will be sought to issue the Tranche 2 Shares and the Tranche 3 Shares.

Other than the events disclosed above, the directors are not aware of any material matters or circumstances arising since the end of the financial year, not dealt with in the consolidated and separate financial statements that would significantly affect the operations and results of the group, or the disclosure included in the consolidated and separate financial statements.

32. Segment report

The segment information has been prepared in accordance with IFRS 8 - Operating Segments which defines the requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 requires segmentation based on the Group's internal organisation and reporting of revenue and operating income based upon internal accounting methods.

The Group discloses its operating segments according to the components regularly reviewed by the chief operating decision-makers, being the executive directors. These amounts have been reconciled to the consolidated financial statements. The measures reported by the Group are in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment revenue excludes value added taxation and includes inter-segment revenue which is Rnil (2019: nil). Net revenue represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating profit before capital items represents segment revenue less segment expenses. Segment expenses consist of operating expenses, depreciation, amortisation and impairments have been allocated to the segments to which they relate.

The segment assets comprise all assets of the different segments that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The Group's reportable segments are based on the following lines of business:

a. Investment advisory and investment management

This segment consists of the YueDiligence. YueDiligence provides investment advisory and investment management services to entrepreneurial and innovative companies.

b. Micro finance

This segment consists of Elite and Elite Two. These companies are involved in micro finance in the unsecured lending industry and have a wide base of customers (mostly individuals).

c. Head office

Head office consists of the head office expenses in the holding company together with other entities that previously operated in the bridging finance and vehicles finance industry. The entities have become dormant and the collection of outstanding balances is managed by head office.

All the segments operate only in South Africa, largely in the Gauteng and Western Cape provinces therefore no geographical information is provided. Similarly, all non-current assets are in South Africa.

2020 Group	**Investment advisory and investment management R’000**	**Micro finance R’000**	**Head office R’000**	**Total R’000**
Revenue	159	11,547	329	12,035
Other income	-	312	21	333
Investment income	-	4	-	4
Finance costs	-	1,075	126	1,201
Impairment trade and other receivables	-	2,104	-	2,104
Impairment trade and other receivables reversed	-	(1,052)	-	(1,052)
Bad debts actually written off	-	392	329	721
Employee costs	-	7,182	622	7,804
Depreciation	-	717	10	727
Operating expenses	177	8,172	2,863	11,212
(Loss) before taxation	(18)	(6,727)	(3,600)	(10,345)
Taxation	-	-	-	-
Total comprehensive loss	(18)	(6,727)	(3,600)	(10,345)
Segment total assets	75	11,830	77	11,982
Segment total liabilities	4	12,667	2,213	14,884
Property, plant and equipment acquired	-	557	-	557

	Investment advisory and investment	**Micro finance R’000**	**Head office R’000**	**Total R’000**

2019 Group	management R'000			
Revenue	144	13,191	-	13,335
Other income	-	257	381	638
Investment income	-	3	1	4
Finance costs	-	1,020	485	1,505
Impairment trade and other receivables	-	1,249	-	1,249
Bad debts actually written off	3	1,115	39	1,157
Loss on sale of subsidiary	-	-	181	181
Employee costs	-	7,569	623	8,192
Depreciation	-	38	21	59
Operating expenses	276	7,334	3,407	11,017
Profit/(loss) before taxation	(135)	(4,874)	(4,374)	(9,383)
Taxation	(27)	-	17	(10)
Total comprehensive loss	(162)	(4,874)	(4,357)	(9,393)
Segment total assets	104	15,095	3,473	18,672
Segment total liabilities	5	8,247	3,797	12,049
Intangible assets acquired	-	40	-	40
Property, plant and equipment acquired	-	2	-	2

The 2019 segment report has been split into more detailed to match the income statement changes for material items.

33. Loss per share

Basic loss per share

Basic loss per share are calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Basic and diluted loss per share

	2020 c	2019 c
From continued operations (c per share)	(20.6)	(33.5)
	(20.6)	**(33.5)**
Reconciliation of loss for the year to basic loss		
Loss from continued operations	**(10,345)**	**(9,393)**
Basic loss per share	**(10,345)**	**(9,393)**

Reconciliation of weighted average number of ordinary shares used for basic loss per share and headline and diluted headline loss per share

	2020 '000	2019 '000
Number of actual ordinary shares in issue opening refer to note 12	48,725	21,925
Ordinary share issue on 7 December 2018	-	6,094
Ordinary share issue on 14 June 2019	817	-
Ordinary share issue on 17 July 2019	656	-
Weighted average number of shares used for loss and headline loss per share	50,198	28,019

Headline loss per share

	2020 c	2019 C
Headline loss per share continued operations (c)	(20.6)	(32.8)
	(20.6)	(32.8)

Headline loss from continued operations 2020 R'000

	Gross	Tax	Net
Loss from continued operations	(10,345)	-	(10,345)
Headline loss from operations	(10,345)	-	(10,345)

Headline loss continued operations 2019 R'000

	Gross	Tax	Net
Loss from continued operations	(9,383)	(10)	(9,393)
Loss on sale of subsidiary	181	-	181
Headline loss from operations	(9,202)	(10)	(9,212)

34. Restrictions

A contract has restrictions in it that limit access to assets by the Group. These restrictions are explained below:

2020 - Existing as at year end

Peregrine Financial Services Holdings Limited Holdings Proprietary Limited

No amounts can be paid to Afdawn by Elite until all amounts owing to Peregrine Financial Services Holdings Limited have been settled. The carrying amount of the liabilities is R932 thousand (2019: R4,031 million).