VUNANI

LIMITED

Integrated Report

for the year ended 28 February 2022

Focus. Commitment. Purpose.

Contents

About this report

Vunani is an independent black-owned and -managed diversified financial services group with a unique positioning in the South African financial services sector.

This integrated report intends to provide detailed information that will help stakeholders analyse the group's economic, social, environmental, and governance performance. It encourages a standardised and efficient reporting process, improves our accountability to stakeholders, and encourages integrated thinking, decision-making, and action. The content is designed to provide stakeholders with a better understanding so that they can assess the group's ability to create and sustain value.

SCOPE AND BOUNDARY

The integrated report covers the financial period from 1 March 2021 to 28 February 2022.

Vunani's reporting scope is still limited to its reportable business segments, which are set out on pages 27 to 34. Vunani's stakeholders will find the content in this comprehensive report valuable and relevant.

APPROACH TO REPORTING

Vunani strives to provide a holistic view of the group in one document and regards this process as a valuable opportunity to engage with its stakeholder groups. In compiling the report, we were guided by international and South African reporting guidelines and best practice including King IV™*, the International Integrated Reporting Framework issued in December 2013, as well as South African legislation including:

- Companies Act;
- JSE Listings Requirements;
- International Financial Reporting Standards; and
- SAICA Financial Reporting Guides as issued by the accounting practices committee; and
- The sustainability information has been compiled with cognisance to the Global Reporting Index (GRI) standards.

ASSURANCE

We undertake the following assurance to ensure reporting integrity:

Business process	Nature of assurance	Assurance provider
Consolidated financial statements	External audit	BDO South Africa Incorporated
B-BBEE	B-BBEE scorecard review	Empowerlogic Proprietary Limited
B-BBEE	B-BBEE rating	Empowerlogic Proprietary Limited
Internal audit	Independent internal audit	MASA Risk Advisory Services
JSE requirements	Compliance with listings requirements	Grindrod Bank

FORWARD-LOOKING STATEMENTS

This integrated report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 28 February 2022. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company disclaims any intention, and assumes no obligation, to update or revise any forward-looking statement, even if new information becomes available as a result of future events or for any other reason, other than as required by the JSE Listings Requirements.

BOARD RESPONSIBILITY STATEMENT

The Vunani board of directors confirms its responsibility for the integrity of the integrated annual report, the content of which has been collectively assessed by the directors who believe that all material issues have been addressed and are fairly presented. The board believes that the integrated annual report was prepared in accordance with the International Integrated Reporting Framework. The report, which remains the ultimate responsibility of the board, is prepared under the supervision of the chief financial officer, Tafadzwa Mika CA(SA) and subject to both internal and external assurance. The report is submitted to the audit and risk committee, which reviews and recommends it to the board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements.

The board, after applying its collective mind to the preparation and presentation of the report, concluded that it was presented in accordance with the relevant standards, legislation and guidelines described in the "About this report" section and approved it for publication on 29 June 2022.

Ethan Dube *Executive deputy chairman*	Tafadzwa Mika *Chief financial officer*
Butana Khoza *Chief executive officer*	Mark Anderson *Executive director*
Lionel Jacobs *Independent non-executive chairman*	Marcel JA Golding *Non-executive director*
Nambita Mazwi *Independent non-executive director*	Sithembiso N Mthethwa *Non-executive director*
Gordon Nzalo *Independent non-executive director*	John Macey *Independent non-executive director*

FEEDBACK

A hard copy of this integrated report is available on request as well as online at https://vunanilimited.co.za/investor-relations/integrated-reports/

We are committed to improving this report each year and therefore, we appreciate and encourage constructive feedback. Please forward comments to: intergratedreport2022@vunanicapital.co.za

FY22 salient highlights

FINANCIAL HIGHLIGHTS

Revenue and premiums

▲R687.0m

(2021: R588.7 million)

Profit from continuing operations

▲R71.7m

(2021: R20.1 million)

Earnings per share

▲37.9c

(2021: 12.9c)

Headline earnings per share

▲34.7c

(2021: 7.2c)

Dividend declared

▲14.0c

(2021: 7.5c)

NON-FINANCIAL HIGHLIGHTS

▶ **VUNANI FUND MANAGERS RANKED 5TH LARGEST BLACK FUND MANAGER**

Reflections from our chairman and chief executive officer

Lionel Jacobs
Independent non-executive chairman

Butana Khoza
Chief executive officer

Conditions a year ago continued to be dominated by the Covid-19 pandemic, continuing its effect on global economies as countries adjusted their lockdown restrictions to stop the virus from further spreading. The rapid implementation of vaccine programmes appeared to stabilise the situation, allowing many economies to gradually reopen. On the strength of elevated export commodity prices and significant base effects from the previous year's GDP fall, we were looking at large upgrades to the global growth projection a year ago, particularly in the second half of the year. As the country entered the colder winter months, South Africa was predicted to see a noticeable growth rebound, although GDP recovery was expected to be incomplete for some time due to Eskom load-shedding and the looming prospect of a third wave of Covid-19 infections.

FINANCIAL OVERVIEW

Revenue from continuing operations for the group increased by 22% to R415.4 million (2021: R341.3 million) for the year ended 28 February 2022. The increase is due to the improved revenue generated from the fund management, and asset administration segments. Net insurance premium increased by 27% to R215.3 million (2021: R170.1 million) as the business increased its client base. Other income relates to non-core income generated from the group's other segments. The significant increase is as a result of a one-off recovery from the VFMB business.

Total investment income for the year amounted to R7.9 million compared to R4.5 million for the year ended 28 February 2021. The improvement is as result of an increase in dividends from the insurance related investments. Negative fair value adjustments of R18.4 million (2021: R44.1 million) relate to an increase in insurance related liabilities which had a negative fair value adjustment of R49.0 million (2021: R67.9 million). An increase in the value of the group's listed investment portfolio that is carried at fair value through profit or loss, resulted in positive fair value adjustments of R30.6 million (2021: R23.9 million).

In comparison to the previous year, the group's results improved by 257%. This was attributable to improved fund management, asset administration, and insurance company performance. Vunani Limited's consolidated EBITDA for continuing operations was R140.6 million, including fair value adjustments, which is 6% higher than the prior year at R132.8 million. All enterprises must contribute to revenue and EBITDA in some way. See the CFO's report page 24 for further details.

UNBUNDLING AND RESTRUCTURE

The Vunani Capital Partners (VCP) shares held by Vunani were unbundled by way of a distribution *in specie* to shareholders *pro rata* to their individual shareholdings in Vunani, in order to promote transparency in the financial reporting of the Financial Services Assets and Private Equity Assets of Vunani.

Conditions a year ago continued to be dominated by the Covid-19 pandemic, continuing its effect on global economies as countries adjusted their lockdown restrictions to stop the virus from further spreading.

The board anticipates that, in addition to greater financial reporting transparency, VCP's unbundling will eventually erase the difference between Vunani's TNAV and the price at which Vunani shares trade on the JSE. The VCP unbundling Conditions Precedent were met on 1 February 2021, as announced, and the VCP unbundling was completed on 11 February 2021.

The group has been free to focus on strengthening the financial services businesses since the unbundling of the private equity assets was completed last year. The underlying businesses have grown as a result of this. This strategy will be continued in the future, with a focus on maximising synergies across all opportunities.

DIVIDEND

The group's major goal is to achieve attractive and long-term growth in operational profit while also paying a growing dividend to its shareholders. The group has declared both an interim and final dividend during the year. An interim dividend of 6.5 cents per share was paid to ordinary shareholders in November 2021, (2021: 5.0 cents (4.00 cents net of dividend withholding tax). Total cash of R10.5 million (2021: R8.1 million) (net of treasury shares held) was paid to ordinary shareholders. The board has also declared a gross final dividend of 14.0 cents per share that was paid on 27 June 2022.

GOVERNANCE

Vunani is committed to being a good corporate citizen and ensuring that all of its businesses follow best practice corporate governance standards. The company values treating customers fairly, as well as transparency and ethical business practices (see page 42 for more detail on governance).

OUR PEOPLE

The Vunani Limited Group, which is now primarily focused on financial services, has an experienced and stable management team, which bodes well for future growth.

Despite the economic impact of Covid-19, the company sees several opportunities in the market. Each new opportunity will be assessed on its own merits to ensure that it complements the Vunani platform and adds value to the company. We were unfortunate that there were two colleagues who passed away due to the disease.

We will continue to guarantee that all colleagues have access to the most up-to-date information on the Covid-19, as well as a healthy and safe working environment.

Reflections from our chairman and chief executive officer (continued)

THE BOARD

We are pleased to report that there were no changes to the board since the last integrated report.

LOOKING AHEAD

Vunani is now solely focused on building its financial services companies, and the results have already begun to show in the short time since unbundling.

Despite the economic impact of Covid-19, the group continues to find significant business opportunities. Each new opportunity will be assessed on its own merits to ensure that it complements the Vunani platform and adds value to the company. There is still optimism that life will return to normal once a larger percentage of the population is vaccinated against Covid-19. To keep its employees safe, Vunani will continue to follow all government standards and a combination of working from the office and working from home tactics. Vunani is cautiously confident that the previous year's performance may be built upon and used to fuel growth in the near and long-term.

APPRECIATION

We appreciate the ongoing support of all of our stakeholders and loyal clients. We express our gratitude in particular to our devoted and loyal staff for their dedication during a difficult era. Thank you to the board and its subcommittees for their assistance and guidance in ensuring that the strategy was followed with consistency.

Lionel Jacobs
Independent non-executive chairman

Butana Khoza
Chief executive officer

29 June 2022

01

VUNANI AT A GLANCE

FOCUS

Who we are

HOW WE EVOLVED

Vunani is a diversified black-owned and operated financial services company with a unique position in the South African financial services sector. Vunani has established itself as one of the country's premier boutique providers, led by individuals with a love for business. Its stable operating foundation underpins an innovative and fully integrated suite of products and services that can be tailored and bundled to meet the demands of public and private sector clients.

VUNANI'S HISTORY

Vunani was founded in the late 1990s, and was first listed on the JSE's AltX in November 2007, before being transferred to the main board in 2019. From the beginning, the group's goal was to gain a competitive advantage by implementing meaningful Broad-Based Black Economic Empowerment and consistently providing the best services and expertise available in the local financial services sector. Over the past two decades Vunani has created a robust and acknowledged footprint in South Africa and the rest of Africa. It has established a distinct market position through its commitment to BEE and the retention of a top-tier management team. Vunani has become a force to be reckoned with both at home and internationally, thanks to the strength and breadth of its structure.

KEY MILESTONES

98 Established as a wholly-owned subsidiary of African Harvest Limited

02 First management buy-out acquiring all of African Harvest Limited operating businesses

04 Second management buy-out and establishment of the Vunani brand

05 Absa Bank Limited acquired a 20% interest in the group

07 Listed on the JSE AltX in November

11 Property portfolio listed on JSE Limited's main board (Vunani Property Investment)

14 Disposal of property management company (which controlled Vunani Property Investment Fund)

15 Acquisition of 70% interest in Fairheads Benefit Services

18 The group continues to focus on growing its operating businesses

19 Acquisition of Oracle Insurance Eswatini

Secondary listing on A2X

Application to transfer Vunani's listing from the JSE AltX to the Main Board

20 Acquisition of Vunani Fund Managers Botswana Proprietary Limited

21 Unbundling of Vunani Capital partners and positioning as purely financial services business

MISSION

To be South Africa's foremost boutique financial services group.

VISION

To differentiate the group through a strong focus on its commitment to BEE and operating businesses. Recruitment of high-calibre management and staff, coupled with the prudent and successful management of these businesses, is core to the group's strategy and the way in which it does business.

GROUP BUSINESS

VUNANI LIMITED

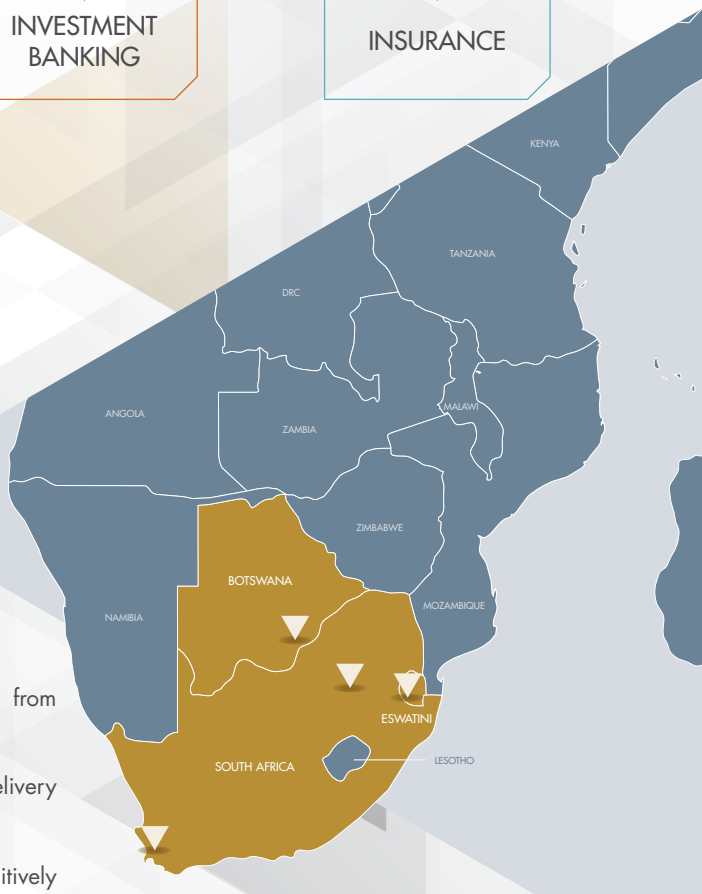
- FUND MANAGEMENT
- ASSET ADMINISTRATION
- INVESTMENT BANKING
- INSURANCE

OUR AFRICAN FOOTPRINT

Botswana
- Gaborone

Eswatini
- Mbabane

South Africa
- Johannesburg (head office)
- Cape Town



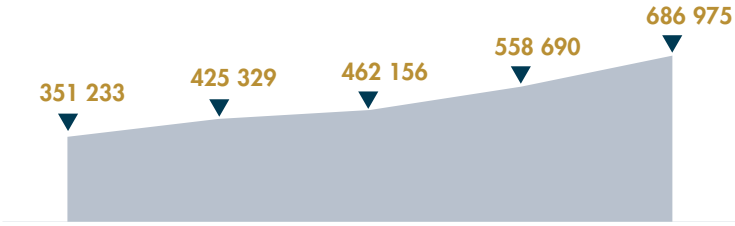
COMPETITIVE ADVANTAGES

The key attributes that differentiate us from our peers and protect us from competitors are outlined below:

- Our leadership team focuses on a safe and sustainable operational delivery as an enabler for growth
- We look to maintain responsible business behaviour which impacts positively on all stakeholders and increases long-term shareholder value
- B-BBEE ownership of 79%
- High-calibre and competent management and staff
- Financial boutique business with diverse revenue streams
- Strong focus on cost and cash management and capital allocation
- Key player in the financial markets
- Identifying and optimising investment opportunities in Africa's fast-growing markets
- Strong group liquidity and balance sheet position
- Technical institutional memory embedded in the leadership team
- Innovating through technology

Five-year financial review

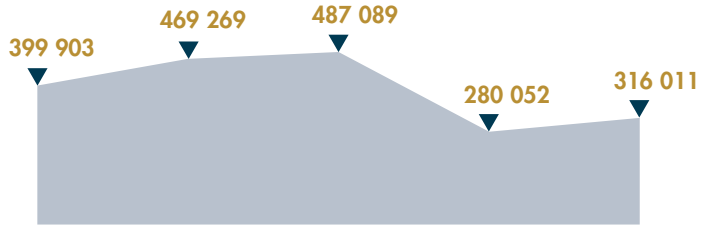
STATEMENT OF COMPREHENSIVE INCOME



Total revenue (R'000)

	February 2018[1]	February 2019[1]	February 2020[1]	February 2021[1]	**February 2022[1]**
Results from operating activities profit/(loss) (R'000)	61 427	112 416	73 489	10 439	**107 388**
Profit for the year (R'000)	45 556	90 252	39 468	(159)	**71 704**
Headline earnings (R'000)	39 980	88 553	884	11 597	**55 566**
Headline earnings per share (cents)	25.2	54.7	0.6	7.2	**34.7**

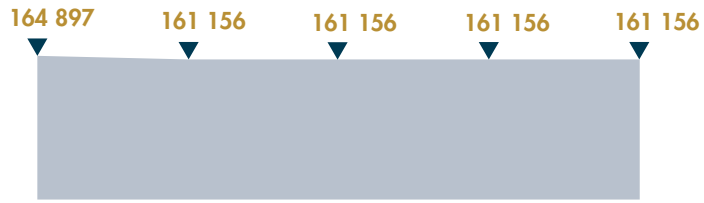
STATEMENT OF FINANCIAL POSITION



Equity attributable to equity holders (R'000)

	February 2018	February 2019	February 2020	February 2021	**February 2022**
Total assets (R'000) (note 1)	1 282 156	798 944	1 620 446	1 191 288	**1 246 064**
Total liabilities (R'000)	882 819	321 295	1 062 683	857 784	**863 712**
Net asset value per share (cents)	242.5	291.2	302.2	173.8	**196.1**

SHARE PRICE STATISTICS



Number of shares in issue at year-end ('000)

	February 2018	February 2019	February 2020	February 2021	**February 2022**
Closing price at end of the year (cents)	300	200	199	245	**280**
Closing high for the year (cents)	320	300	280	275	**300**
Closing low for the year (cents)	180	112	103	116	**245**
Volume traded during the year ('000)	1 531	5 483	2 589	3 200	**7 965**
Ratio of volume traded to shares in issue (at year-end) (%)	0.92	3.40	1.61	1.99	**4.94**

Notes:
1 – For continuing and discontinued operations.

Our continued response to Covid-19

The Covid-19 pandemic has wreaked havoc on a global scale and the economies of the countries in which Vunani operates were no exception, with governments launching a state of emergency measures to help businesses affected by the virus. The National State of Disaster, which had been in effect for a long time, was ultimately lifted on 5 April 2022. Covid-19 infections continue to rise as the country enters its fifth wave despite having had a good uptake in vaccinations. The company continues to implement measures aimed at providing assurance to our employees, clients and stakeholders at large.

HOW VUNANI RESPONDED

Vunani continued with the pandemic plan that was put in place in the previous year which primarily focused on:

- compliance with regulations on the movement of people;
- emphasis on personal hygiene;
- employee distancing techniques in the work environment;
- maximum utilisation of the capacity to work from home; and
- continuous communication to staff, clients and other stakeholders.

Vunani has advised all employees to be vaccinated in order to minimise the risk of infections in the workplace and the in the communities in which they live.

CLIENTS AND PARTNERS

Our continued response to our clients and partners included:

- Virtual one-on-one engagements to ensure our clients that we were able to continue with our operations during the pandemic.

EMPLOYEE WELLBEING AND HEALTH AND SAFETY

At all times our priority is the health and safety of our employees as well as customers and the following steps were kept in place:

- Hybrid remote working policy implemented and increased spending to equip employees to work from home.
- Additional health and safety protocols introduced at the offices.

COMMUNITY SUPPORT DURING COVID-19

The organisation has a large presence and works with a variety of communities, some of which are extremely poor. Due to the disruption of some of our enterprises, we have first-hand knowledge with the desperation in some of these communities. As a result, our companies have identified a number of community-based non-governmental organisations and community leaders to assist communities with food relief, cleanliness and sanitation, and clothes.

We will continue to monitor any requests for assistance as this situation continues.

COMMUNICATING IN A CRISIS

Communication is critical during a crisis, and we continued to focus heavily on it throughout the year. Vunani ensured that all stakeholders were kept informed in a timely and transparent manner.

02

OUR STRATEGY

FOCUS

Our strategy

HOW WE CREATE VALUE

Being a financial services provider means playing an integral role in the economic life of individuals, businesses and communities. We therefore take an integrated approach in identifying factors that enable us to make sustainable decisions in the short, medium and long-term.

Vunani follows a value creation process that is purpose driven and is constantly reviewed to ensure that what we do continues to sustainably shape not only the South African but African financial landscape.

The success of how we create value is determined through the achievement of the following key goals:

ADD VALUE FOR OUR SHAREHOLDERS AND OTHER STAKEHOLDERS

- Maintain an integrated portfolio of products and services;
- Strive to improve our financial results every year;
- Enable our clients to achieve their goals;
- Maintain a culture of engagement;
- Aim for continual improvements in products and processes;
- Use best-practice employment policies and procedures; and
- Leverage off strategic partnerships.

BE A GOOD AND RESPONSIBLE CORPORATE CITIZEN

- Adhere to all appropriate legislation, regulations and requirements
- Adhere to the codes of good practice outlined in the King Report on Corporate Governance for South Africa (2016) (King IV)
- Take guidance from international best practice in corporate governance

MAKING A REAL CONTRIBUTION TO SOCIO-ECONOMIC TRANSFORMATION IN SOUTH AFRICA

- Facilitate meaningful transformation in South Africa
- Live our commitment to this objective at Vunani, which is an independent, black-owned and -managed group
- Consistently commit to the principles of B-BBEE and the goals of the National Development Plan ("NDP")

Strategy scorecard

Strategic objective	Strategic response	2022 performance	Looking forward
Achieve a positive and consistent return for shareholders	• Focus efforts on organic growth, intergroup collaboration and synergies • Addition of new products/service offerings for clients • Closely monitor capitalisation of each business and redeploy capital accordingly • Identify new complementary business opportunities in SADC	• Continued focus on intergroup collaboration and synergies • Continued to protect our current client base	• Identify accretive businesses that are in line with our growth and diversification strategy
Maintain an optimal capital structure relative to the strategic objectives of the group	• Maintain good relationships with bankers • Identify additional sources of capital for businesses	• Maintained continuous engagements with current and potential debt and equity funders • Improved our credit control and cash management	• Improve framework for cash and capital allocation and monitoring
Maintain a robust and steady infrastructure that supports and facilitates opportunities in each segment Innovate through technology and systems to optimise across business units	• Invest in the right level of infrastructure that has sufficient capacity, backup and redundancy to support the operational requirements of the group • Increase interaction with clients and service providers to understand changing needs, business requirements and available solutions	Continued development of software to upgrade client servicing	• Adopt cloud-based platforms
Investing in talented individuals to ensure that each segment is driven by experienced leaders and staffed by skilled people who share in the group's vision	• Employ qualified individuals with the requisite skillset • Develop our people through formal and informal training programmes based on their individual career progression objectives • Appropriately reward staff for performance through short-term incentives ("STIs") and long-term incentives ("LTIs"), which are uncomplicated and transparent	• Facilitated leadership development and succession plans for new set of business segment leaders	• Enhanced internal training programmes
Continue to improve and sustain our B-BBEE rating	• Contribute to the societies that we operate in • Support transformation through: o Employment practices o Supplier and enterprise development o Upskilling staff	• Improved diversity through employment equity objectives	• Improve current B-BBEE scorecard rating

Our value-creating business model

OUR INPUTS

Financial Capital

The multi-source pool of funds that supports operating activities group-wide and enables the businesses to execute their respective focused business strategy.

- Share capital of R696.5m (2021: R696.5m)
- Operational cash flow generated R68.8m (2021: R71.4m)
- Financial liabilities advanced of R2.5m (2021: R0.6m)
- Financial liabilities repaid of R27.7m (2021: R25.1m)

Human & Intellectual Capital

Our people in their discipline teams, their niche skills-sets, knowledge bases and experience, within our group culture, supported by our systems and processes – and how these are applied to add value to our products and services. This accumulates into our IP assets of institutional memory, brand and reputation.

- Continued investment in up- and on-skilling staff
- R3.8m (2021: R5.2m) investment in systems and process development
- Vunani Fund Managers ranked 5th largest black fund manager

Social and Relationship Capital

The loyal network of our key stakeholders and the supportive dialogue that informs an effective group strategy.

- 727 shareholders at 28 February 2022
- Continued investment in community development initiatives
- The South African Institute of Chartered Accountants (www.saica.co.za)
- The South African Institute of Stockbrokers (www.sais.co.za)
- The Chartered Financial Analyst Society of South Africa (www.cfasociety.org/southafrica)
- The Investment Analysts Society of Southern Africa (www.iassa.co.za)
- The JSE (www.jse.co.za)
- The Institute of Directors (Southern Africa) (www.iodsa.co.za)
- The Association of Black Securities and Investment Professionals (www.absip.co.za)

Natural Capital

Our accountability for appreciation and preservation of natural resources consumed and deployed in delivery of our products and services, particularly, as a financial services group how our concerns in this regard impact on deploying financial capital.

- Focus on recycling of paper and computer equipment to minimise footprint

OUR BUSINESS ACTIVITIES

- **Asset administration**

  Primarily administration of death benefits on behalf of minor dependants of deceased retirement fund members.

  - Revenue of R172.7m (2021: R144.6m)
  - Assets under administration R9.2bn (2021: R7.3bn)

- **Fund management**

  Fund management services to institutional, corporate and retail clients via single-asset and multi-asset class funds (equity; bonds; money market).

  - Revenue of R180.7m (2021: R133.6m)
  - Funds under management R71.1bn (2021: R56.1bn)

- **Insurance**

  Insurance services included provision of short-term insurance and medical aid as well as long-term life insurance and employee benefits.

  - Revenue of R271.9m (2021: R217.4m)

- **Investment banking**

  Institutional securities broking, advisory services including JSE sponsor, M&A and bond origination:

  Advisory services

  - Revenue of R30.8m (2021: R16.9m)

  Institutional securities broking

  - Revenue of R30.9m (2021: R46.3m)

2 KEY STRATEGIC OBJECTIVES

1. GROWTH

2. DIVERSIFICATION

Our focus areas:

- Focus on growing financial services businesses following unbundling
- Focus on adding new products/services on current platform
- Focus on maximising synergies in financial services businesses
- Invest in IT systems to help improve quality of service to our clients
- Improve client interaction to help retain key clients
- Identify acquisition opportunities in financial services business in SADC
- Implementation of LTIs to retain key staff

Our value-creating business model (continued)

VALUE WE HAVE CREATED

For our shareholders

- Profit of R71.7m
- Segment profit as follows:
  - Fund management R37.4m (2021: R18.0m)
  - Asset administration R19.8m (2021: R19.6m)
  - Insurance R11.8m (2021: loss of R37.3m)
  - Investment banking of R2.7m (2021: R19.7m)
  - Discontinued operation (private equity and fund management) Rnil (2021: Loss of R20.2m)
- Financial liabilities repaid of R27.7m (2021: R25.1m)
- Share price of high of 300c (2021: 275c)
- Dividends paid of R22.4m (2021: R8.1m)
- Tax to national fiscus R31.1m (2021: R14.9m)
- Sell-side reports by Merchantec

For our people

- 371 employees (2021: 339 employees)
- 70% (2021: 66%) of staff are female
- R257.2m (2021: R246.8m) spent on salaries
- Staff participated in LTI scheme

For our communities and country

- Monetary donations to schools in areas that we operate in
- Monetary donations to communities in areas that we operate in
- Enterprise and supplier development initiatives to support small businesses
- R31.1m (2021: R14.9m) paid in taxes

For the environment

- Recycling of old IT equipment
- Purchasing refurbished IT equipment
- Use of rain water tanks at Sandton offices

OUR TRADE-OFFS

We acknowledge that the following have a short-term reductive effect on financial capital. The trade-off is that these are key drivers of the long-term sustainability of the group:

- Expansion both of existing businesses and through acquisition
- Diversification of our offering and our footprint
- Investment in up- and on-skilling our people and improving systems and process
- Spend on good corporate citizenry including: regulatory compliance; preserving natural resources; contributing to socio-economic transformation in South Africa
- Expansion boosts financial capital over the long-term and offers value to our human capital by offering ever-widening opportunities for cross-skilling, learning and movement within the group
- and our operating regions. Similarly spend on good corporate citizenry helps build our social licence to operate with authorities and communities.

We further deem certain time and resource input critical to the outcome we are intending to create, albeit while acknowledging the trade-off as it diverts some focus from core business. This is most true with regard to stakeholder engagement. As we consider stakeholder relations to be central to our long-term sustainability, this trade-off is acceptable to the group as it enables a well-informed strategy which can deliver gains in all other capitals.

3 KEY SUCCESS MEASURABLES

Adding value for our shareholders and other stakeholders

Being a good corporate citizen

Making a real contribution to socio-economic transformation in South Africa

Our material matters

We view material matters as issues that may influence our ability to create value in the short, medium and long term. These are matters that are important to our strategy in terms of mitigating risks in order to continue generating revenue and staying profitable.

Determining our material matters

The group undertakes an annual process to identify the key issues that are expected to have a material impact on its operations. The defining and mitigation planning processes result in the formulation of strategic plans that are presented to and endorsed by the board.

The following factors are what help us determine our material matters:

- Group strategic objectives
- Legislative and regulatory framework
- Business strengths and weaknesses
- Human, manufactured, intellectual, social and financial capital resources

The below material matters were identified by the group

ISSUE	OPPORTUNITY
Focusing on client needs	• Seeking innovative digital solutions to enhance client satisfaction • Ensuring fair outcomes for clients • Effectively managing client demands
Achieving set financial outcomes	• Delivering sustainable growth for shareholders • Maintaining a strong balance sheet • Resiliently managing cash and capital allocation
Increased financial pressure due to geopolitical uncertainty	• Maintaining a dynamic approach to risk appetite
Actively creating a sustainable and carbon free future	• Consciously investing in business that look to reduce their carbon footprint by 2050 • Actively managing waste at all Vunani offices

Managing risk and identifying opportunities

KEY RISKS AND MITIGATING CONTROLS

Vunani operates in a highly regulated environment and the board acknowledges that, with assistance from the audit and risk committee, it is accountable for the risk management processes as well as the systems of internal control.

Risk management is a central part of the group's strategic management. It is a structured process whereby risks associated with the group's activities are identified and plans are put in place to manage and mitigate those risks.

The process followed to identify the key risks and areas of focus is summarised below:

- Identify key business objectives
- Identify events that could impact the achievement of these objectives
- Assess the inherent likelihood and potential impact of these events
- Consider the controls that have been implemented to mitigate the risk and their effectiveness in order to determine the level of residual risk
- Where the residual risk is not allayed to an acceptable level, implement additional procedures

OBJECTIVES AND APPROACH

The group's risk management objectives ensure that strategic and operational risks are identified, documented and managed appropriately. Risk management forms an integral part of normal business practice, with a culture of risk awareness promoted throughout the group.

Key to this is management working together to identify the significant risks that the group faces and developing mitigation plans. This includes implementing appropriate internal controls and identifying risk owners to take responsibility for individual risks and the management of those risks.

Vunani is exposed to a wide range of risks, some of which may have a material impact. Identifying these risks and developing plans to manage them is part of each business unit's directive. Group management assesses these risk registers periodically and the board, through its audit and risk sub-committee, receives assurances from senior management regarding the effectiveness of the risk management process. The board remains responsible for overall risk management.

Risk management plans and processes are presented, discussed and approved at audit and risk committee meetings in line with the audit and risk committee's work plan for the year. The process encompasses both an enterprise-wide risk assessment and divisional assessments. The plans and processes include risk registers detailing significant strategic and operational risks facing the group, existing controls, perceived control effectiveness and the level of risk tolerance.

Risks that are below acceptable tolerance levels require a plan for the implementation of additional controls and management's actions to bring these risks within acceptable levels.

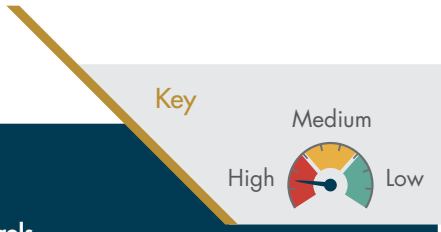
Internal audit provides a written assessment of the system of internal controls, including financial controls and risk management processes, and conducts annual reviews to assess the adequacy of the risk management process. To meet its obligations, internal audit has to work with underlying businesses and design, test and embark on a combined assurance review process that is risk-based and draws upon appropriate functional expertise.

Furthermore, each operating subsidiary that is subject to regulatory supervision has an appointed compliance officer who is responsible for liaising with the regulator and ensuring compliance with all the relevant regulations.

The process described above is undertaken both at group level and at an operating entity level.

KEY RISKS

The group has identified the following key risks and areas of focus in terms of the capital bases employed within the group:



Capital	Key risks identified	Probability assuming no mitigating controls	Impact	Mitigating controls
Financial capital	The group's ability to meet its financial obligations and the maintenance of working capital.			• Executive committee manages a dashboard of metrics, designed to ensure that the group has a good sense of how individual businesses are performing and ensure timeous response to adverse developments. • Daily cash management by heads of operating businesses. • CFO, and ultimately the CEO, responsible for overall group cash management. • Monthly management meetings with each operating business to track financial performance, cash generation and changes to the business environment. • Executive management supports non-performing business areas and assists them to return to profitability. • Financial management process includes profit and cash flow forecasts, taking changes in the business environment into account. • Board analysis of group's performance and its ability to meet its obligations on both a short- and long-term basis.
	Unnecessarily expending resources on activities that will not yield the desired objectives.			• Strategy review is embedded into regular interaction between group management and subsidiary executives. • Group executives and heads of business formulate strategy based on group's objectives. This is documented and implementation monitored.
Human capital	The inability to attract and recruit and retain competent, skilled, experienced and talented individuals.			• Recruitment and assessment procedures go beyond the conventional and decisions around key skills are discussed at different levels of the organisation. • Importance given to reward and incentive mechanisms at all levels. • Combination of market-related salaries and short and LTIs.
Social and relationship capital	The evolution of BEE and transformation legislation and its increasing imperative means that the current level of compliance may not be sufficient to secure business.			• BEE is integral to doing business and transformation-centric processes are embedded into each business. • Periodic interactive workshops at each business to formulate a strategy to improve BEE ratings.

Managing risk and identifying opportunities (continued)

Capital	Key risks identified	Probability assuming no mitigating controls	Impact	Mitigating controls
Intellectual capital	Group subsidiaries operate in a highly competitive market where the products are relatively commoditised. Price and service factors are an important consideration, which could have a significant impact on the performance.			• Operational management keeps abreast of environmental developments ensuring products and services remain relevant and in demand. • Monitoring and tracking of progress in product and business development activities. • Client relationship management and retention are an integral part of management's functions.
	Insufficient and/or inappropriate risk management and mitigation processes at a group and operational level.			• Group risk is assessed from the top-down, as well as bottom-up, based on the potential risks to achieving strategic objectives. • Operating businesses consider risks that are particular to their respective businesses. • Risks are documented in risk registers, categorised in terms of priority and submitted to the group audit and risk committee
	Non-compliance in terms of the regulations that govern the various business activities within the group, some of which are onerous.			• Dedicated personnel appointed at operational level to monitor compliance and interact with regulators as required.
Manufactured capital	Significant reliance on information technology and communication systems. This is a pervasive risk that affects the group as a whole.			• IT Steerco as well as an outsourced IT service provider manages relationships with internal stakeholders and all external service providers to ensure that a high service level is maintained. • IT Steerco and IT service provider ensure that the group's IT strategy is appropriately formulated and implemented in the most cost-effective manner. • A separate IT risk register is maintained and processes are put in place to ensure that the key • IT-related risks are mitigated to an acceptable level.

COMBINED RISK ASSURANCE MODEL

The group has adopted a combined risk assurance model to manage its risk. The model was designed to provide an assurance map to indicate who assures what risk and to whom this assurance is reported. It is a tool to assess and improve the functionality of the "lines of defence" applicable to each risk.

The "four lines of defence" are reflected in the model below .

	People and processes	Management, supervision and oversight	Risk management and compliance	Internal audit action	Board committee oversight	Independent external assurance
Top-down approach	Risk register combined risk assurance model	Subsidiary boards	Chief financial officer	Review, advisory, report to audit and risk committee	Audit and risk committee	Review, advisory, report to audit and risk committee
Combined risk assurance process	Line 1		Line 2	Line 3		Line 4
Bottom-up approach	Enterprise risk assessment process by subsidiaries, feeding into risk register	Subsidiary boards	Chief financial officer	Review, advisory, report to audit and risk committee	Audit and risk committee	Review, advisory, report to audit and risk committee

This combined risk assurance process has provided us with a better understanding and control of our risks and has provided management with a tool to address the group's significant risks.

As part of the above processes, significant risks identified during the reporting period, together with significant risks identified by senior management, were compiled into a group risk register. This register is monitored by the audit and risk committee on a regular basis.

The board is satisfied with management's process of determining material issues, risks, and opportunities and that the risk management is effective in continuously identifying and evaluating risks and opportunities and ensuring that these risks are managed in line with our business strategy.

03

OUR PERFORMANCE

PURPOSE

Market in context

The financial year commenced as the World struggled to get to grips with a so-called "new normal" of learning to live with the Covid-19 pandemic. Cycles of flare-ups in infections triggered periodic tightening of lockdown and other measures to contain the spread of the disease and ultimately, the economic damage caused by it. Whilst South Africa struggled through a third and fourth Covid-19 wave, the economy did start to recover and business conditions gradually improved.

As could be expected in the aftermath of unprecedented fiscal and monetary stimulus as counteracting measures to the pandemic, prices started to rise as demand improved amidst erratic output and global supply chain disruption. South Africa did not escape that either and domestic headline inflation spiked from below 3% to end the financial year just below the 6% upper limit of the inflation target band as the global oil price surged, partly fuelled by rumblings of war between Russia and Ukraine towards the end of the period.

The risk of inflation becoming more entrenched in core inflation and increased pressure on the Rand exchange rate eventually forced the hand of the Monetary Policy Committee to commence the interest rate hiking cycle by November 2021. This was not ideal from an economic recovery perspective since the underlying recovery cycle was still rather tentative and remained relatively weak throughout the remainder of the financial year.

Nevertheless, financial markets continued to enjoy the lagged thrust of the liquidity-driven tailwind, and further bolstered by the additional prospect of resources price-related earnings growth, pushed the domestic equity market to surge to record levels by the end of the financial year.

While the South African economy continues to suffer from rising inflation, and the scope for economic recovery will continue to be hamstrung by severe structural challenges like the inability to supply electricity without interruption, the fiscus did benefit from the fillip of unexpected resource-related company tax income. That helped to allay the fears pertaining to the risk fiscal deterioration spiralling out of control.

Economic conditions are expected to remain challenging over the next financial year. Policy tightening amidst surging global inflation will inevitably result in slower economic growth in trading partner countries, as well as domestically. Real domestic economic growth is expected to slow to around 2% in 2022 as interest rates continue to rise. Vunani's positioning in the financial sector should continue to offer ample opportunity to the business to continue growing.

Chief financial officer's report

The increase in profitability is mainly attributable to the improved performance of the fund management segment and turnaround of the insurance segment.

Tafadzwa Mika
Chief financial officer

EXECUTIVE SUMMARY

The 2022 financial year was a challenging one due to Covid-19 and a tough economic environment. Despite these challenges the group performed significantly better compared to the prior year. The majority of the group's businesses performed well in the tough environment, except for the investment banking segment which was negatively impacted by the tough economic environment, which affected trading volumes.

The group's continuing operations made a profit of R71.7 million, compared to R20.1 million in 2021, whilst the discontinued operations made a loss of Rnil compared to a loss of R20.2 million in 2021. Overall the group made a profit of R71.7 million in the year compared to loss of R0.2 million compared in 2021. The increase in profitability is mainly attributable to the improved performance of the fund management segment and turnaround of the insurance segment. During the year the group acquired an effective 39% stake in Medscheme Holdings Proprietary Limited through Oracle Insure. The group had increases in revenue and premiums from operations, revenue from investments, other income and interest on investments during the year. The group's earnings per share increased by 194% to 37.9 cents (2021: 12.9 cents), while net asset value per share increased by 13% to 196.1 cents (2021: 173.8 cents) as result of the improved performance. An interim ordinary dividend of 6.5 cents per share (5.2 cents net of dividend withholding tax) was paid to ordinary shareholders in November 2021. A final dividend of 14.0 cents was declared to shareholders on 25 May 2022 (2021: 7.5 cents).

The consolidated results for the group are based on the results of the business segments as summarised on pages 27 to 34 of this report. For material events between the end of the reporting period and the date on which the annual financial results were approved by the board, refer to note 51 on page 154.

Statement of comprehensive income

The insurance segment contributed the highest percentage of the group's revenue at R271.9 million (2021: R217.4 million) due to the improved performance of the business. This is followed by the fund management segment as the second highest contributor, with revenues of R180.7 million (2021: R133.6 million) due to increased funds under management. The asset administration segment contributed the next highest percentage of the group's revenue at R172.7 million (2021: R144.6 million) due to increased assets under administration. The investment banking revenues decreased to R61.7 million (2021: R63.2 million) due to tough trading conditions and economic environment.

Other income increased to R16.6 million (2021: R10.6 million) mainly as a result of a once off recovery from the VFMB business. The acquisition of the Medscheme businesses resulted in a bargain purchase of R1.4 million.

Investment income of R7.9 million (2021: R4.5 million), in the form of dividends from Vunani's listed and insurance related investments. The group earned interest from investments of R21.7 million (2021: R18.3 million) from the insurance related investments.

The group recorded negative fair value adjustments of R18.4 million (2021: R44.1 million). The negative fair value adjustments is mainly attributable to the group's insurance liabilities. Due to the impact of Covid-19 related claims on the insurance business, negative actuarial fair value adjustments of R49.0 million (2021: R67.9 million) were accounted for to take into account the claims experience for the financial year.

The value in force intangible asset had an impairment reversal of R10.3 million compared to an impairment loss of R41.5 million in 2021. The basis of the impairment calculation is a discounted cash flow of the group life assurance and permanent health insurance. As a result of the of the improved profit margins of both businesses, the value of the VIF asset improved, resulting in an impairment reversal.

Equity accounted earnings declined to R0.9 million compared to R1.4 million in 2021. The decrease is attributable to the majority of the investments in associates being unbundled in the previous year.

Operating expenses increased by 21% in the reporting period. This increase was due to the once off costs related to the acquisition of the Nedbank book for Fairheads, as well as increases in commissions paid in the insurance business. Staff costs, including remuneration and costs for short- and long-term incentives, accounted for 40% of total expenditure, remaining the group's single largest line item. This is appropriate for a financial services group, where success and sustainability is dependent on investment in human capital.

Insurance benefits and claims accounted increased by 42% to R149.5million (2021: R105.2 million) for the year which is due to the impact of Covid-19 death claims. Communications and information costs accounted for 3% of expenditure, as these are critical given the nature of Vunani's business. It is important to note that many of the group's communications expenses are dollar-denominated and that fluctuations in the value of the rand had a direct impact on these. The group remains very sensitive to costs and minimising expenditure is an ongoing management priority.

Finance income increased to R7.8 million for the year compared to R7.2 million in 2021 as a result of the increase in cash generated from operations. Finance costs decreased to R6.4 million for the year compared to R7.6 million in 2021, due to the debt repayments made during the year.

The income tax expense was R37.0 million compared to positive R10.1 million in 2021. In the prior year there was a deferred tax credit of R11.4 million from the impairment of value in force intangible, as well refunds received from the receiver of revenue.

The discontinued operations relate to the private equity assets that were unbundled in the prior year. Discontinued operations contributed nil in the current year compared to a loss of R20.2 million in 2021.

Statement of financial position

Goodwill is tested for impairment annually and, for the year ended 28 February 2022, no impairment was necessary. Goodwill was valued at R139.8 million as at that date. The intangible assets that arose due to the consolidation of Fairheads in 2017 and the Oracle acquisition in 2019 decreased as a result of the annual amortisation charge. As detailed previously the value in force intangible asset had an impairment reversal of R10.3 million in the current year. As a result the intangible assets decreased to R134.5 million compared to R136.3 million in 2021. This value in force intangible asset represents the present value of future pre-tax profits embedded in the acquired insurance or investment in DPF contracts.

The group has insurance related investments of R453.4 million (2021: R398.1 million) and insurance-related liabilities of R505.9 million (2021: R456.9 million) as a result of the Oracle acquisition. The increase in insurance related investments is a result of the increased returns from the underlying investments. The increase in insurance related liabilities is as a result of actuarial fair value adjustments.

Accounts receivable and payable from trading activities relate to outstanding settlements in the securities trading business. Trades were settled on a T+3 basis on 28 February 2022, so the receivables and payables reflected on the statement of financial position account for settlement within three business days after the end of the year.

The authorised stated capital as at 28 February 2022 was 500 million ordinary shares of no par value (2021: 500 million ordinary shares of no par value). As at 28 February 2022, 161 155 915 shares were in issue (2021: 161 155 915). The share-based payments reserve movement of R3.2 million is attributable to the current period IFRS 2 charge of R3.5 million (2021: R3.3 million). The transfer between reserves of R0.2 million (2021: R6.8 million) relates to shares transferred to employees on vesting. The group acquired treasury shares worth R5.7 million (2021: R6.7 million) during the year to enable it to meet its obligation to employees. Non-controlling interests increased by R12.9 million as result of the improved performance of Oracle and VFMB.

There was a decrease in other financial liabilities due to repayments made during the year.

Cash flow

Cash flow and cash equivalents increased to R224.5 million during the reporting period (2021: R195.8 million). This increase is mainly attributable to the improved operating performance of the underlying businesses. As a result, net cash generated by operating activities increased by to R121.2 million (2021: R95.7 million). The group will continue to try and improve cash generation to assist in its expansion strategy.

Conclusion

Vunani completed its first year as a focused financial services group, which provided a pleasing set of results compared to 2021. To keep this momentum, the group will continue growing the underlying businesses whilst looking for acquisition opportunities that will accelerate the growth of the group. The group believes this focused approach as well tactical capital allocation will result in significant benefits to shareholders in the short, medium, and long term. We at Vunani are optimistic that this will lead to further growth during the next financial year.

Tafadzwa Mika
Chief financial officer

29 June 2022

Business segment review

FUND MANAGEMENT

Vunani Fund Managers

Vunani Fund Managers is a boutique fund management business that has been operating since 1999. It offers a range of investment products to both institutional and retail clients, including retirement funds, medical schemes, corporates, parastatals and trusts. Its product range has domestic and global reach, which is offered through both single-asset and multi-asset funds.

The company has strong capabilities and a proven track record in the areas of specialist equity, specialist bonds, property funds and multi-asset funds. Its bespoke approach to investing is based on delivering solutions that are customised to meet client needs and on establishing strong and lasting relationship with those clients. This approach is supported by diligent risk management processes that have enabled the company to deliver positive returns, especially in the areas of absolute return funds (CPI+ range), specialist bonds, property, core domestic equity and global equity.

The portfolio construction skills and risk management capabilities of the company's team of highly experienced investment professionals enable it to deliver world-class investment solutions. Its primary objective is to achieve investment returns that exceed agreed benchmarks and, in order to achieve this, it recruits and retains talented investment professionals. It also strives to continuously improve its market share.

Vunani Fund Managers Botswana

Vunani Fund Managers Botswana (VFMB) is a Pan-African financial and diversified investment management company, active in nine African countries and has been operating in Botswana since 2002. The company was established as joint venture between Standard Bank Asset Management & Liberty Asset Management. Vunani acquired 60% of the business from Stanlib in January 2020 with management and strategic shareholders owning the remaining 40% of the business. The company's capabilities are in the areas of specialist equity, specialist bonds, property and multi-asset class funds.

The company's investment philosophy is based on active management at its core and is premised on quality growth at attractive valuations. VFMB believes that markets are inefficient due to behavioural biases, which causes discrepancies to occur between a business' fundamental value and its market price, creating pockets of inefficiencies and providing investment opportunities that can be actively exploited to generate enhanced returns. VFMB believes a strategy of purchasing quality companies with superior operating leverage at attractive valuations outperforms the broader market over time through different business cycles.

VFMB's management team has several years' experience in the fund management industry.

Performance outcomes

- **Revenue:** R180.7 million (2021: R133.6 million)
- **Assets under management:** R71.2 billion (2021: R56.1 billion)
- Retained key investment professionals

Performance review

Despite the tough economic environment, the business continues to improve its revenue generation and profitability. This was driven by an increase in AUM of 27% from the prior year, as the businesses secured new mandates, as well as inflows from into the unit. The underlying performance of the individual portfolios have improved resulting in additional performance fees being earned.

The impact of Covid-19 has resulted in less face-to-face interactions with clients which made business development challenging. Business development is critical in securing new AUM. Despite these challenges, the company did experience a good inflows, resulting in the solid improvement in fee income.

FUND MANAGEMENT (CONTINUED)

Strategic objectives	Key performance indicators	Performance achieved FY2021	Performance achieved FY2022
Generate a good annual return on equity	A minimum ROE of 25% per year	ROE of 56%	ROE of 117%
Recruit and retain talented investment professionals	Recruitment and retention of top investment professionals	Retained key individuals	Lost one key individual during the year
Increase market share	Obtain a 5% to 10% increase in market share	Top 10 black asset managers (2020 BEE.conomics survey)	Top 5 black asset managers (2021 BEE.conomics survey)
Provide relevant and cost-effective investment products	High levels of performance and new inflows	Second and third quartile performance with some products 30% increase in AUM	Second and third quartile performance with some products 27% increase in AUM

Outlook

Continued business development and asset gathering is critical for the continued success of the business. The brand is well established, and clients are increasingly aware of the company's product offering. This is critical as potential clients need to be comfortable with the capabilities of business. The businesses will continue to focus on growing its retail book through it branded unit trusts as well actively participate in new tenders for AUM. The continued performance of the underlying portfolios will be a key emphasis in the current year to ensure additional fees are earned by the businesses.

ASSET ADMINISTRATION

Fairheads

The asset administration segment comprises the group's investment in Fairheads Benefit Services Proprietary Limited (Fairheads), which is held through Mandlalux Proprietary Limited (Mandlalux) and Fairheads Financial Services Proprietary Limited (FFS).

Fairheads is a niche trust and beneficiary fund administrator responsible for administering funds on behalf of minor dependants of deceased retirement fund members. It has two key client groups: members and their guardians, who make use of its services; and retirement fund trustees, who make the decision to place the funds due to beneficiaries in the company's care.

Fairheads' primary objective is to provide impeccable service delivery to its members because, in many cases, the funds it pays to them contribute significantly to their overall household income and, as importantly, to educational outcomes. The company has therefore developed strong relationships with members and their guardians based on openness and transparency.

FFS focus is on tracing dependants on behalf of unclaimed benefit funds as well as administration of pension backed housing loans.

Performance outcomes

Revenue: R172.7 million (2021: R144.6 million)

Profit: R19.8 million (2021: R19.6 million)

Assets under administration: R9.2 billion (2021: R7.3 billion)

Number of members: 103 168 (2021: 95 158)

Performance review

Fairheads performed well during the reporting period, contributing R172.7 million to group revenue (2021: R144.6 million). This was attributable to a growth in assets under administration (AUA), which increased revenue, as well as to a reduction in costs and finance charges on external debts. During the year, Fairheads acquired the Nedbank book, which resulted in the significant increase in AUA. Despite the increase in revenue profit increased slightly to R19.8 million (2021: R19.6 million) due to accounting treatment of the acquisition of the Nedbank book.

Like the rest of the group, the company nevertheless operates in a constrained economic environment that shows little growth and is highly price competitive, but which is also marked by poor service delivery to members. It differentiates itself on the quality of its service and on the personal relationships it cultivates with members and their guardians. In this way it aims to maintain a premium market positioning in relation to its competitors.

Strategic objectives	Key performance indicators	Performance achieved FY2021	Performance achieved FY2022
Generate a good annual ROE	ROE of 15% per year	ROE of 11%	ROE OF 19%
Increase AUA	Progressively increase AUA year-on-year	AUA of R7.3 billion	AUA of R9.2 billion
Enhance operating efficiencies	Continuously improve AUA per employee	AUA of R37.6 million per employee	AUA of R41.0 million per employee

Outlook

The outlook for Fairheads remains very positive as the company managed to increase it AUA quite significantly following the acquisition of the Nedbank book. The key focus for the next year is to continue looking for acquisition of client books from current competitors. The successful completion of these acquisitions will result in a significant increase in AUA which will aid profitability.

The focus of unclaimed benefits and tracing businesses for the next year is to focus on more specific aspects of the tracing business that will improve profitability.

INSURANCE

Oracle Insurance Eswatini

Oracle Insurance Eswatini is an insurance business that has been operating in Eswatini since 2008. The company specialises in both long-term and short-term products. In December 2019, as part of a consortium with key management of Oracle, the acquisition of an effective 52% of the business was finalised by the group.

The company's long-term insurance products are split into life products and pension and provident fund products. The life products include group life assurance, group life cover, group funeral policies, income continuation benefits and disability benefits. The pension and provident fund products are both defined contribution products.

Through its 100% held subsidiary the company provides various short-term insurance products. These include car, household, building, bicycle, watercraft and all risk insurance. It also provides health insurance products which include major in-patient benefits, major disease benefits, medical savings, health platform benefits and a rewards program. The company also provided short-term commercial insurance products. These include car, contents, building, electronic equipment, business interruption, all risk insurance, personal liability, public liability, fidelity guarantee, money insurance and motor traders insurance.

Oracle has re-insurance agreements with A-rated reinsurers. For the long-term insurance business Hanover Re have been contracted since July 2019 as our re-insurance partner. For the short-term business African Re Corporation (SA) Limited leads our short-term treaty and they are supported by XL RE Europe SE (Dublin), GIC Re South Africa Limited, Echo Rucksversicherungs, Bryte and Ezulwini Re-insurance Co Limited (legislated). All of these partners are market leaders.

The portfolio construction skills and risk management capabilities of the company's team of highly experienced investment professionals enable it to deliver world-class investment solutions. Its primary objective is to achieve investment returns that exceed agreed benchmarks and, in order to achieve this, it recruits and retains talented investment professionals. It also strives to continuously improve its market share.

Oracle's management team has several years' experience in the insurance industry.

Performance outcomes

Revenue: R271.9 million (2021: R217.4 million)

Profit: R11.8 million (2021: Loss of R37.3 million)

Introduction of new innovative insurance products.

Performance review

Oracle contributed a profit of R11.8 million compared to a loss of R37.3 million in the prior year, as a result of increasing its revenue despite the tough economic environment. During the financial year, the company continued to feel the impact of Covid-19 in Eswatini. This resulted in above average death claims for the first eight months of the year. The death claims reduced in the last part of the year as more people got vaccinated, which assisted in the profitability of the business. This necessitated increased provisions on actuarial liabilities, which had a significant impact on financial performance of the business. The improved profitability of certain business lines resulted in an impairment reversal of the VIF asset of R10.3 million compared to an impairment of R41.0 million. The value in force business intangible asset represents the present value of the various insurance policies Oracle has.

INSURANCE (CONTINUED)

Strategic objectives	Key performance indicators	Performance achieved FY2021	Performance achieved FY2022
Generate a good annual return on equity	A minimum ROE of 25% per year	Negative ROE due to losses	12.5% ROE
Increase market share	Obtain a 5% to 10% increase in market share	Secured several new clients in the health and short-term business.	Acquired Medscheme business during the year
Provide innovative products to retain and attract customers	Introduce two new products a year	New product roll-out delayed due to impact of Covid-19	New product rolled-out during the year

Outlook

The increase in the number of vaccinated of people should hopefully result in a lower death claims. If the claims experience returns to pre-Covid-19 levels, this will increase profitability. The business will continue to introduce new products in collaboration with South African industry players, which should give it some competitive edge in the market. The company will also look at actively increasing its client base through active business development strategies.

INVESTMENT BANKING: ADVISORY SERVICES

Vunani Corporate Finance

Vunani Corporate Finance offers the full range of classic corporate finance services, enabling clients to buy and sell companies. Its services include capital raising; advice on mergers, acquisitions and disposals; and transaction structuring. As it is a JSE and A4X sponsor, it can also assist with the listing of companies, as well as with the ongoing support required to ensure compliance and to enhance growth potential and sustainability.

The company operates across all sectors, but its core focus is in mining, financial services and the structuring of B-BBEE deals. Its capabilities in the mining sector are particularly strong, as its highly experienced advisory team is able to provide advice from both a financial and operational perspective. Clients in this sector have included exploration companies as well as some of the country's biggest corporates

The primary objective of the advisory services segment is to consistently grow revenue and profitability by providing expert professional advice and superior service to its clients. In order to do this, its supplementary objective is to maintain a good pipeline of deals.

Performance outcomes

Revenue: R30.8 million (2021: R16.9 million)

Profit: R1.3 million (2021: R5.5 million)

Performance review

Despite the many challenges it faced in the operating environment, Vunani Corporate Finance performed relatively well during the reporting period, however, revenue increased to R30.8 million (2021: R16.9 million) due to the inclusion of fees earned for managing Vunani Capital Partners Limited. As a result the segment made a profit of R1.3 million (2021: R5.5 million)

Socio-economic uncertainty, low growth and muted investor confidence do, however, mean that large, multi-billion-rand mergers and acquisitions remain rare. The mid-cap market nevertheless continues to be active, with many corporates and large companies disposing of non-core assets and entering into B-BBEE transactions. At present – and for the foreseeable future – deals such as these are expected to make up the bulk of the company's business.

Strategic objectives	Key performance indicators	Performance achieved FY2021	Performance achieved FY2022
Consistently increase revenue year-on-year	A minimum of 10% per year	Revenue increased by 21% due to increase in finalised transactions	Revenue increased by 82% due to additional revenue stream
Generate a good annual return on equity	A minimum ROE of 25% per year	ROE of 47% as a result of increase in profitability	ROE of 51%
Grow mandates with leading companies in the market	Add two new mandates per year	Three new mandates were concluded during the year	Two new mandates were concluded during the year
Further entrench Vunani in the SOE space	Close one transaction for an SOE per year	No SOE mandate signed during the year	No SOE mandate signed during the year

Outlook

The business has clients with whom they provide repetitive services such as valuations, sponsor work and internal re-organisations. This kind of work is critical in ensuring the business remains profitable. The business is also focused on becoming an accredited JSE valuer to diversify its product offering. Another key focus area for the next year is to focus on cross border transactions, leveraging relationships with the group's other investment in neighbouring countries. The business also intends to continue growing its portfolio of SOE transactions as struggling SOE's would need help in restructuring and raising capital.

The business has a strong pipeline of transactions, as well as mandates from blue-chip corporates. Due to the tough economic climate transactions are taking longer than normal to finalise and this will inevitably impact on revenue in the short term. The successful completion of these transactions will ensure that the business continues to be profitable.

INVESTMENT BANKING: INSTITUTIONAL SECURITIES BROKING

Vunani Securities and Vunani Capital Markets

The institutional securities broking segment manages equity, derivative and capital market trading services for institutional clients. These are delivered through Vunani Securities, which handles equity, derivative and related trading, and Vunani Capital Markets, which handles fixed-interest business offerings in bonds and money market instruments.

Despite difficult trading conditions throughout the reporting period, Vunani Securities continues to focus on becoming the foremost stockbroking service provider in South Africa. The company trades primarily in domestic stocks and has wide coverage in the mid-cap section of the market.

Vunani Capital Markets, in turn, has a deep understanding of the money markets and bond markets and exceptional execution capabilities. The company is also renowned for its high standard of ethics and its uncompromising work ethic. The team's performance has been recognised by several top 10 Financial Mail rankings for fixed interest services.

Performance outcomes

Revenue: R30.9 million (2021: R46.3 million)

Profit: R1.3 million (2021: R14.2 million)

Performance review

The segment has seen a significant decline in performance from the prior year. This was due to the tough economic environment, which resulted in lower trading volumes. Secondly, during the year, the VCM business lost its CEO to Covid-19, which increased the strain on the team. These two factors resulted in revenue dropping by 33% to R30.8 million (2021: R46.3 million) and a profit of R1.3 million compared to a R14.2 million in the prior year.

Strategic objectives	Key performance indicators	Performance achieved FY2021	Performance achieved FY2022
Generate a good annual return on equity	A minimum ROE of 15% per year	23% ROE due to improved revenue	10% ROE due to improved revenue
Provide quality service to our clients	Top 10 ranking in Financial Mail rankings	Ranked 10th in fixed-interest execution	Not rated in 2022
Diversify revenue streams through addition of new product	Add one new product offering every year	No new revenue streams, but successfully finalised a few transitional trades	No new revenue streams
Develop and expand relationships with clients	Increase the number of institutional clients and develop relationships directly with asset owners	Three institutional clients added during the period	Two institutional clients added during the period

Outlook

Economic growth is key to the improved performance of the two businesses, as that will result in improved trading volumes in the market so that the businesses have a solid base to operate from.

Both Vunani Securities and Vunani Capital Markets have added additional staff member to help grow the business. A continued focus on diversification of revenue streams, as well improving on delivering service to their current client base is critical to the success of the businesses. Both companies will also continue to focus on engaging and developing relationships with asset owners as well as institutional clients in order to secure trading potential. The successful execution of the strategies will enable the business to continue to be profitable in this tough economic environment.

04

SUSTAINABILITY

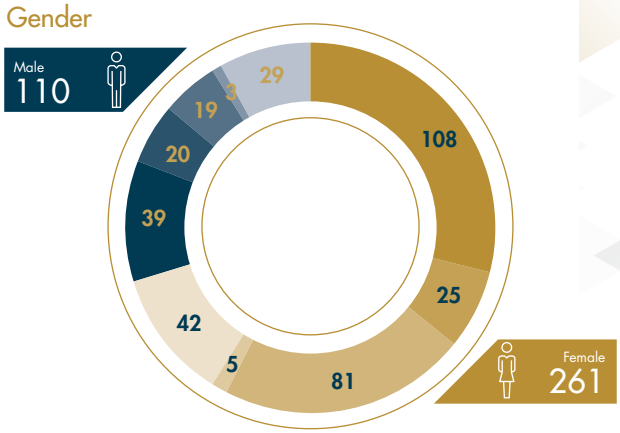
PURPOSE

Our people

Our company's lifeblood and most important asset is its people. We encourage our employees to abide by our core principles and employee code, which promote a transparent, respectful, non-exploitative, and fair work environment (especially with regard to compensation and benefits).

The company follows all labour rules and is committed to human rights protection. Our HR strategy is the responsibility of the head of HR, who ensures that it is in line with the broader corporate plan. All employees are aware of our ethics and disciplinary policies.

Gender



Race

	Male	Female
African	39	108
White	20	25
Coloured	19	81
Indian	3	5
Foreign national	29	42

Occupational level

Total Staff
371

Top management
20

Senior management
24

Semi-skilled management
129

Middle management
42

Skilled/Junior management
145

Unskilled
11

Oracle Insurance
47

VFM Botswana
21

Our performance

MARKET IN CONTEXT

The financial year commenced as the World struggled to get to grips with a so-called "new normal" of learning to live with the Covid-19 pandemic. Cycles of flare-ups in infections triggered periodic tightening of lockdown and other measures to contain the spread of the disease and ultimately, the economic damage caused by it. Whilst South Africa struggled through a third and fourth Covid-19 wave, the economy did start to recover and business conditions gradually improved.

As could be expected in the aftermath of unprecedented fiscal and monetary stimulus as counteracting measures to the pandemic, prices started to rise as demand improved amidst erratic output and global supply chain disruption. South Africa did not escape that either; domestic headline inflation spiked from below 3% to end the financial year just below the 6% upper limit of the inflation target band as the global oil price surged, partly fuelled by rumblings of war between Russia and Ukraine towards the end of the period.

The risk of inflation becoming more entrenched in core inflation and increased pressure on the Rand exchange rate eventually forced the hand of the Monetary Policy Committee to commence the interest rate hiking cycle by November 2021. This was not ideal from an economic recovery perspective since the underlying recovery cycle was still rather tentative and remained relatively weak throughout the remainder of the financial year.

Nevertheless, financial markets continued to enjoy the lagged thrust of the liquidity-driven tailwind, and further bolstered by the additional prospect of resources price-related earnings growth, pushed the domestic equity market to surge to record levels by the end of the financial year.

While the South African economy continues to suffer from rising inflation the scope for economic recovery will continue to be hamstrung by severe structural challenges like the inability to supply electricity without interruption, the fiscus did benefit from the fillip of unexpected resource-related company tax income. That helped to allay the fears pertaining to the risk fiscal deterioration spiralling out of control.

Economic conditions are expected to remain challenging over the next financial year. Policy tightening amidst surging global inflation will inevitably result in slower economic growth in trading partner countries, as well as domestically. Real domestic economic growth is expected to slow to around 2% in 2022 as interest rates continue to rise. Vunani's positioning in the financial sector should continue to offer ample opportunity to the business to continue growing.

Stakeholder engagement

Engagement with our key stakeholders is a fundamental component that contributes to the attainment of our strategic objectives and the creation of long-term value for the company and its stakeholders. These engagements have both a direct and indirect impact on the way we do business and our reputation as a financial services firm.

We seek to engage all stakeholders in an open and transparent manner. Various degrees of interaction with key stakeholders are facilitated in order to provide insight into our strategy, significant business developments, material challenges, operating business performance, and prospects.

The way we interact with our stakeholders, as well as the frequency with which we do so, differs depending on the stakeholder group. Our website, stakeholder presentations, site visits, annual general meetings ("AGMs"), involvement with the media, one-on-one meetings, community forums, and ongoing informal and formal dialogues are all ways we communicate with various stakeholders.

The executive and operational management bodies of the company identify stakeholder groups as well as areas of concern that may affect them. The most appropriate level of management is then in charge of engaging, identifying further stakeholder concerns, and choosing the best course of action to resolve these concerns.

All stakeholder involvement is overseen by the group chief executive officer, who also plays a vital role in analysing pertinent issues and concerns and providing advice on acceptable solutions.

Our key stakeholders and the issues that concern them are outlined below:

Stakeholder	Key interest	Engagement
Financiers	▶ Reducing and managing debt ▶ Regular discussions with funders ▶ Compliance with various covenants and undertakings ▶ Liquidity management	▶ We remain committed to ensuring transparent communication and engagement with funders ▶ Management of finance facility through performance management programmes ▶ Regular tracking of finance covenants ▶ Repayment of loans in terms of agreed timelines ▶ Regular contact sessions around status of operations and specific initiatives ▶ Quarterly submission of management accounts ▶ SENS ▶ One-on-one meetings with executive management ▶ Investor perception surveys ▶ Breaking news alerts sent to subscriber database
Suppliers	▶ Building relationships to ensure business continuity ▶ Service delivery and quality ▶ Fair and transparent agreed terms of service ▶ On-time delivery of services ▶ Honoring agreed terms of service (supplier business sustainability during lockdown)	▶ Regular contact with suppliers ▶ Implementing enterprise and supplier development initiatives ▶ Correspondence regarding product features and service offerings ▶ Implementation and monitoring of service level agreements ▶ Maintained close relationships with suppliers ▶ Timely payments within clearly communicated standard operating procedures

Stakeholder engagement (continued)

Stakeholder	Key interest	Engagement
Customers	▶ High product quality ▶ Efficient and timely delivery of product ▶ Competitive pricing structures ▶ High service levels ▶ Extensive relationship building	▶ Feedback from clients informs enhancement of products and services ▶ Regular visits to and engagement with customers ▶ Conscious effort to meet expectations where applicable ▶ Continual product and service quality monitoring ▶ Contract review processes ▶ Formalised business dealings: one-on-one meetings, telephone conversations, and corporate website ▶ Facilitation of workshops and training
Service providers	▶ SLAs ▶ Outsourced contract agreements ▶ Regular contact with strategic service providers ▶ Supplier performance management	▶ Maintain close relationships with service providers ▶ Implementation and continual monitoring of SLAs ▶ Adherence to outsourced contracts – daily reports, weekly production monitoring meetings and monthly reporting against plans ▶ Stakeholder feedback
Shareholders	▶ Strength of board ▶ Earnings and sustainability ▶ Dividend payments ▶ B-BBEE ▶ Communicating the value proposition ▶ Organic and acquisitive growth of each operating business ▶ Profitability of struggling businesses ▶ Utilisation of investor relations team ▶ Strength of asset base ▶ Diversified footprint and segments ▶ Strong management team ▶ Restructuring or selling failing businesses	▶ IR strategy reviewed annually ▶ SENS announcements ▶ Interim and final results presentations and teleconferences ▶ Regularly updated website ▶ Dissemination of information through a defined contact list ▶ Calls with strategic shareholders if and when required ▶ Regular engagements with key shareholders

Stakeholder	Key interest	Engagement
Employees	▶ Staff development and career planning ▶ Learning and development ▶ Diversity and empowerment ▶ Recognition of performance ▶ Work-life balance ▶ Employment equity and diversity management ▶ Giving first preference to internal staff for vacancies ▶ Succession and personal development plans ▶ Performance-based short- and longterm incentive schemes	▶ Display of key labour legislation at the workplace ▶ Monitoring of staff demographics and responding to gaps ▶ Regular staff engagement and communication, both at group and segmental levels ▶ Training facilitated, based on individual goals and company-specific requirements ▶ Annual ethical climate and employee wellness surveys ▶ Annual staff wellness day encouraging health awareness and work-life balance ▶ Periodic policies and practices audit ▶ Staff development initiatives ▶ Intranet and electronic newsletters
Media	▶ Integrity of communications with all stakeholders ▶ Understanding the Vunani business	▶ One-on-one engagement with financial and trade editors and journalists to ensure that Vunani's strategy is well understood and accurately reported ▶ Circulation of press releases ▶ Media alerts through SENS announcements ▶ Media strategy reviewed annually ▶ Interim and final results presentations ▶ Specific direct engagements ▶ Operations visits
Regulators and Government	▶ Regulatory and legislative compliance to FSCA standards ▶ B-BBEE codes ▶ Compliance with all relevant laws and regulations ▶ Maintenance of sufficient qualifying capital ▶ Giving back to society	▶ Annual submission of annual regulatory compliance and update reports ▶ Tax certificates of good standing ▶ Compliance register system to manage and track all regulatory matters ▶ PAIA manual ▶ Periodic reporting to the FSCA ▶ Contact via compliance advisors ▶ Personal contact with relationship managers at regulatory and industry associations ▶ Formal meetings when required ▶ Reporting to: o Department of Labour o Department of Trade and Industry o South Africa Revenue Service o JSE o CIPC

Health and safety

Our health and safety goal is to provide a safe, empowering work environment for our employees that complies with and goes beyond legislation such as the Occupational Health and Safety Act, 1993 (Act 85, 1993). This programme includes an occupational hygiene measuring and monitoring system, as well as an occupational hygienist who is accountable for the group's health and safety policy that we have in place.

We recognise that Covid-19 is here to stay, therefore we have implemented an action plan for all staff that lays out all of the requirements for dealing with Covid-19 infections. The standards also ensure that day-to-day activities are not disrupted by infections; see page 11 for additional information on our continued response to Covid-19.

Our top goal is the health and safety of our stakeholders. We are continuing to follow the World Health Organisation and South African government rules. We will continue to collaborate with authorities and industry organisations to improve our practices in order to keep our stakeholders secure. Our office spaces are likely to follow suit and develop collaborative work places and communal facilities to compete with co-working spaces, which have internal rooms that are designed to improve health and safety.

Only by collaborative consultation and mutual collaboration can effective health and safety be accomplished. We are dedicated to being proactive in predicting, recognising, analysing, and controlling risky situations, as well as promoting employee wellbeing. While our dedication to learning and development has not changed as a result of the Covid-19 outbreak, it was necessary to put our employees' health and safety first.

Social responsibility

During the previous year, Vunani assessed potential CSI projects in order to increase its engagement with the community. We are confident that our social responsibility has become much clearer and we have outlined how we engage with different stakeholders on page 36 of this integrated report.

The company is dedicated to conducting business in an ecologically friendly, socially responsible, and ethical manner. The group's code already includes strong governance mechanisms, an ethical culture, diversity, and equality. Vunani Limited is committed to improving the communities in which it works. To that purpose, the group contributes to local charities that aim to make a difference.

The group identified beneficiaries in the various communities it operates in. The staff in the underlying subsidiaries are responsible for identifying the relevant beneficiaries. During the year the group contributed R0.8 million (2021: R0.7 million) to various CSI initiatives.

The group contributed to the following initiatives during the year:

- Schools
- Small businesses
- Feeding programs

Environmental impact

Environmental issues, such as climate change, water scarcity and pollution, are among the most significant challenges of our time. Without a healthy environment, we cannot have a thriving society or a sustainable economy. As a company with the long term at the heart of everything we do, we understand the materiality of climate-related risks and the need for transparent reporting.

Vunani believes in responsible investing and supports the notion of protecting our planet through, amongst other, combating climate change by reducing our environmental footprint, both at a Vunani Group and investee level.

The board will consider adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework during the next financial year in an effort to start Vunani's first carbon footprint reduction journey.

Our drive to combat climate change will be focused on actively seeking and implementing solutions to reduce our carbon emissions at group level. We are also working to reduce water usage on all company sites. Vunani will seek to report on both carbon emissions and water consumption going forward.

In an effort to that reduce our environmental impact Vunani will look into initiatives such as energy-efficient motion sensor lighting, dedicated recycling areas, paper shredding and recycled, biodegradable catering containers, water conservation promoted among employees, refillable water bottles and on-tap water stations.

Our future focus will be to improve TCFD aligned reporting, review business practices to reduce our carbon emissions where possible and track progress in 2023.

05

ACCOUNTABILITY

PURPOSE

Our leadership

ETHAN DUBE (63)

Executive deputy chairman

MSc (Statistics), Executive MBA (Sweden)

Skills brought to Vunani: strategic leadership, management, financial, board and committee experience

BUTANA KHOZA (55)

Chief executive officer

BCom, PG Dip (Accounting), CA(SA)

Skills brought to Vunani: management, financial, operational, board and committee experience

TAFADZWA MIKA (39)

Chief financial officer

BAcc, CA(SA)

Skills brought to Vunani: financial and capital management

MARK ANDERSON (62)

Executive director

BCom (Hons), CTA, CA(SA)

Skills brought to Vunani: business development and corporate advisory, investment, management, leadership, board and committee experience

LIONEL JACOBS (78)

Independent non-executive chairman

BCom, MBA

Skills brought to Vunani: management, leadership, board and committee experience, negotiating, investment

NAMBITA MAZWI (48)

Independent non-executive director

BProc LLB, Dip Company Law, Programme in Business Leadership

Skills brought to Vunani: legal, strategic leadership, management, corporate advisory, board and committee experience

SITHEMBISO MTHETHWA (52)

Non-executive director

BCom (Maritime Economics)

Skills brought to Vunani: business development and corporate advisory, negotiating, investment, strategic leadership

GORDON NZALO (55)

Independent non-executive director

BCom, BAcc, CA(SA)

Skills brought to Vunani: financial, capital management, board and committee experience, auditing

JOHN MACEY (60)

Independent non-executive director

B Bus Sci (Hons), BCom (Hons), CA(SA)

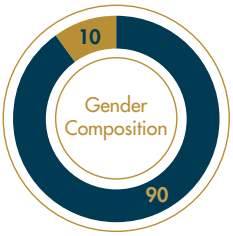
Skills brought to Vunani: financial, capital management, board and committee experience

MARCEL JA GOLDING (62)

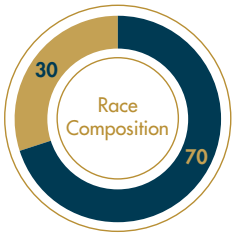
Non-executive director

BA (Hons)

Skills brought to Vunani: Strategic leadership, mining, management, board and committee experience



- Male directors
- Female directors



- Black directors
- Non-black directors

- Non-executive directors
- Independent non-executive directors
- Executive directors

Please refer to https://vunanilimited.co.za/about-vunani/leadership/ for detailed CVs.

Corporate governance

ETHICAL LEADERSHIP

In the interests of all of our stakeholders, Vunani is committed to upholding the greatest standards of ethics, transparency, and good governance, and we therefore ensure strict compliance processes are in place.

The board is solely responsible for the group's governance, ethics, and values, which are supported by a mandate from the social, ethics, and transformation committee. The board of directors is responsible for leading ethically and effectively within a framework of cautious and effective control, ensuring that ethics are controlled and that Vunani is a responsible corporate citizen.

The board upholds King IV's beliefs and derives its rights and responsibilities from the board charter. Vunani conforms with the King IV principles in a material way, as detailed in our King IV in application report on our website.

Employees are expected to report any potential conflicts of interest, and vetting is done at the time of hire. In addition, in accordance with a gifts policy, a consistent methodology for the declaration of presents to management is implemented. All personnel are required to follow the company's ethics, bribery, and anti-corruption rules. During the year, no violations of the codes and policies were reported.

No instances of fraud, corruption or anti-competitive behaviour were reported during the year.

GOVERNANCE STRUCTURE

MEMBERS

Lionel Jacobs (Independent non-executive chairman)*
Ethan Dube (Executive deputy chairman) ~
Butana Khoza (CEO) ~
Tafadzwa Mika (CFO) ~
Gordon Nzalo*
John Macey*
Marcel Golding#
Mark Anderson~
Nambita Mazwi*
Sithembiso Mthethwa#

~ *Executive director*
* *Independent non-executive director*
\# *Non-executive*

RESPONSIBILITIES

- Promoting the interests of stakeholders and acting fairly and responsibly;
- Formulating and approving strategy;
- Ensuring the correct implementation of corporate governance, risk management and internal control policies and structures;
- Retaining effective control over the business;
- Providing strategic leadership;
- Leading the group in achieving its goals and objectives;
- Managing the performance and affairs of the group;
- Delegating authority to management and monitoring and evaluating the implementation of policies, strategies and business plans; and
- Embracing transparency, integrity and ethical business conduct.

BOARD COMMITTEES

~ *Executive director*
* *Independent non-executive director*
\# *Non-executive*
** *Non-board member*

Board committees

Audit and risk committee

(refer to page 59 for full report)

G Nzalo (chairman)*
JR Macey*
NS Mazwi*

Remuneration committee

(refer to page 50 for full report)

JR Macey (chairman)*
LI Jacobs*
MJA Golding#

Investment committee

(refer to page 55 for full report)

JR Macey (chairman)*
E Dube~
NM Anderson~
LI Jacobs*
S Mthethwa#
A Pieterse**

Nomination committee

(refer to page 56 for full report)

LI Jacobs (chairman)*
JR Macey*

Social, ethics and transformation committee

(refer to page 57 for full report)

NS Mazwi (chairman)*
I Ross**
T Mika~
N Chonco**

THE BOARD

The board is made up of people with a wide range of abilities, knowledge, and experience and comprises six non-executive directors and four full-time, salaried executive directors. The majority of non-executive directors should be independent, according to King IV criteria, and four of Vunani's non-executive directors are independent pursuant to both the King IV principles and the JSE Listings Requirements.

In terms of the adopted group broad diversity policy the minimum female representation on the board is 10%. The promotion of gender diversity at board level is therefore a priority for Vunani. In accordance with the group's voluntary broad diversity policy targets, it aims to double this percentage by 2023.

The board composition is currently 70% black and 30% non-black directors. The promotion of a broad diversity policy at board level is very important for Vunani. In accordance with the group's voluntary broad diversity policy, it aims to ensure that at least 50% of its directors are black. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

BOARD PERFORMANCE

During the 2022 financial year, the board:

- Supported and guided the executive team
- Increased focus on growing underlying financial services businesses
- Monitored and measured progress against strategic objectives

In the 2023 financial year, the board intends to:

- Actively manage group risk

BOARD AND COMMITTEE MEETING ATTENDANCE

Director	Board meetings (3 meetings)	Audit and risk committee (5 meetings)	Remuneration committee (1 meeting)	Social, ethics and transformation committee (2 meetings)	Investment committee (no meeting)	Nomination committee (no meetings)
Lionel Jacobs (Independent non-executive chairman)	3	N/A	1	N/A	N/A	N/A
Ethan Dube (Executive deputy chairman) ~	3	N/A	1	N/A	N/A	N/A
Butana Khoza (CEO) ~	3	5	1	N/A	N/A	N/A
Tafadzwa Mika (CFO) ~	3	5	1	2	N/A	N/A
Gordon Nzalo*	2	5	N/A	N/A	N/A	N/A
John Macey*	3	5	1	N/A	N/A	N/A
Marcel Golding#	2	N/A	1	N/A	N/A	N/A
Mark Anderson~	3	N/A	N/A	N/A	N/A	N/A
Nambita Mazwi*	2	5	N/A	2	N/A	N/A
Sithembiso Mthethwa#	3	N/A	N/A	N/A	N/A	N/A

BOARD APPOINTMENTS

The appointment of directors is done in a formal and transparent manner. The pay and nomination charter governs the nomination and confirmation of appointees to the board of directors and its committees. Other board appointments are permissible for directors as long as they do not conflict with Vunani's commercial interests or negatively influence the performance of the directors involved.

Vunani's memorandum of incorporation ("MOI") requires that one-third of the directors of the company, with the exception of the executive directors, retire by rotation and offer themselves for re-election by shareholders at the AGM. Accordingly, LI Jacobs, S Mthethwa, and MJ Golding were all re-elected during the AGM that took place on 03 August 2021. J Macey, N Mazwi and G Nzalo will retire by rotation and offer themselves for re-election at the upcoming AGM.

DIRECTORS' INDUCTION AND TRAINING

A JSE induction programme is in place at Vunani and it is mandatory for all new directors. The new directors are provided with an induction pack including the group ethics policy among other policies. The group also covers the cost of attendance at appropriate external training courses.

On an annual basis the group through discussion with the board members identifies training which its members may find beneficial. The company secretary takes responsibility for managing and coordinating this process.

DECLARATION OF INTEREST

In line with the requirements of section 75 of the Companies Act (Act 71 of 2008), directors are obliged to disclose any material interests in contracts at every board meeting. The disclosures are noted and kept in a separate register of directors' disclosures.

BOARD MEETINGS

The board recognises that careful preparation of an agenda and supporting documentation for board meetings enhances productivity and strengthens the board's strategic and supervisory role. The agenda and supporting documentation for board meetings is distributed to all directors before each meeting. The appropriate executive director provides explanations and motivations for items of business requiring decisions in the meeting.

Discussions at board meetings are open and constructive and no single director has unfettered powers in the decision-making process. Consensus is sought on items requiring decisions and on emerging issues that could affect the business. When necessary, decisions are also made by written resolution between scheduled meetings, as provided for in the company's MOI and the Companies Act.

Directors have access to all relevant company information, records, executive officers and members of senior management within the group. They are apprised, whenever relevant, of new legislation and changing commercial risks that may affect the business interests of the company. In fulfilling their responsibilities, directors may seek professional advice from external professional advisors at the company's expense.

A formal self-assessment by the board was conducted during the year and the board was satisfied that it operates effectively according to an approved board charter, which sets out its duties and responsibilities. The board annually undergoes a comprehensive and rigorous review and evaluation of the independence of those non-executive directors (including, if applicable, the chairman), classified as, "independent", and has satisfied itself that, notwithstanding the fact that certain directors have been on the board for over nine years, all the directors classified as, "independent", are independent and act in an independent manner.

FINANCIAL REPORTING

The group provides financial reports to its shareholders biannually. Details regarding significant transactions are reported in the appropriate format, as required by the JSE Listings Requirements, and in accordance with the International Financial Reporting Standards ("IFRS").

INTERNAL AUDIT

MASA Risk Advisory Services' reappointment as the external provider of internal audit services to the group was confirmed during the year. An internal audit plan for the 2022 financial year was presented to and approved by the audit and risk committee.

The internal audit plan is based on an assessment of risk areas identified by the internal auditors and management and is reviewed and updated annually. The approved internal audit plan was executed in various stages throughout the 2022 financial year. This process included a risk-based assessment of the adequacy and effectiveness of the group's systems of internal controls and risk management procedures.

Internal audit reports are submitted directly to the audit and risk committee, and the internal audit representatives attended all the audit and risk committee meetings during the year. At each meeting, they provided feedback to the committee covering progress in relation to the audit plan, highlighting areas of significant control weakness and presenting recommendations to correct these weaknesses.

The key responsibilities of the internal audit include:

- evaluating the group's governance processes and ethics;
- performing an objective assessment of the effectiveness of risk management and the internal control framework;
- systematically analysing and evaluating business processes and associated controls; and
- investigating and reporting on any instances of fraud, corruption, unethical behaviour and irregularities as appropriate.

COMPANY SECRETARY

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring that the board complies with statutory regulations and procedures.

Together with the sponsor, the company secretary ensures compliance with listings requirements and is responsible for the submission of the annual compliance certificate to the JSE.

CIS Company Secretaries Proprietary Limited ("CIS") is the outsourced company secretary for Vunani Limited. CIS is led by Nyanisa Majavu and Mosa Matlosa is the principal consultant. Ms Matlosa is an admitted attorney, holding BCom (Law) and LLB degrees from the University of Johannesburg, and is also a graduate of the Chartered Governance Institute of South Africa (formerly CSSA). She has extensive experience in the company secretarial and corporate governance arenas. In accordance with the JSE Listings Requirements, an assessment of Ms Matlosa is performed annually by the entire board, including the executive directors.

Based on the annual assessment conducted by the board during the 2022 financial year, the board is satisfied that Ms Matlosa has the requisite qualifications, competence and experience to fulfil the functions required by the group company secretary. The academic and professional qualifications of the entire CIS team were externally verified prior to the company being appointed.

The board is also satisfied that an arm's-length relationship is maintained between the company secretary and the board and its committees and confirms that neither Ms Matlosa nor any members of staff at CIS are directors or public officers of the group or any of its subsidiaries.

INDUSTRY ASSOCIATIONS

Vunani is currently represented at the following industry associations or organisations:

- Vunani Securities and Vunani Capital Markets are members of the JSE (www.jse.co.za).

Certain Vunani employees are members of or are registered with the following professional associations:

- The South African Institute of Chartered Accountants (www.saica.co.za);
- The South African Institute of Stockbrokers (www.sais.co.za);
- The Chartered Financial Analyst Society of South Africa (www.cfasociety.org/southafrica);
- The Investment Analysts Society of Southern Africa (www.iassa.co.za);
- The JSE (www.jse.co.za);
- The Institute of Directors (Southern Africa) (www.iodsa.co.za); and
- The Association of Black Securities and Investment Professionals (www.absip.co.za).

Certain Vunani group companies are:

- Licensed as financial service providers by the Financial Sector Conduct Authority (www.fsca.co.za);
- Registered with the JSE as a sponsor in terms of the JSE Listings Requirements; and
- Members of the Association for Savings and Investment South Africa (www.asisa.co.za)

DEALING IN SECURITIES

A formal policy is in place whereby all directors and employees are prohibited from trading in the group's securities during defined closed periods. These periods run from the end of the interim and annual reporting periods until the financial results have been disclosed on SENS. Similar restrictions apply during any period in which the company is trading under a cautionary notice or where they may be in possession of price sensitive information.

In terms of the JSE Listings Requirements and group policy, the directors, the company secretary, employees and directors of major subsidiaries, which contribute more than 25% to Vunani Limited's revenue, require advance approval from the chief financial officer for dealings in Vunani shares. Once a trade is executed, details are released on SENS.

INFORMATION TECHNOLOGY GOVERNANCE

The audit and risk committee is responsible for IT governance on behalf of the board and reviews the reports from management and external assurance providers to ensure that an adequate and effective IT system is maintained. Vunani's IT steering committee ("Steerco") is a sub-committee of the audit and risk committee and is responsible for the implementation of an IT governance framework at group level to ensure that IT expenditure and investments in IT infrastructure are managed effectively and are aligned with business objectives.

The IT Steerco comprises Vunani executive directors and executive managers from the group's various subsidiaries.

The sub-committee:

- oversaw the value delivery on IT infrastructure and operations;
- reviewed IT-related risks;
- ensured that intellectual property contained in information systems is protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the company as an important business asset and is identified; and
- ensured adequate safeguards are in place to improve cybersecurity.
- reviewed its long-term IT strategy.

LEGAL COMPLIANCE

The board is ultimately responsible for ensuring compliance with laws and regulations. In regularly reviewing the company's governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of the company and at the same time concerning itself with the sustainability of its business operations.

New legislation that affects the group is discussed at board meetings with the assistance of the company secretary. The chief financial officer is responsible for ensuring compliance with the external regulations including JSE, King IV as well as internal systems of control.

No fines or non-monetary sanctions were imposed on the group for non-compliance with any laws or regulations during the year under review, nor has the group been party to any legal actions for anti-competitive behaviour or antitrust.

Vunani has complied with the provision of the Companies Act particularly with reference to the incorporation provisions set out therein and has operated in conformity with its MOI.

Remuneration report

The remuneration committee makes proposals to the board regarding the remuneration policy and the remuneration of individual directors. The remuneration committee's report apprises shareholders and other stakeholders of the work done by the committee in the period under review.

The committee is chaired by independent non-executive director JR Macey and further comprises independent non-executive director LI Jacobs and non-executive director MJA Golding. Attendance at committee meetings is set out on page 46.

The committee assists the board in discharging its duties related to:

- motivating individuals in line with the overall business strategy in order to maximise shareholder value;
- setting levels of remuneration that are fair, reasonable, relevant and competitive;
- encouraging executives and staff to promote ethical culture and corporate citizenship;
- consistently applying policies and practices throughout the group; and
- fostering a focus on long-term sustained performance and growth within the group.

During FY2022, the committee:

- evaluated the fairness of short-term incentive structures relative to the industry and sectors in which the various businesses operate;
- benchmarked the remuneration of non-executive directors; and
- reviewed the composition of executive total remuneration.

In FY2023 the committee intends to:

- ensure that the remuneration of individuals is in line with performance and market benchmarks;
- review the remuneration of low-level employees that bridged the gap between the lowest and highest paid employees; and
- review the allocation of long-term incentives to executives and key members of management as a means of retention and performance incentivisation.

SHAREHOLDER ENGAGEMENT

At the AGM on 3 August 2021, both the remuneration policy and remuneration implementation report received a 100% non-binding advisory vote from our shareholders. In the event that the remuneration policy and implementation report are voted against by 25% of the votes, the committee will engage the shareholders regarding their concerns and provide clarity to them as soon as possible. We are committed to providing any clarification on any issues raised by shareholders in the future. At the meeting there were no specific concerns raised about the policy.

The committee is comfortable that Vunani's remuneration policy largely achieved its objectives. In order to improve the remuneration policy, the committee used benchmarking data from salary surveys to guide the decision-making process.

The remuneration policy and implementation report will be put to shareholders for a non-binding advisory vote at the next AGM in line with King IV.

During the year, independent remuneration consultants were used to review the short-term incentive structure.

REMUNERATION PHILOSOPHY AND POLICY

The group recognises that it operates in a competitive environment and that one of the drivers of its performance is its people. It therefore remunerates at levels that attract, retain and motivate employees of the highest calibre and rewards them for good performance. The group defines total remuneration as a combination of all types of reward, including financial, non-financial, direct and indirect. It rewards individual performance while nevertheless ensuring that there is a distribution of remuneration around the market median. The executive directors have service contracts with the group, which may be terminated with one month's written notice. None of the executive directors has a fixed-term contract.

Components of total remuneration

The components of total remuneration are split between total guaranteed pay ("TGP"), short-term incentive STIs and long-term incentive LTIs.

Level	TGP	STI	LTI
Key management (including the CEO and executive directors)	Guaranteed cost to company	Performance bonus	Equity-settled share plan
Senior management	Guaranteed cost to company	Performance bonus	Equity-settled share plan
General employees	Guaranteed cost to company	Performance bonus	Equity-settled share plan

TGP

The levels of TGP are reviewed and revised annually.

Criteria for determining remuneration increases include inflation ("CPI"), market comparisons, group performance, individual performance and affordability based on group budgets. The remuneration committee approves annual salary increases.

Provident fund contributions are based on a scale of between 10% and 27.5% of total annual remuneration, with individual contributions being selected by employees themselves. These contributions ensure monetary security and dignity for employees and, in the case of death, for their beneficiaries.

Remuneration consists of the following guaranteed components and is applicable to all employees:

- Basic salary
- Group life assurance
- Medical aid
- Provident fund

STIs

Annual incentive bonuses are paid if key performance targets, which include but are not limited to financial targets, are met.

All employees are eligible to participate in the group's incentive bonus scheme, which is well established within each of the business units. The bonus is conditional on both company and individual performance. It is paid annually subject to the achievement of performance targets against key performance indicators that have been agreed to by the chief executive and the remuneration committee.

The short-term executive incentive plan is based on the following principles:

- A the group's executive directors provide leadership, support and guidance to all subsidiaries, incentives are dependent on overall group performance.
- Incentives are biased towards realisations and therefore non-cash items and minority interests are discounted when determining the adjusted profit pool.
- The profit pool is split between investment activities and non-investment activities, which are treated differently.
- The incentive on the investment pool is based on a carried interest model according to which the reward is calculated as a percentage of the realised capital growth after a notional cost of capital charge has been applied.
- The incentive on the non-investment pool is calculated as a percentage of the adjusted profit pool on a sliding scale.

The table below shows the pay mix of the executive directors at the various levels of performance:

	TGP	STI	LTI
Below-threshold performance			
Position			
CEO/CFO/Executive	85%	0%	15%
Target performance			
Position			
CEO/CFO/Executive	57%	33%	10%
Stretch performance			
Position			
CEO/CFO/Executive	44%	48%	8%

Performance condition and weightings	Performance period	Strategic purpose	Positive outcome
Financial (75%) • Group profit • Realisation of investments • Cost efficiency	One year	An entrepreneurial culture that rewards individual performance and contributes to generation of sustainable annual returns	Improvement of group cash generation, profitability of subsidiaries and investments, dividend payment and growth in market value.
Strategic initiatives (25%) • Client satisfaction • Be more agile, innovative • Transformation • Competitive growth in relative sectors	One year	Enhance the profile of the group amongst stakeholders (Investors, regulators, the board) Be a responsible corporate citizen	Positive media coverage, receipt of awards, strong share price movement Contribution to the communities we work in

LTIs

The group has one share scheme in place, the conditional share scheme, which is an LTI.

The company implemented the share scheme in November 2015. The conditional share scheme entitles employees to receive performance and retention shares in the company upon the fulfilment of certain performance conditions.

The conditional awards were made on 11 November 2015, 29 February 2016, 24 February 2017, 26 February 2018, 15 January 2021, 26 February 2021 and 26 February 2022.

The shares will vest on the fulfilment of certain performance conditions at the end of a three-year period. Performance conditions include financial and non-financial measures. It is anticipated that allocations will be made annually.

Performance condition and weightings	Performance period	Strategic purpose	Positive outcome
Financial performance (60%) Individual performance (40%)	One year	To attract, retain and motivate key employees	Improved group profit that will improve the shareholder return

EXECUTIVE DIRECTORS' REMUNERATION

The group adheres to the guidelines for executive remuneration as set out in King IV. Overall remuneration principles include:

- establishing an appropriate and competitive balance between fixed and variable remuneration structures in order to achieve performance excellence;
- establishing a performance-oriented culture with a pay-for performance approach that aligns with sustainable shareholder value;
- using market and industry benchmarks to ensure competitive remuneration that is aligned to the market median; and
- driving sustainable business results through short-term and long-term performance-driven incentives.

Please refer to the implementation report below and note 47 on page 138 of the financial statements for details of the executive directors' remuneration.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fixed fees for their services as directors of the board and as members of board committees. The remuneration committee proposes the fees for non-executive directors, and these are confirmed by the board and approved by shareholders. Fees are reviewed annually, and non-executive directors do not participate in the group's incentive bonus plan or share schemes.

For details regarding fees paid during the current period and prior year, refer to note 47 on page 138 of the financial statements.

PRESCRIBED OFFICERS

Prescribed officers fall into a category created by the 2008 Companies Act. The purpose of this category is to include within the scope of the Act anyone who fulfils the role of a director but who is operating – whether intentionally or otherwise – under a different designation.

In order to comply with the requirements of the Act, the group discloses all remuneration paid to prescribed officers in its financial statements. Details for the reporting period are available in note 70 on page 164.

IMPLEMENTATION REPORT

Total remuneration (single figure)

The single figure remuneration disclosure below is in terms of the King IV principles:

Figures in R'000	Salaries	Provident	Bonus accrued	Share-based payment	Total
2022					
E Dube	**4 467**	**945**	**5 710**	**709**	**11 832**
NM Anderson	**3 137**	**459**	**3 613**	**475**	**7 684**
BM Khoza	**2 980**	**666**	**3 613**	**475**	**7 734**
T Mika	**1 486**	**167**	**1 836**	**215**	**3 704**
	12 070	**2 239**	**14 772**	**1 874**	**30 954**
2021					
E Dube	4 300	904	5 911	737	11 852
NM Anderson	3 023	434	3 982	493	7 932
BM Khoza	2 875	632	3 982	493	7 982
T Mika	1 352	151	1 805	248	3 556
	11 550	2 121	15 680	1 971	31 322

Total LTI awards

The details of the long-term awards made to the executive directors are disclosed below:

2022	Award date	Vesting date	Opening number ('000)	Awarded during the year ('000)	Forfeited during the year ('000)	Vested during the year	Award price per share (cents)	Closing number ('000)	Cash received from awards settled	Indicative value of unvested shares (R'000)
E Dube	26/02/2022	26/02/2025	1 036	267	–	–	252	1 303	–	3 648
NM Anderson	26/02/2022	26/02/2025	693	180	–	–	252	873	–	2 444
BM Khoza	26/02/2022	26/02/2025	693	180	–	–	252	873	–	2 444
T Mika	26/02/2022	26/02/2025	298	130	–	–	252	428	–	1 198
			1 195	758	–			3 477	–	9 736

2021	Award date	Vesting date	Opening number ('000)	Awarded during the year ('000)	Forfeited during the year ('000)	Vested during the year	Award price per share (cents)	Closing number ('000)	Cash received from awards settled	Indicative value of unvested shares (R'000)
E Dube	15/01/2021 26/02/2021	28/02/2023 26/02/2024	1 123	787	–	874	199-237	1 036	–	2 538
NM Anderson	15/01/2021 26/02/2021	28/02/2023 26/02/2024	751	526	–	584	199-237	693	–	1 698
BM Khoza	15/01/2021 26/02/2021	28/02/2023 26/02/2024	751	526	–	584	199-237	693	–	1 698
T Mika	15/01/2021 26/02/2021	28/02/2023 28/02/2024	357	238	–	297	199-237	298	–	730
			5 579	2 597	–			1 195	–	6 664

STI PERFORMANCE OUTCOMES

The STI performance outcomes for the financial year is shown below:

Key performance indicator	Weight	Target	ED	MA	BK	TM	Achieved
Dividend growth	10%	10% growth	✓	✓	✓	✓	✓
Revenue growth	15%	10% growth	✓	✓	✓	✓	✓
Cash generation	20%	10% growth	✓	✓	✓	✓	✓
New business	20%	10% growth	✓	✓	✓	✓	✓
Strategic initiatives	35%	Exco Assessment	✓	✓	✓	✓	✓

PAYMENTS ON TERMINATION OF EMPLOYMENT

The employment contracts of members of the executive management do not contain clauses that would entitle them to additional remuneration in the event of termination of their contracts. In the event of termination of employment, any payments made to the executive will be in terms of legislation and any unvested LTI shares will be dealt with in terms of the rules of the scheme and reason for termination.

There were no payments for termination of employment during the year.

COMPLIANCE

There were no deviations from the remuneration policy during the reporting period.

JR Macey
Remuneration committe chairman

Investment committee report

The primary purpose of the investment committee is to consider projects, acquisitions and the disposal of assets in line with the group's overall strategy.

The committee is chaired by independent non-executive JR Macey and further comprises executive directors E Dube and NM Anderson, non-executive director S Mthethwa, independent non-executive director LI Jacobs and independent committee member A Pieterse. Attendance at committee meetings is set out on page 46.

The committee assists the board on matters related to:

- the disposal or transfer of any business, share, asset or other investment within the limits of its authority;
- the establishment of or acquisition of any business – either directly or indirectly;
- the encumbering of any assets in any manner whatsoever;
- any transactions or agreements with related parties as defined in the JSE Listings Requirements;
- the liquidation or winding-up, de-registration or the discontinuance or suspension of any business activities;
- the implementation of any re-structuring, merger or joint venture agreements;
- the amendment of the MOI of any designated group company;
- any variation to the authorised and/or issued share capital or rights attaching to any shares or class of shares of any designated group company;
- any matter concerning the financing of capital or borrowings which would have the effect of directly or indirectly reducing the proportionate shareholding of any ordinary shareholder in a designated group company;
- the issue of guarantees or other similar undertakings of any nature; and
- a change in the business of any designated group company; and performing such other investment-related functions as may be designated by the board from time to time.

In FY2023 the committee intends to:

- identify investment opportunities in order to ensure sustainable growth for the group.

LEVELS OF AUTHORITY

The approval of investment transactions by the committee is subject to the limits of authority as specified in the JSE Listings Requirements. Transactions exceeding a set financial limit also require shareholder approval.

The limits of authority approved by Vunani's board are as follows:

1. All investments up to R3 million are at the sole discretion of the executive management of Vunani and these investments do not require committee or board approval.	R3 million The sole discretion of the executive committee
2. All investments in excess of R3 million and up to a maximum of R30 million require approval by the committee. No board approval is required.	R30 million Requires the approval of the investment committee
3. All investments with an exposure in excess of R30 million are reviewed by the committee and recommended to the board for approval. Any approved investment proposal is referred to the board together with the committee's recommendation for the board's final determination	+R30 million Requires final approval from the board.

JR Macey
Investment committee chairman

Nomination committee report

The nomination committee makes proposals to the board regarding the nomination the evaluation and re-appointment of directors, and the appointment and induction of new directors.

The committee is chaired by independent non-executive director LI Jacobs and further comprises independent non-executive director JR Macey. Attendance at committee meetings is set out on page 46.

The committee assists the board in discharging its duties related to:

- reviewing the performance of the executive directors;
- developing succession plans for the CEO and executive directors;
- identifying, evaluating, recommending and approving appointees to the board and board committees;
- considering and making recommendations on a periodic basis regarding the composition and membership of the board, the needs of the board and any gaps perceived in the composition of the board;
- conducting annual evaluations of the effectiveness and performance of the board as a whole and considering the contribution of each non-executive director; and
- reviewing the board's training, development and orientation needs, including induction programmes for new directors and training and development needs arising from the annual director/board performance evaluation process and the annual board training/workshop programme.

During the reporting period, the committee:

- reviewed the gender diversity policy and targets; and
- reviewed the racial diversity policy of the board

In FY2023 the committee intends to:

- review the nomination committee charter

LI Jacobs
Nomination committee chairman

Social, ethics and transformation committee report

The social, ethics and transformation committee was established to monitor adherence to ethical standards, to provide guidelines for acceptable behaviour and to allow for formal oversight of the group's activities, all with reference to the prevailing codes of best practice.

The committee is chaired by independent non-executive director NS Mazwi and further comprises executive director T Mika and non-board members N Chonco. Attendance at committee meetings is set out on page 46.

The committee assists the board in discharging its duties related to:

- the group's legal obligations;
- prevailing codes of good practice pertaining to social and economic development and good corporate citizenship;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- consumer relationships, including the company's policies and record relating to advertising, public relations and compliance with consumer protection laws;
- labour and employment matters; assessment of potential CSI projects;
- compliance with applicable laws and regulations; and transformation policies.

During the year the committee:

- reviewed the sexual harassment policy;
- reviewed the whistle blowing policy;
- monitored compliance of the group's ethics policy employment equity plan.

In the FY2023 financial year, the committee intends to:

- review human resources policy;
- review laws and regulations affecting the group;

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE SUB-COMMITTEES

The social and ethics committee has one sub-committee that assists it in discharging its duties to the board.

HEALTH AND SAFETY COMMITTEE ("HS COMMITTEE")

The HS committee was established in terms of the Occupational Health and Safety Act, with a mandate to ensure the continued provision and maintenance of a safe and healthy working environment.

The committee assists the social and ethics committee by:

- conducting health and safety audits;
- identifying potential hazards, risks and dangers; conducting inspections of the working environment; investigating incidents; and
- making recommendations regarding health and safety to the social and ethics committee.

B-BBEE Commission Compliance Report (in terms of Section 13G (2) of the Broad-Based Black Economic Empowerment Act):

Industry/sector	Financial Services
Relevant code of good practice	FSC Generic
Name of verification agency	Empowerlogic Proprietary Limited
Name of technical signatory	P Govender

Information as verified by the B-BBEE verification professional as per scorecards:

B-BBEE elements	Target score	Bonus points	Actual score achieved
Equity ownership	25	–	22.6
Management control	20	–	14.81
Skills development	20	–	14.7
Enterprise and supplier development	35	–	36.7
Social-economic development	5	–	4.68
Total score	**105**	**–**	**93.49**
Priority elements achieved	5/5		
Empowering supplier status	Yes		
Final B-BBEE status	Level 2		

NS Mazwi
Social, ethics and transformation committee chairman

06

The financial statements have been audited in terms of Section 30 of the Companies Act of South Africa, 2008.

The financial statements were published on 29 June 2022.

The financial statements have been prepared under the supervision of the group chief financial officer, Tafadzwa Mika CA(SA).

FINANCIAL STATEMENTS

Financial Statements

Group

Company

Audit and risk committee report

for the year ended 28 February 2022

The audit and risk committee operates under a formal mandate that has been approved by the board and has conducted its affairs in compliance and discharged its responsibilities as stipulated in the committee terms of reference.

Audit and risk committee members

The committee's composition is in line with the requirements of the Companies Act of South Africa, which require it to have a majority of independent directors. The committee comprises of three independent non-executive directors. The committee held five meetings during the year as detailed below:

Committee composition and meeting attendance	12 May 2021	25 June 2021	20 Sep 2021	29 Sep 2021	26 Jan 2022
G Nzalo*	✓	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓	✓
NS Mazwi	✓	✓	✓	✓	✓

** Independent non-executive chairman*

The members of the committee have the necessary financial skills and experience to adequately fulfil their duties as members of the committee.

The chief executive officer, chief financial officer, group financial manager and representatives from external and internal audit attend the committee meetings by invitation.

Key terms of reference

The committee's roles and responsibilities include its statutory duties as defined in the Companies Act of South Africa and the responsibilities assigned to it by the board and these were performed as detailed below:

During the year under review, the committee undertook the following:

External audit

- Considered and satisfied itself that the external auditor was independent.
- Approved the fees to be paid to the external auditor for the 2022 engagement.
- Determined the nature and extent of all non-audit-related services performed.
- Confirmed that the auditor and the designated auditor are accredited by the JSE, as required in the JSE Listings Requirements.
- Confirmed that no reportable irregularities had been identified or reported by the auditors under the Auditing Profession Act.

Internal audit

- Recommended the reappointment of the internal audit service provider.
- Reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal audit function.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response.
- Reviewed the effectiveness of the company's systems of internal control, including internal financial control and business risk management and the maintenance of effective internal control systems.
- Reviewed the co-operation and co-ordination between the internal and external audit functions and co-ordinated the formal internal audit work plan with external auditors to avoid duplication of work.
- Assessed the adequacy of the performance of the internal audit function and found it to be satisfactory.

Adequacy and functioning of the group's internal control

- Reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.
- As noted above, the committee also reviewed reporting around the adequacy of the internal controls and, based on this, concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.
- After due care and proper consideration, the chief executive officer and financial director are satisfied that the annual financial statements for the year ended 28 February 2022 are an accurate reflection of the group's performance. (Paragraph 3.84(k))

Finance function and chief financial officer

- Satisfied itself of the appropriateness of the qualifications, expertise and experience of the chief financial officer, Tafadzwa Mika.
- Considered the expertise, resources and experience of the finance function, and concluded that these were satisfactory.

Integrated report

- Reviewed the integrated report, including the audit report on the financial statements prior to board approval.
- Satisfied themselves that the financial statements were prepared on a going-concern basis.
- Considered the appropriateness of accounting policies and any changes thereto and the adequacy of disclosures in the integrated report.
- Reviewed the accounts and financial statements taken to ensure they present a balanced and comprehensive assessment of the position, performance and prospects of the company.
- Ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all entities included in the consolidated group IFRS financial statements.
- Ensured that it had access to all the financial information of the group to enable the effective preparation of the integrated report.

Legal, regulatory and corporate governance requirements

- Confirmed the company secretary relationship is at arm's-length.
- Ensured the establishment and maintenance of effective processes for compliance with applicable statutory and regulatory requirements.
- Monitored compliance with the Companies Act of South Africa, the JSE Rules and Listings Requirements, and all other applicable legislation and governance codes.
- Reviewed compliance matters that could have a significant impact on the financial statements.

Risk management and IT governance

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

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

Recommendation of the integrated report for approval by the board

Based on the information and explanations given by management and discussions with the internal auditor and the independent external auditor regarding the results of their audits, the committee is satisfied the financial statements of Vunani Limited and the group for the year ended 28 February 2022 comply, in all material respects, with the requirements of the Companies Act of South Africa, International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements.

GS Nzalo
Chairman of the audit and risk committee

29 June 2022
Sandton

Directors' responsibility statement and approval of the financial statements

for the year ended 28 February 2022

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Vunani Limited, which comprise the consolidated and separate statements of financial position at 28 February 2022, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa, the directors' and audit and risk committee's reports and the certification by the company secretary.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's and group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. The directors have reviewed the company's and group's cash flow forecast for the year to 28 February 2023 and, in light of this review and the current financial position, they are satisfied that Vunani Limited and its subsidiaries have, and have access to, adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the consolidated and separate financial statements.

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

Approval of consolidated and separate financial statements

The directors acknowledge and accept full responsibility for the preparation and integrity of the information presented in the company and group financial statements for the year ended 28 February 2022. The company and group annual financial statements of Vunani, which have been prepared in accordance with the Companies Act, the company's MOI, comply with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements.

The consolidated and separate financial statements of Vunani Limited, as identified in the first paragraph, were approved by the board of directors on 29 June 2022 and are signed on their behalf by:

BM Khoza
Chief executive officer
Authorised director

T Mika
Chief financial officer

29 June 2022
Sandton

CEO and CFO responsibility statement

After due careful and proper consideration

i. The directors, whose names are stated below, hereby confirm that after due, careful and proper consideration, –

   a. the consolidated and separate financial statements set out on pages 69 to 166, 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 consolidated and separate 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 consolidated and separate financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

BM Khoza
Chief executive officer

T Mika
Chief financial officer

29 June 2022
Sandton

Certification by the company secretary

In terms of section 58(2) of the Companies Act, and Companies Regulations 2011, we hereby certify to the best of our knowledge and belief, that for the financial year ended 28 February 2022, Vunani Limited has lodged with the Companies and Intellectual Properties Commission, all such returns and notices as are required in terms of the Companies Act of South Africa, and that all such returns appear to be true, correct and up-to-date.

CIS Company Secretaries Proprietary Limited
Company secretary

29 June 2022
Sandton

Directors' report

for the year ended 28 February 2022

Review of activities

Main business and operations

The company was incorporated on 1 December 1997 and carries on the business of a financial services company with certain strategic investments. It has operations in fund management, asset administration and investment banking (institutional securities broking and advisory services). In the prior year the private equity (commodities trading and other investments) segment was unbundled out of Vunani Limited and as such has been reflected as a discontinued operation.

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

VCP Unbundling

In the prior year, in order to improve transparency in the financial reporting of the Financial Services Assets and Private Equity Assets of Vunani, a decision was made by the board to separate these assets through the VCP unbundling whereby the VCP Shares held by Vunani would be unbundled by way of a distribution *in specie* to shareholders *pro rata* to their respective shareholdings in Vunani. In addition to improved financial reporting transparency, the board also believed that the VCP unbundling, would over time, eliminate the discount between the TNAV of Vunani and the price at which Vunani shares trade on the JSE. The Conditions Precedent in respect of the VCP unbundling were fulfilled on 1 February 2021 and accordingly the VCP unbundling was effected 11 February 2021. Refer to note 28 for the impact of the unbundling on the statement of financial position in the prior year.

Discontinued operations

In the prior year the unbundling of the private equity assets represented a major line of the group's business. In terms of IFRS the private equity assets were presented as discontinued operations in the prior year. The comparative information for the year ended 28 February 2021 consolidated statement of comprehensive income and related notes have been presented to disclose the discontinued operations separately from continuing operations. Refer to note 27 for the details of the discontinued operations.

Impairment of intangible assets

The VIF intangible asset acquired that arose in on the acquisition of Oracle is reviewed for impairment through a discounted cash flow (DCF) valuation on an annual basis. This valuation method references the results of the EV calculations for the relevant products. This embedded value methodology uses a number of assumptions relating to future cash flows. The underlying assumptions of the VIF asset were reviewed by the statutory actuary using historical GLA (group life assurance) and PHI (permanent health insurance) data. This resulted in improved profit margins for both lines of business which led to an impairment reversal of the VIF asset of R10.3m. In the prior year there was a reduction in profit margins which resulted in an impairment loss of R41.5m. Refer to note 16.

2022 Performance

Vunani's performance for the year ended 28 February 2022 has significantly improved compared to the prior year to 28 February 2021. This was due to the improved performance of the insurance business that was negatively impacted by Covid-19 in the prior year. As the number of vaccinated people in Eswatini increased this resulted in fewer death claims during the year. As a result of this lower actuarial reserving was required to take into account the impact of the claims experience of the year. The fund management business segment showed an improved performance when compared to the prior year, due to increased funds under management. The other business segments continued to perform despite operating in a tough environment.

Declaration of dividends

A gross interim dividend of 6.5c per share was paid in the current year. A gross final dividend of 14.0c was declared after the end of the financial year. Refer to note 50 of the financial statements.

Special resolutions

1. It was resolved that the non-executive directors' remuneration be approved with effect from 3 August 2021 until the next annual general meeting.
2. It was resolved by special resolution that, subject to the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements in force from time to time, the company and/or any subsidiary of the company, be and are hereby authorised to repurchase or purchase shares issued by the company.
3. It was resolved that approval was provided authorising the group to provide direct or indirect financial assistance to any related or inter-related companies.
4. It was resolved that the company's Memorandum of Incorporation be amended to create the rights, terms and privileges attached to the company's preference shares as per the terms in the unbundling circular distributed to shareholders.

Share capital

Details of the company's authorised and issued share capital at 28 February 2022 are shown in notes 30 and 65 to the financial statements.

Directors

The directors of the company for the financial year and up to the date of this report are as follows:

Executive directors

E Dube (Executive deputy chairman)
BM Khoza (Chief executive officer)
T Mika (Chief financial officer)
NM Anderson

Non-executive directors

LI Jacobs (Chairman) – independent
GS Nzalo – independent*
JR Macey – independent*
NS Mazwi – independent*
S Mthethwa
M Golding

* *Having served for more than nine years as an independent non-executive director, the director's independence was considered and assessed by the board and the board is satisfied that there are no factors that impair their independence. The director continues to be classified as an independent non-executive director.*

Secretary

The Company Secretary is CIS Company Secretaries Proprietary Limited.

Shareholding of directors

The shareholding of directors in the issued share capital of the company as at 28 February 2022 was as follows:

Shareholding per director	Number of shares held Beneficially direct ('000s)	Beneficially indirect ('000s)	Total number of shares ('000s)
E Dube	237	25 284	25 521
BM Khoza	564	14 779	15 343
NM Anderson	1 278	14 779	16 057
T Mika	528	–	528
	2 607	54 842	57 449

There has been no other changes in shareholding of the directors of the listed company between 28 February 2022 and the date of approval of the integrated report.

Auditor

KPMG Inc. was reappointed as auditor to the company at the AGM held on 3 August 2021. As part of the group's policy to implement mandatory audit firm rotation, BDO South Africa Inc. was appointed as the auditor to the company on 1 November 2021.

Independent Auditor's Report

To the Shareholders of Vunani Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Vunani Limited (the group and company) set out on pages 69 to 166, which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate 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 Vunani Limited as at 28 February 2022, 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 (IFRS) 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of *Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate 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.

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (consolidated financial statements – Note 35)	
As at 28 February 2022, the carrying amount of the group's insurance contract liabilities amounted to R90.7 million. Insurance contracts are contracts under which the insurer, Vunani, accepts significant insurance risk from another party (policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders. The insurance contract liabilities are measured in accordance with the financial soundness valuation basis as set out in the actuarial professional guidance note SAP 104, as well as per the requirements of IFRS 4, Insurance Contracts. Management consider key assumptions and apply significant judgement in the determination of insurance contract liabilities, with the help of their actuarial experts. Significant judgments include, but are not limited to, mortality and morbidity rates, expense assumptions and discount rates. Given the relative magnitude and the susceptibility to error due to the significant judgement involved in determining the value of these liabilities, the valuation of insurance contract liabilities was considered a matter of most significance to our current year audit of the consolidated financial statements.	Making use of our in-house actuarial expertise, we performed our audit procedures which included the following: ► Obtained an understanding of the methodologies and assumptions applied by management in determining the valuation of the insurance contract liabilities through inspection of the valuation report prepared by management's external actuarial expert and through inquiries with both management and their external actuarial expert. ► Considered the appropriateness of the accounting and valuation methodology applied by management, against the requirements of IFRS 4 and considered compliance with the latest actuarial guidance and legislation. ► Independently assessed the key inputs and estimates made by management's actuarial experts through the inspection of the component auditor's audit file for the underlying Oracle Life insurance business. ► Considered the adequacy of the disclosures in the consolidated financial statements against the requirements of IFRS 4.

Key audit matter	How our audit addressed the key audit matter
Value in force asset impairment assessment (consolidated financial statements – Note 17)	
At 28 February 2022, the carrying amounts of the Value of in-force asset ("VIF") amounted to R80.9 million. The VIF asset is an intangible asset which arose upon the acquisition of the Oracle Life and the Oracle Insure businesses. This asset represents the present value of future profits expected to arise from contracts existing at the date of acquisition of the insurance book, less the cost of holding the required capital. Management considers a number of economic and non-economic assumptions when determining VIF. Economic assumptions include information obtained from the market at the time of valuation, such as returns on investments based on the assets to be valued. Non-economic assumptions, such as claim ratios and lapses, are typically determined by management using prior experience. This involves significant judgment on the part of management. Due to the size of the VIF asset, and the significant judgement applied by management in determining its carrying amount, the valuation thereof was considered a matter of most significance to our current year audit of the consolidated financial statements.	Making use of our in-house actuarial expertise, we performed our audit procedures which included the following: ► Obtained an understanding of the methodologies and assumptions applied by management in determining the valuation of the VIF asset through inspection of the valuation report prepared by management's external actuarial expert and through inquiries with management's external actuarial expert. ► Considered the appropriateness of the accounting and valuation methodology applied by management, against actuarial standards and best practice actuarial valuation guidelines. ► Independently assessed the key inputs and estimates made by management's actuarial experts, by evaluating the economic and non-economic assumptions. Economic assumptions were evaluated against market data and non-economic assumptions were evaluated against historical data and best practice approach. ► Considered the adequacy of the disclosures in the consolidated financial statements in accordance with International Standard on Auditing (IAS) 38, Intangible Assets.
Goodwill impairment considerations (consolidated financial statements – note 17)	
As at 28 February 2022, the carrying value of the goodwill intangible asset amounted to R139.8 million and is required to be assessed for impairment annually. The carrying value of goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill arose from the business combination and acquisition of three subsidiaries being, Vunani Fund Managers, Vunani Securities and Fairheads Benefit Services, and as such, these businesses are the cash generating units (CGUs) to which the goodwill of the group relate to. In assessing the recoverable amount, management assesses the reasonableness of the assumptions used in the determination of the recoverable amount, including the cash flow projections and discount rates. Due to the high degree of estimation uncertainty resulting from the judgement involved in the determination of the recoverable amount of goodwill, as well as the significant carrying value of goodwill as at 28 February 2022, the impairment assessment of goodwill was determined to be a matter of most significance to our current year audit of the consolidated financial statements.	Making use of our internal Corporate Finance valuations expertise, our audit procedures focused on evaluating the key assumptions used by management, and included the following: ► Obtained an understanding of and evaluated management's determination of the cash generating units. ► Evaluated the management's previous cash flow forecasts against actual results, as well as evaluated the reasonableness of the current year's cash flow forecasts based on our knowledge of the applicable businesses, to assess the appropriateness of the forecasts incorporated in the value in use models. ► Evaluated the appropriateness of the inputs into the value in use models through assessing the reasonability of management's forecasts and assessing the appropriateness of the valuation methodology and the accuracy of the valuation model applied. ► Compared the discount rates to known market and industry trends. ► Evaluated management's adjustments to future cash flows to consider whether it is in line with best practice valuation principles. ► Performed a sensitivity analysis to assess how sensitive the estimate is to changes in the key inputs and assumptions. ► Considered the adequacy of the disclosures in the consolidated financial statements against the requirements of with IFRS 3, Business Combinations.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Vunani Limited Integrated Report for the year ended 28 February 2022", which includes the Report of the audit and risk committee, the Certification by the Company Secretary and the Directors' report as required by the Companies Act of South Africa. The 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, 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.

Independent auditor's report (continued)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 BDO South Africa Incorporated has been the auditor of Vunani Limited for one year.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Lance September
Director

Registered Auditor

29 June 2022

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Consolidated statement of comprehensive income

for the year ended 28 February 2022

Figures in R'000	Notes	VUNANI LIMITED – Group Audited 2022	Represented Audited# 2021
Continuing operations			
Revenue	5	**415 104**	341 302
Net written premium	6	**215 373**	170 205
Gross written premium		**271 871**	217 388
Less: Reinsurance written premium		**(56 498)**	(47 183)
Dividend income	9	**7 924**	4 458
Interest income calculated using the effective interest method	10	**21 716**	18 342
Other income	7	**16 588**	10 621
Total Income		**676 705**	544 928
Operating expenses	13	**(427 690)**	(354 271)
Net insurance benefits and claims		**(136 050)**	(89 575)
Insurance benefits and claims paid		**(149 511)**	(105 151)
Insurance benefits and claims recovered from reinsurers		**13 461**	15 576
Operating profit		**112 965**	101 082
Bargain purchase gain	8	**1 362**	530
Impairment of non-financial assets	12	**10 283**	(41 502)
Impairment of financial assets	12	**328**	(7 024)
Fair value adjustments	11	**(18 432)**	(44 050)
Equity-accounted earnings (net of income tax)	18	**882**	1 403
Results from operating activities		**107 388**	10 439
Finance income	14	**7 787**	7 169
Finance costs	14	**(6 438)**	(7 620)
Net finance income/(costs)		**1 349**	(451)
Profit before income tax		**108 737**	9 988
Income tax (expense)/credit	15	**(37 033)**	10 078
Profit for the year from continuing operations		**71 704**	20 066
Loss from discontinued operations (net of taxation)	27	**–**	(20 225)
Profit/(loss) for the year		**71 704**	(159)
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss*		**(281)**	(5 114)
Exchange differences on translating foreign continuing operations		**(281)**	428
Exchange differences on translating foreign discontinued operations		**–**	(5 004)
Hyperinflation adjustments on discontinued operations		**–**	(538)
Total comprehensive income for the year		**71 423**	(5 273)
Profit/(loss) for the year attributable to:			
Equity holders of Vunani Limited		**60 785**	20 667
Non-controlling interest	44	**10 919**	(20 826)
		71 704	(159)
Total comprehensive income for the year attributable to:			
Equity holders of Vunani Limited		**60 616**	17 177
Non-controlling interest	44	**10 807**	(22 450)
		71 423	(5 273)
Basic earnings per share (cents)	42	**37.9**	12.9
Basic and diluted earnings per share from continuing operations (cents)		**37.9**	24.3
Basic and diluted loss per share from discontinued operations (cents)		**–**	(11.4)
Basic headline earnings per share (cents)	42	**34.7**	7.2
Basic headline earnings per share from continuing operations (cents)		**34.7**	33.6
Basic headline loss per share from discontinued operations (cents)		**–**	(26.4)

\# *The comparative figures have been represented and the layout of the statement of comprehensive income has been enhanced to provide better disclosure on the impact of the insurance related operations of the group performance.*

* *There are no tax implications on the items included in other comprehensive income*

Consolidated statement of financial position

at 28 February 2022

Figures in R'000	Note	VUNANI LIMITED – Group 2022	2021
Assets			
Property, plant and equipment*	16	**23 204**	17 964
Goodwill	17	**139 766**	139 766
Intangible assets	17	**134 475**	136 315
Investments in associates	18	**1 300**	553
Other investments	19	**11 345**	11 307
Insurance related investments	20	**453 357**	398 084
Deferred tax asset	22	**53 865**	56 485
Total non-current assets		**817 616**	760 474
Other investments	19	**3 198**	3 265
Taxation prepaid	37	**1 059**	1 799
Reinsurance assets	21	**21 357**	24 689
Loans to associates	18	**–**	1 210
Trade and other receivables	24	**89 046**	80 754
Accounts receivable from trading activities	25	**60 583**	105 700
Trading securities		**353**	162
Cash and cash equivalents	26	**252 852**	213 235
Total current assets		**428 448**	430 814
Total assets		**1 246 064**	1 191 288
Equity			
Stated capital	30	**696 497**	696 497
Treasury shares	30	**(6 166)**	(675)
Share-based payments reserve	31	**3 660**	426
Foreign currency translation reserve		**(2 535)**	(2 366)
Accumulated loss		**(375 445)**	(413 830)
Equity attributable to equity holders of Vunani Limited		**316 011**	280 052
Non-controlling interest	44	**66 341**	53 452
Total equity		**382 352**	333 504
Liabilities			
Other financial liabilities	32	**13 356**	23 494
Lease liabilities	33	**10 645**	4 499
Investment contracts	34	**432 179**	367 380
Insurance contract liabilities	35	**73 682**	89 472
Deferred tax liabilities	22	**31 838**	34 841
Total non-current liabilities		**561 700**	519 686
Other financial liabilities	32	**20 902**	33 387
Lease liabilities	33	**7 060**	10 433
Taxation payable	37	**12 494**	9 959
Insurance contract liabilities	35	**17 059**	13 796
Trade and other payables	38	**155 269**	147 039
Accounts payable from trading activities	25	**60 853**	105 998
Trading securities		**3**	3
Bank overdraft	26	**28 372**	17 483
Current liabilities		**302 013**	338 098
Total liabilities		**863 712**	857 784
Total equity and liabilities		**1 246 064**	1 191 288
Shares in issue (000s)		**161 156**	161 156
Net asset value per share (cents)		**196.1**	173.8
Net tangible asset value per share (cents)		**25.9**	2.5

* *Included in property, plant and equipment is the right-of-use assets recognised in terms of IFRS 16. Refer to note 33.*

Consolidated statement of changes in equity

for the year ended 28 February 2022

Figures in R'000	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	VUNANI LIMITED – Group Total attributable to equity holders	Non-controlling interest	Total equity
Balance as at 29 February 2020	696 497	(748)	5 624	(9 509)	(204 775)	487 089	70 674	557 763
Total comprehensive income for the year								
Profit for the year	–	–	–	–	20 667	20 667	(20 826)	(159)
Other comprehensive income for the year	–	–	–	(3 490)	–	(3 490)	(1 624)	(5 114)
Total comprehensive income for the year	–	–	–	(3 490)	20 667	17 177	(22 450)	(5 273)
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	–	(6 771)	–	–	–	(6 771)	–	(6 771)
Transfer of treasury shares	–	6 844	(6 844)	–	–	–	–	–
Share-based payments	–	–	3 295	–	–	3 295	–	3 295
Dividends paid	–	–	–	–	(8 055)	(8 055)	(102)	(8 157)
Transfer between reserves*	–		(1 492)	–	1 492	–	–	–
Dividend paid- *in specie* &	–	–	–	–	(210 863)	(210 863)	–	(210 863)
Acquisition of non-controlling interest	–	–	–	–	(1 820)	(1 820)	1 820	–
Disposal of subsidiaries@	–	–	(157)	10 633	(10 476)	–	3 510	3 510
Total transactions with owners, recorded directly in equity	–	73	(5 198)	10 633	(229 722)	(224 214)	5 228	(218 986)
Balance as at 28 February 2021	696 497	(675)	426	(2 366)	(413 830)	280 052	53 452	333 504
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**60 785**	**60 785**	**10 919**	**71 704**
Other comprehensive income for the year	**–**	**–**	**–**	**(169)**	**–**	**(169)**	**(112)**	**(281)**
Total comprehensive income for the year	**–**	**–**	**–**	**(169)**	**60 785**	**60 616**	**10 807**	**71 423**
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	**–**	**(5 727)**	**–**	**–**	**–**	**(5 727)**	**–**	**(5 727)**
Transfer of treasury shares*	**–**	**236**	**(236)**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**3 470**	**–**	**–**	**3 470**	**–**	**3 470**
Dividends paid	**–**	**–**	**–**	**–**	**(22 400)**	**(22 400)**	**(66)**	**(22 466)**
Business combination**	**–**	**–**	**–**	**–**	**–**	**–**	**2 148**	**2 148**
Total transactions with owners, recorded directly in equity	**–**	**(5 491)**	**3 234**	**–**	**(22 400)**	**(24 657)**	**2 082**	**(22 575)**
Balance as at 28 February 2022	**696 497**	**(6 166)**	**3 660**	**(2 535)**	**(375 445)**	**316 011**	**66 341**	**382 352**

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

** *The business acquired an effective 39% in Medscheme Holdings Proprietary Limited, refer to note 29.*

& *The dividend in specie relates to the Vunani Capital Partners ("VCP") unbundling, refer to note 28.*

@ *Relates to the discontinued operations. Refer to note 27.*

Consolidated statement of cash flows

for the year ended 28 February 2022

Figures in R'000	Notes	VUNANI LIMITED – Group 2022	2021
Cash flows from operating activities			
Net cash generated by operating activities	40	**121 201**	95 688
Investment revenue received		**–**	157
Finance income received		**7 471**	7 190
Finance costs paid		**(6 244)**	(8 541)
Dividends paid to shareholders		**(22 400)**	(8 055)
Dividends paid to non-controlling interest	44	**(66)**	(102)
Income tax paid	41	**(31 139)**	(14 891)
Net cash generated by operating activities		**68 823**	71 446
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**611**	–
Disposal of subsidiaries net of cash	27,28	**–**	(8 126)
Acquisition of property, plant and equipment	16	**(5 708)**	(2 162)
Proceeds from disposal of property, plant and equipment	16	**–**	380
Proceeds from repayment of loans to associates		**319**	1 535
Dividends received from associates	18	**–**	5 572
Acquisition of intangible assets – computer software	17	**(3 791)**	(5 209)
Acquisition of other investments	19	**–**	(1 955)
Proceeds on disposal of other investments	19	**–**	1 982
Proceeds on disposal of insurance investments	20	**4 964**	298 849
Acquisition of insurance investments	20	**–**	(367 651)
Net cash outflow from investing activities		**(3 605)**	(76 785)
Cash flows from financing activities			
Acquisition of treasury shares		**(5 727)**	(4 659)
Advances of other financial liabilities		**2 500**	608
Repayments of other financial liabilities		**(27 673)**	(25 063)
Repayment of lease liabilities – capital repayment		**(5 590)**	(6 444)
Net cash outflow from financing activities		**(36 490)**	(35 558)
Net increase/(decrease) in cash and cash equivalents		**28 728**	(40 897)
Effect of movement in exchange rates on cash held		**-**	(29)
Cash and cash equivalents at the beginning of the year		**195 752**	236 678
Total cash and cash equivalents at end of the year	26	**224 480**	195 752

Notes to the consolidated and separate financial statements

for the year ended 28 February 2022

Reporting activities

Vunani Limited ("the company") is a company domiciled in South Africa at Vunani House, Vunani Office Park, 151 Katherine Street in Sandton. The Consolidated and Separate Financial Statements of the company at and for the year ended 28 February 2022 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in associated entities. The group operates in the financial services industry.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The company's financial statements are prepared in accordance with IFRS as issued by the IASB, its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements, and the South African Companies Act.

The Consolidated and Separate Financial Statements have been prepared under the supervision of T Mika, CA(SA), the group chief financial officer.

The financial statements, which have been prepared on the going concern basis, were authorised for issue by the board of directors on 29 June 2022.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments (which include other investments, insurance related investments, insurance contracts, other non-current assets and certain other financial liabilities), which are measured at fair value, and insurance liabilities, which are measured in terms of the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice (SAP) 104.

1.3 Presentation currency

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

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

1.4 Use of estimates and judgements

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

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

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

Information about assumptions and estimation uncertainties which have the most significant effect on the financial statements are set out below:

- Notes 19, 20, 23, 32 and 48.4 – determining fair value of financial instruments based on significant unobservable inputs.
- Note 17 – impairment test of goodwill and intangible assets: key assumptions underlying recoverable amounts.
- Notes 18 and 48.3 – equity accounted investees: whether the group has significant influence and impairment losses on loans to associates.
- Note 22 – utilisation of tax losses: the availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.
- Note 24 – measurement of ECLs allowance for trade and other receivables: key assumptions in determining average loss rates.
- Note 34, 35 and 36 – investment contract liabilities designated as at fair value profit and loss, insurance contracts and investment contracts with discretionary participation features ("DPF") valued using the financial soundness valuation basis as set out in SAP 104 – *Calculation of the value of the assets, liabilities, and capital adequacy requirement of long-term insurers.*

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Consolidated and Separate Financial Statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A number of other new standards are also effective in the current year, but they do not have a material effect on the group's financial statements.

2.1 Basis of consolidation

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

2.1.1 *Subsidiaries*

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

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

2.1.2 *Investments in associates*

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

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

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

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

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

2.1.3 *Non-controlling interests*

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

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

2.1.4 *Transactions eliminated on consolidation*

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

2.2 Financial instruments

2.2.1 *Recognition and initial measurement*

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Trade receivables are expected to be recovered within 30 days.

2.2.2 *Classification and subsequent measurement*

Financial assets

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The group classifies non-derivative financial instruments into the following categories: FVTPL and financial assets at amortised cost.

Financial assets – Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial instruments (continued)

Derivative financial assets - *Policy applicable for the year ended 28 February 2021*

Derivatives are recognised initially at fair value. Any directly attributable costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss. Included in derivative financial assets are trading securities and the Black Wattle Option (refer to note 23).

Other non-current assets – *Policy applicable for the year ended 28 February 2021*

Other non-current assets consist of derivative and non-derivative financial assets not included in other investments and trade and other receivables. Other non-current assets include the derivative option which relates to the group's investment in Black Wattle and certain other loans (refer to note 23). Other loans are classified as financial assets and are subsequently measured at amortised cost.

Other investments

Other investments are classified as at fair value through profit or loss. Other investments are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss. Other investments are subsequently measured at fair value with changes in fair value recognised in profit or loss. Other investments are not subject to impairment provisions.

Loans to associates

Loans to associates are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans. The amortised cost is the amount recognised on the loan 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.

Trade and other receivables

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 company's business model is to collect the contractual cash flows on trade and other receivables. Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. 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.

Cash and cash equivalents

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

Financial liabilities

The group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and financial liabilities at amortised cost.

Financial liabilities at amortised cost

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

Financial liabilities at fair value through profit or loss

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

2.2.3 *Derecognition*

Financial assets

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

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

Financial liabilities

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

2.2.4 *Offsetting*

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

2.2.5 *Stated capital*

Ordinary shares

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

Treasury shares

Where share capital is repurchased, and held by a subsidiary or a trust, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

2.3 Dividend policy

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

- the liquidity and solvency requirements of the Companies Act of South Africa;
- any banking or other funding covenants by which Vunani Limited is bound from time to time; and
- the operating requirements referred to in this policy.

2.4 Property, plant and equipment

2.4.1 *Recognition and measurement*

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial instruments (continued)

2.4.2 *Subsequent costs*

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

2.4.3 *Depreciation*

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

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

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

Leasehold improvements	Remaining lease period
Motor vehicles	4 years
Furniture and fittings	6 years
Office equipment	3 – 5 years
Computer equipment	3 years
Buildings	40 years

Land is not depreciated.

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

2.5 Goodwill

Goodwill arises on the acquisition of business combinations.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis.

2.6 Intangible assets

2.6.1 *Recognition and measurement*

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

2.6.2 *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated software and brands, is recognised in profit or loss as incurred.

2.6.3 *Amortisation*

Amortisation is calculated on the cost of the asset.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Brand	15 years
Customer lists	8 years
Software	10 years
Value-in-force acquired	30 years
Software – internally developed	5 years

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

2.7 Impairment

2.7.1 *Non-derivative financial assets*

Financial instruments and contract assets

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

- financial assets measured at amortised cost.

Loss allowances for trade receivables, loans to associates and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

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

Measurement of ECLs

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

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

Credit impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Interest is calculated on the amortised cost when the asset is credit impaired, and if it moves back to Stage 2 interest recognition resumes on the gross carrying amount.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment (continued)

2.7.1 *Non-derivative financial assets (continued)*

Incorporation of forward-looking information

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery of balances from customers or receivables. The group expects no significant recovery from the amount written off. The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

2.7.2 *Non-financial assets*

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

2.8 Employee benefits

2.8.1 *Defined contribution plans*

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

2.8.2 *Short-term employee benefits*

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

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

2.8.3 *Other long-term employee benefits*

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

2.9 Share-based payment transactions

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

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

The equity instruments granted to employees of the subsidiary are recognised as an increase in the investment in the subsidiary in the separate financial statements, as the subsidiary receives services from employees that are paid for by the parent – thereby increasing the value of the subsidiary. The amount recognised as an additional investment is based on the grant-date fair value of the share-based payment. The increase in the investment and the corresponding increase in equity for the equity settled share-based payment is recognised by the parent over the vesting period of the share-based payment.

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

2.10 Revenue

The group generates revenue from trading activities, fees from advisory services, brokerage, fund management fees, asset administration fees, management fees from other investments and commodities trading activities.

2.10.1 *Advisory services*

Revenue from advisory services rendered including management and advisory fees. Management fees are recognised in profit or loss completion of milestones related to the transaction at the reporting date. Advisory fees are recognised in profit or loss in proportion to completion of milestones related to the transaction at the reporting date.

2.10.2 *Commissions*

Commissions comprise brokerage, asset administration and fund management fees arise when the group acts in the capacity of an agent rather than as the principal in a transaction. The revenue recognised is the net amount of commission earned by the group. This is recognised when the transaction giving rise to the commission is concluded. Performance fees, included in fee and commission income on investment contracts, are recognised when the group is unconditionally entitled to the fee and no contingency with the respect to future performance exists, which is determined to be crystallisation date. The group earns a performance fee if certain performance thresholds and other criteria are met.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Revenue (continued)

2.10.3 *Trading revenue*

Trading revenue consists of trading income earned from bond and money market trading activities. Trading income is recognised upon the successful conclusion of trades.

2.10.4 *Commodities trading revenue - Policy applicable for the year ended 28 February 2021*

Commodities trading revenue consists of revenue from coal and boron trading and processing activities and revenue earned from commodities trading. The revenue from commodities trading is recognised when the product is delivered and has been accepted by the customer.

2.10.5 *Insurance premiums*

Insurance premiums and annuity considerations receivable from insurance contracts and investment contracts with discretionary participation feature ("DPF") are recognised as revenue in profit or loss, gross of commission and reinsurance premiums and excluding taxes and levies. Where annual premiums are paid in instalments, the outstanding balance of these premiums is recognised when due. Short-term insurance premiums are accounted for when receivable, net of a provision for unearned premiums relating to risk periods that extend to the following year. Receivables arising from insurance and investment contracts with DPF are recognised under trade and other receivables. Insurance income is disclosed under "Net written premium" in the statement of comprehensive income, refer to note 2.22.

2.10.6 *Fee and commission income on investment contracts*

Fees received on investment management service contracts

Fees charged for investment management services provided in conjunction with an investment contract are recognised as revenue as the services are provided. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and released on a straight-line basis over the lives of the contracts. Fee and commission income on investment contracts is disclosed under "Net written premium" in the statement of comprehensive income, refer to note 2.22.

Front-end fees

Front-end fees are deferred and released to revenue when the services are rendered, over the expected term of the contract on a straight-line basis.

2.11 Other income

Sundry income

Income is recognised when the group is certain that, the group will comply with the relevant conditions stipulated in the contracts and the income will be received.

2.12 Dividend income

Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2.13 Interest received from investments

Interest received from investments consists of interest on financial assets other than cash and cash equivalents, at amortised cost and investments. Interest from investments is recognised as it accrues in profit or loss, using the effective interest method.

2.14 Finance income and finance costs

The group's finance income and finance costs include interest income and interest expense. Interest income or expense is recognised using the effective interest method. Interest income is recognised using the agreed rate on with the relevant counterparty.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.15 Commodities trading costs - *Policy applicable for the year ended 28 February 2021*

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

2.16 Income tax

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

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

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

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

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

Deferred taxation is not recognised for the following temporary differences:

The initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that the parent is able to control the timing of the reversal of the temporary differences and they will not reverse in the foreseeable future.

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

2.17 Dividends withholding tax

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

The company withholds dividend tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of a company's tax charge, but rather as part of the dividend paid recognised directly in equity.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.18 Earnings per share ("EPS")

Basic earnings per share

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

Headline earnings per share

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

Diluted headline earnings per share

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

2.19 Segment reporting

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

The group has the following operating segments:

Continuing operating segments

- Fund management – operations comprise institutional and retail product offerings, which include equities, bonds, inflation-linked bonds and property, as well as absolute return funds and smart beta funds.
- Asset administration – a niche beneficiary fund administrator responsible for administering funds on behalf of minor dependants of deceased retirement fund members.
- Insurance – the segment provides short term insurance, medical aid, individual life and employee benefits in Eswatini.
- Advisory services – whose function is to provide corporate advisory and investment services.
- Institutional securities broking – provides equity, derivative and capital market trading services for institutional clients.

Discontinued operating segments

- Commodities trading – operations include coal processing and commodities trading activities.
- Other investments – the segment holds the group's listed and unlisted investments in the mining and property sectors and investments in Africa.

2.20 Foreign currencies

Foreign currency transactions

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

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

Foreign operations

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

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

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

2.21 Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less and leases of low value assets). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liabilities are measured at the present value of lease payments, discounted using the incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities recognised is between 7% and 10.86%.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group has lease contracts for corporate offices and small office equipment leases of low value assets. The terms and conditions of the lease contracts are negotiated on an individual basis. Extension and termination options are included in a number of leases across the group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lessee is reasonably certain to extend the lease. Each lease generally imposes a restriction that the property can only be used by the group unless permission is given by the lessor to sublet, and that the buildings must be returned to their original condition at the end of the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. The depreciation starts the commencement date of the lease. The right-of-use assets are presented as part of property plant and equipment in the consolidated statement of financial position.

2.22 Insurance contracts – IFRS 4

Insurance and investment contracts

Oracle Insurance issues contracts that transfer insurance risk or financial risk or both. As a result of the different risks transferred by contracts, for the purposes of valuation and profit recognition, contracts are divided into investment and insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk to the group, whereas investment contracts transfer financial risk.

Classification of contracts

The classification of contracts is performed at the inception of each contract. The classification of the contract at inception remains the classification of the contract for the remainder of its lifetime. There is one exception to this principle:

If the terms of an investment contract change significantly, the original contract is derecognised and a new contract is recognised with the new classification.

Insurance contracts

Insurance risk is risk, other than financial risk, transferred from the holder of a contract to the issuer. Insurance risk is significant if an insured event could cause an insurer to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur, excluding scenarios that lack commercial substance.

Insurance contracts may transfer financial risk as well as insurance risk. However, in all instances where significant insurance risk is transferred, the contract is classified as an insurance contract. Significant insurance risk exists even if the insured event is extremely unlikely or even if the expected present value of contingent cash flows is a small proportion of the expected present value of all the remaining contractual cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.22 Insurance contracts – IFRS 4 (continued)

Insurance contracts are those under which the group accepts significant insurance risk from another party (contract holder) by agreeing to pay compensation if a specified uncertain future event (the insured event) adversely affects the contract holder.

Investment contracts

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. The group designates investment contract liabilities at fair value through profit or loss upon initial recognition as their fair value is dependent on the fair value of underlying financial assets, derivatives and/or investment property are designated at inception as at fair value through profit or loss. The group designates these investment contracts to be measured at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency, referred to as an accounting mismatch, that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Contracts with discretionary participation features

The group issues insurance and investment contracts containing discretionary participation features ("DPF").

These contracts are smoothed bonus and conventional with-profit business. All contracts with DPF are accounted for in the same manner as insurance contracts. Where a contract has both investment with DPF and investment components, the policy is classified as investment with DPF.

Measurement

The liabilities relating to insurance contracts and investment contracts with DPF are measured in accordance with the financial soundness valuation ("FSV") basis as set out in professional guidance note SAP 104 – Calculation of the value assets, liabilities and Capital Adequacy Requirement ("CAR") of long-term insurers. The FSV basis uses best estimate assumptions regarding future experience together with compulsory and discretionary margins for prudence and deferral of profit emergence.

Assumptions used in the valuation basis are reviewed periodically and any changes in non-economic estimates are reflected in profit or loss as they occur. Economic changes in estimate are stabilised as they occur and are reflected in profit or loss according to a specified release pattern.

The valuation bases used for the major classes of contract liabilities before the addition of the margins described under the heading of compulsory and discretionary margins below, were as follows:

- For smoothed bonus business the liability is taken as the sum of the fund accounts being the retrospective accumulation of premiums net of charges and benefit payments at the declared bonus rates.
- For individual smoothed bonus business, the liability is taken as the sum of the fund accounts less the present value of future charges not required for risk benefits and expenses.
- For with-profit annuity business, the liability is taken as the discounted value of projected future benefit payments and expenses. Future bonuses are provided for at bonus rates supported by the assumed future investment return.
- For the above classes of business, bonus stabilisation accounts (BSAs), are held in contract holder liabilities in addition to the liabilities described above.
- For conventional non-profit business, including non-profit annuities and guaranteed endowment business, the liability is taken as the difference between the discounted value of future expenses and benefit payments and the discounted value of future premium receipts.

The major classes of contract liabilities are disclosed below.

Compulsory and discretionary margins

In the valuation of liabilities, provision is made for the explicit compulsory margins as required by SAP 104 – Calculation of the value of the assets, liabilities and CAR of long-term insurers. The following additional discretionary margins are held in order to release profits as they are earned:

The main discretionary margins utilised in the valuation are as follows:

Additional BSAs are held for the benefit of shareholders to provide an additional layer of protection under extreme market conditions against the risk of removal of non-vested bonuses caused by fluctuations in the values of assets backing smoothed bonus liabilities. This liability is in addition to the policyholder BSA described elsewhere, and is not distributed as bonuses to policyholders under normal market conditions.

For certain books of business which are ring-fenced per historic merger or take-over arrangements, appropriate liabilities are held to ensure appropriate capitalisation of future profits in line with the terms of the related agreements.

An additional margin is held to reduce the risk of future losses caused by the impact of market fluctuations on capitalised fees and on the assets backing guaranteed liabilities. This liability is built up retrospectively and utilised if adverse market conditions cause a reduction in the capitalised value of fees or in the value of assets backing guaranteed liabilities.

Additional prospective margins are held in respect of premium and decrement assumptions and asset-related fees on certain product lines to avoid the premature recognition of profits that may give rise to future losses if claims experience turns out to be worse than expected. This allows profits to be recognised in the period in which the risks are borne by the group. For certain books of business, future charges arising from the surrender of smoothed bonus individual policies are not recognised until surrender occurs.

Liabilities for immediate annuities are set equal to the present value of expected future annuity payments and expenses, discounted using an appropriate market-related yield curve as at the reporting date. The yield curve is based on risk-free securities (either fixed or CPI-linked, depending on the nature of the corresponding liability), adjusted for credit and liquidity spreads of the assets held in the portfolio. Implicit allowance is made for expected credit losses to avoid a reduction in liabilities caused by capitalisation of credit spreads.

Embedded derivatives

The group does not separately measure embedded derivatives that meet the definition of an insurance contract, and the entire contract is measured as an insurance contract. All other embedded derivatives are separated and carried at fair value, in accordance with APN 110: Allowance for embedded investment derivatives if they are not closely related to the host insurance contract and meet the definition of a derivative. Embedded derivatives that are separated from the host contract are at fair value through profit or loss.

Unearned premium provision

The provision for unearned premiums represents the proportion of the current year's premiums written that relate to risk periods extending into the following year, computed separately for each insurance contract using the 365th method.

Liability adequacy test

The FSV methodology meets the requirements of the liability adequacy test in terms of IFRS 4 Insurance Contracts. However, at each reporting date the adequacy of the insurance liabilities is assessed to confirm that the carrying amount of the insurance liabilities, measured in accordance with the FSV basis, less any related intangible assets, such as the value of in-force business acquired, is adequate in relation to the estimated future cash flows.

Future cash flows are based on best estimates in accordance with the FSV basis, but excluding compulsory margins as described in SAP 104 as well as any discretionary margins.

If the liabilities prove to be inadequate the deficiency is recognised in profit or loss.

Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified as receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contract. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Impairment of reinsurance assets

If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The impairment loss is calculated using the same method adopted for loans and receivables.

2. ACCOUNTING POLICIES (CONTINUED)

2.22 Insurance contracts – IFRS 4 (continued)

Insurance premiums

Insurance premiums and annuity considerations receivable from insurance contracts and investment contracts with discretionary participation feature ("DPF") are recognised as revenue in profit or loss, gross of commission and reinsurance premiums and excluding taxes and levies. Where annual premiums are paid in instalments, the outstanding balance of these premiums is recognised when due. Short-term insurance premiums are accounted for when receivable, net of a provision for unearned premiums relating to risk periods that extend to the following year. Receivables arising from insurance and investment contracts with DPF are recognised under trade and other receivables.

Reinsurance premiums

Reinsurance premiums are recognised as an expense in accordance with the applicable reinsurance treaties. Reinsurance premiums are recognised when due for payment and accounted for in the same accounting periods as the premiums for the related direct insurance.

Insurance benefits and claims

Insurance benefits and claims incurred under insurance contracts and investment contracts with DPF include death, disability, maturity, annuity and surrender payments and are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and surrender claims are recognised when incurred. These claims also include claim events, which occurred before the reporting date, but have not been fully processed. Claims in the process of settlement are recognised in trade and other payables in the statement of financial position. Maturity and annuity claims are recognised when they are due for payment. Outstanding claims are recognised in insurance liabilities.

Reinsurance recoveries

Reinsurance recoveries are accounted for in the same period as the related claim.

Acquisition costs

Acquisition costs, disclosed as sales remuneration, consist of commission payable on insurance contracts and investment contracts with DPF and expenses directly related thereto (including bonuses payable to sales staff and the group's contribution to their retirement and medical aid funds). These costs are expensed when incurred. The FSV basis makes implicit allowance for the recoupment of acquisition costs; therefore, no explicit deferred acquisition cost asset is recognised in the statement of financial position for contracts valued on this basis.

The following accounting policies are applicable to 28 February 2021:

2.23 Inventories

Inventories relating to coal and boron are measured at the lower of cost and net realisable value. Agriculture trading inventory is measured at fair value less costs to sell and is excluded from IAS 2, as the sales are performed as a broker trader.

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

Fair value is the price that would be received to sell as an asset in an orderly transaction between market participants at the measurement date. The fair value is the price the company pays for the inventory on date of acquisition. Costs directly incurred to sell the inventory will not be capitalised to inventory and will be expensed to profit and loss.

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

2.24 IAS 29 Financial Reporting in Hyperinflationary Economies

On 11 October 2019 the Zimbabwe Public Accountants and Auditors Board's announced that Zimbabwe is in hyperinflation. Consequently, Vunani applied IAS 29 in accounting for the group's operations in Zimbabwe, where Vunani held 65% of Purpose Asset Management (Private) Limited's ("PVAM") equity to 11 February 2021, when the investment was unbundled to shareholders.

General price index

IAS 29 requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period, using a general price index, to account for the effect of loss of purchasing power during the period. The group has elected to use the Zimbabwe CPI, provided by the Zimbabwe Reserve Bank, as the general price index as this provides an observable published indicator of changes in the general purchasing power of the country.

The CPI index for the current year of 2 475% (2020: 551.6%).

Impact on the statement of financial position

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been adjusted to reflect the change in the general price to the end of the reporting period. Where non-monetary items are restated above their recoverable amount, an impairment loss is recognised directly in profit and loss. Non-monetary items that are held at fair value, net realisable value or using a revaluation model are not restated as these assets are recognised based on current price levels. Monetary items are already expressed in the measurement unit current as the end of the reporting period and do not require an adjustment for the general price index.

In addition, under hyperinflation, assets, liabilities and the statement of comprehensive income are translated from the functional currency of PVAM to the functional currency of the group at the spot exchange rate at the reporting date rather than the spot exchange rate ruling at the transaction date.

Impact on the statement of comprehensive income

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred to the end of the reporting period.

Impact on the statement of cash flows

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The resultant statement of cash flows is prepared to reflect cash flows during the year measured at the current purchasing power at the end of the reporting period and as such is not reflecting actual cash flows during the year.

Deferred taxation

At the end of the reporting period, following the indexation of non-monetary items under hyperinflation accounting, deferred tax is accounted for using IAS 12 principles. The deferred taxation relating to opening statement of financial position has been determined using a two-step approach of:

1. remeasuring the deferred taxation items in accordance IAS 12 after restating the nominal carrying amounts of its non-monetary items at the date of the opening statement of financial position of the reporting period by applying the measuring unit at that date; and
2. thereafter, the deferred taxation items remeasured in step 1 have been restated for the change in the measuring unit from the date of the opening statement of financial position of the reporting period to the end of the reporting period.

Exchange rate used at year end

The results, cashflows and financial position of PVAM, which is accounted for as an entity operating in hyperinflationary economy and has a functional currency different from the presentation currency of the group, have translated into the presentation currency of the group, at the spot rate of exchange ruling at the reporting date.

Impact of hyperinflation on the group's results

The group presents any exchange and hyperinflation differences resulting from the translation of a hyperinflationary foreign operation in other comprehensive income as part of the foreign currency translation reserve.

2. ACCOUNTING POLICIES (CONTINUED)

2.25 New standards and interpretations not yet adopted

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

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these (consolidated and separate) financial statements. Those which may be relevant to the group and company are set out below. The group and company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

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

The directors will assess the impact of the new standards on the group's consolidated in the period in which they are effective. The table below details the standards and interpretations issued but not yet effective:

Standard	Details of amendment	Effective annual periods beginning on or after	Expected impact
IFRS 3, Business Combinations	Definition of a Business: Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022	The standard will impact the group when it accounts for any business combination, as such the group will apply the amendments to the definition of a business.
IFRS 1 First-time Adoption of International Financial Reporting Standards	Annual Improvements to IFRS Standards 2018–2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	1 January 2022	No impact as the parent applies IFRS.
IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment addresses an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice	Standard will be assessed when its practical to do so.
IFRS 9 Financial Instruments	Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognise a financial liability.	1 January 2022	The standard will unlikely have a material impact on the classification of the group's liabilities.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023	The standard will unlikely have a material impact on the recognition of accounting estimates

Standard	Details of amendment	Effective annual periods beginning on or after	Expected impact
IAS 1 Presentation of Financial Statements	▶ Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2023	The standard will unlikely have a material impact on the classification of debt and other financial liabilities and changes to accounting policies
	▶ Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023	
IFRS 17 Insurance contracts	IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	1 January 2023	This standard will have a major impact on the disclosures related to insurance segment. Based on initial assessment the financial statements will need to disaggregated to a product line level and disclosure of assumptions, methodologies and rational for judgements estimated will be required. The valuation policy and risk management framework will need to be updated. During the year the group engaged with various service providers (which include actuaries, IT specialists and auditors) to develop appropriate systems that would enable the group to account for IFRS 17 correctly. The development of the appropriate systems for the short term health insurance has been finalised is expected to be implemented by August 2022. The analysis of short term book and life insurance data is currently ongoing, with a review of the proposed long term insurance system expected in August 2022 and implementation of the final system will be concluded by 28 February 2023.

2. ACCOUNTING POLICIES (CONTINUED)

Standard	Details of amendment	Effective annual periods beginning on or after	Expected impact
IAS 1, Presentation of Financial Statements	Amendments to IAS 1, Presentation of Financial Statements, clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.	1 January 2022	The standard will unlikely have an impact on the group's financial results.
IAS37,Provisions, Contingent Liabilities and Contingent Assets	Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract.	1 January 2022	The standard will have an impact on the financial statements when the group enters into onerous contracts.
IAS 16, Property, Plant and Equipment	Proceeds before Intended Use, introduce new guidance. Proceeds from selling items (e.g. samples) before the related PPE is available for its intended use can no longer be deducted from the cost of PPE. Instead such proceeds should be recognized in profit or loss, together with the costs of producing those items (to which IAS 27 applies). Accordingly, a company will need to distinguish between: ▶ costs of producing and selling items before the PPE is available for its intended use; and ▶ costs of making the PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry in particular may need to monitor costs at a more granular level. The amendments apply retrospectively but only for new PPE that reach their intended use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. They can be early adopted.	1 January 2022	The standard will unlikely have an impact on the group's financial results.
IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.	1 January 2023	The standard's impact will result in the group recognising deferred tax assets and deferred tax liabilities, when it enters into new leases.

3. DETERMINATION OF FAIR VALUES

Fair value

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

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

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

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

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

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

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

3.1 Investments in listed equity and debt securities

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

3.2 Unlisted investments - *Policy applicable for the year ended 28 February 2021*

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

3.3 Derivative financial assets - *Policy applicable for the year ended 28 February 2021*

The derivative is measured initially at fair value and subsequently at fair value with changes in fair value recognised in profit or loss.

The valuation technique used is the Monte-Carlo Simulation technique, which includes unobservable inputs used in the valuation of the Black Wattle Option.

3.4 Non-derivative financial liabilities

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

3. DETERMINATION OF FAIR VALUES (CONTINUED)

3.5 Financial liabilities at fair value through profit or loss

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

4. FINANCIAL RISK MANAGEMENT

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

- Liquidity risk
- Credit risk
- Market risk

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

Risk management framework

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

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

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

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

4.1 Liquidity risk

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

4.2 Credit risk

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

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

Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of trade and other receivables, loans to associates, accounts receivable from trading activities, reinsurance assets, insurance related investments and cash and cash equivalents. Refer to note 48.3 for more details.

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

The group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the default risk of the industry. Each client is analysed individually for creditworthiness. The group reviews accounts receivable monthly. Other impairment indicators considered include bankruptcy and the insolvency of clients. Lifetime ECLs are the ECLs that result

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

The group deposits cash surpluses with major banks, of good credit standing to address the related credit risk. Based on the high credit rating of the banks cash carries insignificant risk.

4.3 Market risk

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

The group is exposed to interest rate risk as it borrows funds at variable interest rates. The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan. The group does not account for any fixed-rate financial liabilities, at FVTPL, and the group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The group is exposed to equity price risk on its listed investments that are not ring-fenced through underlying funding arrangements. The investments are not hedged and the pricing is reviewed daily.

4.4 Currency risk

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

4.5 Capital management

The board's policy is to maintain a strong capital base to maintain investor, creditor and market confidences and to sustain future development of the business. The board of directors monitors the return on capital, which the group defines as: result from operating activities divided by total shareholders' equity and non-controlling interests. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The capital structure of the group consists of debt and equity as disclosed in the statement of financial position.

In all externally-regulated entities, there are capital adequacy requirements for the day-to-day operations. Each entity has a compliance officer who is responsible for monitoring these requirements. The compliance officers report to the board of directors of each entity to ensure the requirements are met. There have been no instances of non-compliance reported to the board of directors throughout the reporting year.

Figures in R'000	2022	2021
Gearing ratio		
Total debt	**863 712**	857 784
Less: Cash and cash equivalents	**(252 852)**	(213 235)
Net debt	**610 860**	644 549
Equity	**316 011**	280 052
Total capital managed	**926 871**	924 601
Debt equity ratio	**193.30%**	**230.16%**

Figures in R'000	2022	2021
5 REVENUE		
Revenue includes trading revenue, fees earned from advisory services, brokerage, fund management fees, asset administration fees, management fees and commodities trading revenue. Refer to 2.10 for more information.		
Revenue	**415 104**	341 302
Disaggregation of revenue		
The revenue relating to the core business operations of the group has been disaggregated as follows:		
Major products/service lines		
Continuing operations		
Bond trading (services transferred at point in time)	**7 677**	10 259
Money market (services transferred at point in time)	**6 053**	6 694
Advisory (services transferred over time)	**30 754**	16 922
Brokerage (services transferred at point in time)	**17 206**	29 295
Fund management (services transferred over time)	**180 684**	133 553
Asset administration (services transferred over time)	**172 730**	144 579
	415 104	341 302
Discontinued operations		
Fund management (services transferred at point in time)	–	4 239
Management fees (services transferred at point in time)	–	6 890
Commodities trading (products transferred at point in time)	–	18 014
	–	29 143
Timing of revenue recognition – Continuing operations		
Services transferred over time	**384 168**	295 054
Services transferred at a point in time	**30 936**	46 248
External revenue (per operating segments note 45)	**415 104**	341 302
Timing of revenue recognition – Discontinued operations		
Services transferred over time	–	4 239
Services transferred at a point in time	–	6 890
Products transferred at a point in time	–	18 014
External revenue (per operating segments note 45)	–	29 143

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

Revenue from contracts with customers is recognised when (or as) the group satisfies a performance obligation, this is due over time or at a point in time. There are no significant differences in the timing and recognition of revenue from these services or goods and therefore there is no significant impact on the financial statements. Refer to note 2.10 for additional information on performance obligiations.

The group recognises receivables (no contracts assets or liabilities are recognised) as it will have unconditional rights to revenue that would have been recorded from the rendering of goods or services.

The group's revenue has increased despite Covid-19. The increase in revenue is due to the increase in assets under administration and funds under management during the year.

Figures in R'000	2022	2021
6. NET WRITTEN PREMIUM		
Fee and commission income on investment contracts (services transferred over time)	**262 192**	9 214
Insurance premiums (services transferred over time)	**9 679**	208 174
Gross written premium	**271 871**	217 388
Less: Reinsurance written premium	**(56 498)**	(47 183)
Net written premium	**215 373**	170 205
7. OTHER INCOME		
Sundry income	**15 827**	10 034
Directors' fees	**761**	587
	16 588	10 621
The increase in sundry income is as a result of a once off non-routine income generated in the fund management segment.		
8. BARGAIN PURCHASE		
Bargain purchase	**1 362**	530
Vunani acquired an effective 39% of Medscheme Holdings Proprietary Limited ("Medscheme") through Oracle Insure on 31 May 2021. The consideration for the investment amounted to R1, resulting in a bargain purchase of R1.4 million. Refer to note 29 (Business Combination) for additional information. The prior year bargain purchase relates to the finalisation of the purchase price allocation on the acquisition of VFMB.		
9. DIVIDEND INCOME		
Dividend income from listed investments	**811**	691
Dividend income from unlisted investments	**7 113**	3 767
	7 924	4 458
10. INTEREST INCOME RECEIVED FROM INVESTMENTS USING EFFECTIVE INTEREST METHOD		
Interest received from insurance related investments	**21 639**	18 322
Interest from loans and other receivables	**77**	20
	21 716	18 342
11. FAIR VALUE ADJUSTMENTS		
Continuing operations		
Fair value adjustments on financial assets and liabilities		
Adjustments on financial assets and liabilities at fair value through profit or loss comprise the following:		
Fair value adjustments to third party liabilities	**15 790**	(11 124)
Fair value adjustments to investment contract liabilities	**(64 799)**	(56 795)
Insurance – related investments	**30 488**	22 001
Other investments (refer to note 19)	**89**	1 868
	(18 432)	(44 050)
Refer to note 48.4 for details of assumptions used in determining the fair values of other investments.		
12. IMPAIRMENTS		
Impairments of financial assets		
Impairment reversal/(loss) on trade and other receivables	**1 219**	(7 024)
Impairment loss on loans to associates	**(891)**	–
	328	(7 024)
Impairments of non-financial assets		
Impairment reversal/(loss) of value of in-force business ("VIF")	**10 283**	(41 502)
	10 611	(48 526)

In the current year the group had impairment reversal of R11.5 million due to the reversal of expected credit losses raised on trade and other receivables and the impairment on the VIF intangible asset that arose on the acquisition of Oracle.

12. IMPAIRMENTS (CONTINUED)

The VIF asset acquired is reviewed for impairment through a discounted cash flow (DCF) valuation. This valuation method references the results of the EV calculations for the relevant products. This embedded value methodology uses a number of assumptions relating to future cash flows.

The underlying assumptions of the VIF asset were reviewed by the statutory actuary using historical GLA (group life assurance) and PHI (permanent health insurance) data. This resulted in improved profit margins for both lines of business which led to an increase in the VIF asset.

Figures in R'000	2022	2021
13. OPERATING EXPENSES		
Operating expenses are arrived at after taking the following into account:		
Amortisation of intangible assets	**15 914**	16 316
Depreciation	**10 383**	10 240
External auditor's remuneration	**6 023**	8 137
Current year	**5 652**	7 406
Prior year	**371**	731
Internal auditor's remuneration		
Current period	**462**	260
Directors' remuneration and benefits (refer to note 47)	**32 523**	32 732
Non-executive directors' fees	**1 569**	1 410
Salaries	**12 070**	11 550
Bonuses accrued	**14 772**	15 680
Provident fund and medical aid contributions	**2 239**	2 121
Equity-settled share-based payment charge	**1 874**	1 971
Prescribed officers' remunerations (refer to note 70)	**19 784**	19 178
Staff costs (excluding directors' and prescribed officers' emoluments)	**184 534**	168 521
Staff provident fund and medical aid contributions (excluding directors' and prescribed officers' emoluments)	**18 765**	12 196
Equity-settled share-based payment charge (excluding directors)	**1 596**	1 246
Insurance related costs		
Claims incurred	**149 511**	105 151
Reinsurance premium	**56 498**	47 183
14. FINANCE INCOME AND FINANCE COSTS		
Interest received – SARS	**–**	2 156
Interest received – cash and cash equivalents	**7 787**	5 013
Finance income	**7 787**	7 169
Interest charge – bank overdraft	**(1 398)**	(707)
Interest charge – long-term borrowings (refer to note 32)	**(3 111)**	(5 144)
Interest charge – debentures (refer to note 32)	**(56)**	(115)
Interest charge – trade and other payables	**(486)**	(4)
Interest charge – lease liabilities	**(1 387)**	(1 650)
Finance costs	**(6 438)**	(7 620)
Net finance income/(expense)	**1 349**	(451)
Interest expense on financial liabilities measured at amortised cost	**(6 438)**	(7 620)

Figures in R'000	2022	2021
15. INCOME TAX		
Current tax expense	**(36 514)**	(16 638)
Current year	**(36 514)**	(22 417)
Prior year tax refund	**–**	5 779
Deferred tax expense		
Current year	**(519)**	26 716
Origination and reversal of temporary differences	**(519)**	26 716
Total income tax recognised in profit or loss	**(37 033)**	10 078
Reconciliation of effective tax rate	%	%
Company tax rate	**28.0**	28.0
Donations, share-based payments, legals fees and interest &	**6.3**	79.5
Impairments	**–**	–
Equity-accounted earnings	**(0.2)**	(3.9)
Dividend income	**(2.0)**	(1.9)
Bargain purchase	**(0.4)**	(1.5)
Fair value gains or losses at Capital Gains Tax rate	**–**	(1.0)
Tax rate differences**	**0.2**	0.2
Unrecognised deferred tax assets	**2.5**	–
Dividend withholding tax	**0.6**	4.0
Previously unrecognised deferred tax assets	**–**	(25.4)
Deferred tax asset utilised #	**(0.9)**	(120.9)
Prior year tax refund	**–**	(58)
	34.1	(100.9)

Basis of calculation

The above is a numerical reconciliation between the average effective tax rate and the applicable tax rate. The applicable tax rate is the national income tax rate of 28.0%. The effective Capital Gains Tax rate is 22.4%.

*** The corporate tax rates for Botswana is 22%, Malawi is 30%, Swaziland is 27.5%, Zambia is 35% and Zimbabwe is at 24.72%.*

& The increase relates to non-deductable interest from a subsidiary and IAS 19 expenditure in the holding company that is not deductable

 # During the year the group utilised its assessed losses, refer to note 22 for more information

Changes in tax legislation

The Minister of Finance announced on 23 February 2022 that the corporate tax rate in South Africa will be reduced to 27% for years of assessment beginning on or after 1 April 2022. The substantive enactment date is 23 February 2022.

Current tax

No impact as the corporate tax rate for the year ended 28 February 2022 is still 28% (22.4% for capital gains tax).

Deferred tax

The deferred tax balances at 28 February 2022 were analysed to calculate the portion that will realise/settle within 12 months. This portion of the deferred tax balance have remained at 28% (22.4% for capital gains tax). The portion expected to realise/settle after 12 months, and required to be remeasured to 27% (21.6% for capital gains tax) have been assessed as not material, and have thus not been separately disclosed in the annual financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

Figures in R'000	Land	Build-ings	Lease-hold improve-ments	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Right-of-use asset	Total
Cost									
Balance at 29 February 2020	562	3 079	5 678	2 767	3 145	3 140	18 491	25 957	62 819
Additions	–	–	–	–	–	–	2 162	–	2 162
IFRS 16 right-of-use asset	–	–	–	–	–	–	–	2 573	2 573
Unbundling	(738)	(2 953)	(214)	(1 987)	(635)	(743)	(309)	–	(7 579)
Disposals	–	–	(87)	–	(153)	–	(140)	–	(380)
Effects of movement in exchange rates	176	(126)	–	–	1 286	–	(1 300)	14	50
Balance at 28 February 2021	–	–	5 377	780	3 643	2 397	18 904	28 544	59 645
Additions	**–**	**–**	**453**	**6**	**1 381**	**520**	**2 227**	**10 264**	**14 851**
IFRS 16 right-of-use asset	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Write- off	**–**	**–**	**–**	**–**	**(117)**	**–**	**(458)**	**–**	**(575)**
Disposals	**–**	**–**	**(70)**	**–**	**(21)**	**(683)**	**(3)**	**–**	**(777)**
Effects of movement in exchange rates	**–**	**–**	**8**	**1**	**(248)**	**–**	**(81)**	**(45)**	**(365)**
Balance at 28 February 2022	**–**	**–**	**5 769**	**787**	**4 638**	**2 234**	**20 589**	**38 763**	**72 780**
Accumulated depreciation and impairment losses									
Balance at 29 February 2020	–	(877)	(5 153)	(1 248)	(2 417)	(1 984)	(15 450)	(7 787)	(34 916)
Depreciation	–	(11)	(147)	(368)	(560)	(224)	(1 513)	(7 719)	(10 542)
Disposals	–	–	–	–	–	–	135	–	135
Unbundling	–	888	86	1 395	610	452	211	–	3 642
Balance at 28 February 2021	–	–	(5 214)	(221)	(2 367)	(1 756)	(16 617)	(15 506)	(41 681)
Depreciation	**–**	**–**	**(330)**	**(91)**	**(671)**	**(11)**	**(1 311)**	**(7 647)**	**(10 060)**
Disposals	**–**	**–**	**1 054**	**–**		**76**	**743**	**–**	**1 873**
Modification	**–**	**–**	**–**	**–**	**291**	**–**	**–**	**–**	**291**
Balance at 28 February 2022	**–**	**–**	**(4 489)**	**(312)**	**(2 747)**	**(1 691)**	**(17 184)**	**(23 153)**	**(49 577)**
Carrying amounts									
At 29 February 2020	562	2 202	525	1 519	728	1 156	3 041	18 170	27 903
At 28 February 2021	–	–	163	559	1 276	641	2 287	13 038	17 964
At 28 February 2022	**–**	**–**	**1 280**	**475**	**1 891**	**543**	**3 405**	**15 610**	**23 204**

	2022	2021
Property plant and equipment per above	**7 594**	4 926
Right-of-use asset – refer to note 33	**15 610**	13 038
Total property, plant and equipment per the statement of financial position	**23 204**	17 964

17. GOODWILL AND INTANGIBLE ASSETS

Figures in R'000	Goodwill	Customer lists	Brand	Software	Value of in-force business acquired	Software	Total
Cost							
Balance at 29 February 2020	192 697	87 883	7 977	34 832	119 643	5 519	448 551
Additions	–	–	–	–	–	5 209	5 209
Balance at 28 February 2021	**192 697**	**87 883**	**7 977**	**34 832**	**119 643**	**10 728**	**453 760**
Additions	**–**	**–**	**–**	**–**	**–**	**3 791**	**3 791**
Balance at 28 February 2022	**192 697**	**87 883**	**7 977**	**34 832**	**119 643**	**14 519**	**457 551**
Accumulated amortisation and impairment							
Balance at 29 February 2020	(52 931)	(53 036)	(1 685)	(11 031)	(997)	(181)	(119 861)
Amortisation	–	(7 209)	(532)	(3 483)	(3 988)	(1 104)	(16 316)
Impairment	–	–	–	–	(41 502)	–	(41 502)
Balance at 28 February 2021	(52 931)	(60 245)	(2 217)	(14 514)	(46 487)	(1 285)	(177 679)
Amortisation	**–**	**(7 209)**	**(532)**	**(3 483)**	**(2 545)**	**(2 145)**	**(15 914)**
Impairment reversal	**–**	**–**	**–**	**–**	**10 283**	**–**	**10 283**
Balance at 28 February 2022	**(52 931)**	**(67 454)**	**(2 749)**	**(17 997)**	**(38 749)**	**(3 430)**	**(183 310)**
Carrying amounts							
At 29 February 2020	139 766	34 847	6 292	23 801	118 646	5 338	328 690
At 28 February 2021	139 766	27 638	5 760	20 318	73 156	9 443	276 081
At 28 February 2022	**139 766**	**20 429**	**5 228**	**16 835**	**80 894**	**11 089**	**274 241**

Goodwill and intangibles in the group arose from the business combinations of Vunani Securities Proprietary Limited in 2002, Vunani Fund Managers Proprietary Limited in 2010 and Mandlalux Proprietary Limited in 2017.

The intangible assets arose on the acquisition of Mandlalux Proprietary Limited (customer list, brand and software) and Oracle Life and Insure (value of in-force business acquired). In addition, Mandlalux Proprietary Limited has internally generated computer software.

The goodwill that arose on the acquisitions of the businesses relate to synergies from combining operations and other intangible assets that do not qualify for separate recognition.

Impairment

It is the group's policy to test the impairment of goodwill on an annual basis.

Intangibles assets are tested for impairment when there is an indicator the asset is impaired. The value in-force acquired is reviewed for impairment losses through the liability adequacy test and written down for impairment if necessary.

For the purposes of impairment testing, goodwill has been allocated to the following CGUs (operating companies) as follows:

Figures in R'000	2022	2021
Vunani Fund Managers Proprietary Limited	**27 703**	27 703
Vunani Securities Proprietary Limited	**6 420**	6 420
Mandlalux Proprietary Limited	**105 643**	105 643
	139 766	139 766

17. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Assumptions applied in testing for the impairment of goodwill

Vunani Fund Managers Proprietary Limited

The carrying amount of goodwill that arose through the business combination is R27.7 million.

The recoverable amount was determined as the fair value less costs of disposal of the company.

The fair value less costs of disposal is determined using the funds under management at the date of disposal. The fair value measurement was categorised as a level 3 fair value based on the valuation technique used.

An established industry benchmark for valuing fund management companies is to apply a percentage to the funds under management. The percentage can vary based on a combination of factors, *inter alia,* quantum of funds under management; profitability; average term of mandates; average management fees charged and growth prospects. As any or all these factors improve, the higher the percentage applied. In applying the impairment test to goodwill held in respect of the investment in Vunani Fund Managers, fair value has been determined on the basis of a percentage of the funds under management. This percentage has been set at 1%, which is consistent with previous periods, and applied to R61.9 billion (2021: R51.5 billion) funds under management at 28 February 2022 to arrive at a fair value of R618.5 million (2021: R514.7 million). The value has been determined solely for the purpose of the impairment test.

The recoverable amount of the CGU exceeds the carrying amount of the cash generating by R548.5 million (2021: 445.2 million). As a result, the group does not believe that the goodwill is impaired.

Vunani Securities Proprietary Limited

The carrying amount of goodwill that arose through the business combination is R6.4 million.

The recoverable amount was determined as the value-in-use of the company. The key assumptions used in the calculation of the recoverable amount are discount rates and EBITDA growth rate. The values assigned to the key assumption represented management's assessments for future trends in the securities broking industries and were based on internal sources and historical data.

An after tax discount rate of 15.20% (2021: 15.26%) was used in the valuation based on analysis of factors affecting the securities broking industries and the current performance of the business. The pre-tax discount rate amounted to 15.56% (2021: 15.85%).

Four years' cash flows were included in the discounted cash flow model. The cash flows were adjusted to take into account the expected growth rate of the EBITDA. An EBITDA rate of 3% (2021: 3%) was used and a terminal value of R20.4 million (2021: R71.4 million). A minimal growth in EBITDA of 3% was used due to the decline in values and volumes traded within the stockbroking industries.

Management has identified one key assumption for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The amount by which this one assumption would need to change individually in order for the estimated recoverable amount to equal the carrying amount of the CGU would be EBITDA growth rate of negative 3% (2021: 3%).

The recoverable amount of the CGU exceeds the carrying amount of the cash generating by R20.3 million (2021: R58.4 million). As a result of the above the group does not believe that the goodwill needs to be impaired.

Mandlalux Proprietary Limited

The carrying amount of goodwill that arose through the business combination is R105.6 million.

The recoverable amount was determined as the value in use of the company. The key assumptions used in the calculation of the recoverable amount are weighted average cost of capital and free cash flows. The values assigned to the key assumption represented management's assessments for future trends in the asset administration business and were based on internal sources and historical data.

A weighted average cost of capital of 14.63% (2021 14.63%) was used in the valuation. The pre-tax discount rate amounted to 15.18% (2021: 15.18%). Five years' cash flows were included in the discounted cash flow model. The cash flows were adjusted to take into account the expected growth rate of the EBITDA. An EBITDA rate of 4% (2021: 4%) and a terminal value of R420.5 million (2021: R434.8 million) was used.

Management has identified one key assumption for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The amount by which this one assumption would need to change individually in order for the estimated recoverable amount to equal the carrying amount of the CGU would be an EBITDA growth rate of negative 5% (2021: 5%).

The recoverable amount of the CGU exceeds the carrying amount of the cash generating unit by R183.8 million (2021: R177.4 million). As a result of the above, the group does not believe that the goodwill is impaired.

Value in-force asset

The acquisition of Oracle Life and Oracle Insure resulted in the recognition of intangible assets of R119.6 million and deferred tax on intangible asset of R32.9 million at acquisition date. The VIF asset is amortised over 30 years.

The intangibles will be amortised as follows:

Value of in-force business acquired	360 months

Valuation of intangible assets

On acquisition of a portfolio of insurance or investment with DPF contracts, the group recognises an intangible asset representing the VIF asset. The VIF asset represents the present value of future pre-tax profits embedded in the acquired insurance or investment with DPF contract business. The VIF asset is recognised gross of tax, with the deferred tax liability accounted for separately in the statement of financial position.

Measurement

The fair value calculation of the VIF asset on acquisition is based on actuarial principles that take into account future premium and fee income, claim outgo, mortality, morbidity and persistency probabilities together with future costs and investment returns on the underlying assets. The profits are discounted at a rate of return allowing for the risk of uncertainty of the future cash flows. This calculation is particularly sensitive to the assumptions regarding discount rate, future investment returns and the rate at which policies discontinue.

Impairment

The VIF asset is reviewed for impairment losses through the liability adequacy test and written down for impairment if necessary.

The VIF asset acquired is reviewed for impairment through a discounted cash flow ("DCF") valuation to determine its value in use. This valuation method references the results of the EV calculations for the relevant products. This embedded value methodology uses a number of assumptions relating to future cash flows. A discount rate of 13.7% (2021: 13.7%) was used in the DCF.

The underlying assumptions of the VIF asset were reviewed by the statutory actuary using historical GLA (group life assurance) and PHI (permanent health insurance) data. In the current year there was improved profitability in both lines of business which led to an increase in the VIF asset, which resulted an in impairment reversal of R10.3 million. The recoverable amount at 28 February 2022 was calculated as R80.9 million (2021: R73.2 million).

17. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

VIF Valuations assumptions

	Investment Contracts	Employee Benefits	Retail – Funeral	Retail – Credit Life
Net premiums	Annual recurring premiums over the last 12 months	API (office premium)	API (office premium)	API (earned office premium)
Growth	Growth in contributions equal to salary inflation		n/a	
Lapses	All exits :15% of AUM Scheme exits: 5% of API	6%	20%	10%
Claims ratio	n/a	64.25% of risk premium (approx. 85% of API)	25% of API	40% of API
Fees	Guaranteed: 1.3% of AUM, 5% of API Accelerator: 0.3% of AUM, 4% of API	n/a	n/a	n/a
Profit share	n/a	n/a	50% where applicable	50% where applicable
Commission	2%	1.35%	3.6%	For recurring premiums: 22.85% or 14.90%
Expenses	% of API Guaranteed: 9% Accelerator: 22%	16% of API	5% of API	17% % of API Economic
Economic	Investment return based on underlying assets			
Projection period	30 years	30 years	30 years	Loan term (max 30 year)

Economic assumptions

	Yield Used
Risk Discount Rate	Nominal +3.4%
Equities	Nominal +3.5%
Property	Nominal +2.5%
Corporate Bonds	Nominal +1.0%
Cash	Nominal -2.0%
Inflation	
CPI	(1+Nominal)/(1+Real)-1
Salary	CPI+0%

18. INVESTMENTS IN AND LOANS TO ASSOCIATES

Figures in R'000	Investment in associate	Loans to associates	Total
Balance at 28 February 2021	**553**	**1 210**	**1 763**
Loans repaid	**–**	**(319)**	**(319)**
Impairment	**–**	**(891)**	**(891)**
Disposal	**(135)**	**–**	**(135)**
Equity-accounted earnings	**882**	**–**	**882**
Balance at 28 February 2022	**1 300**	**–**	**1 300**
2021			
Balance at 29 February 2020	59 787	6 745	66 532
Loans repaid	–	(2 935)	(2 935)
Impairment	(2 811)	–	(2 811)
Unbundled	(66 630)	(2 600)	(69 230)
Disposal	(1 899)	–	(1 899)
Dividends paid	(5 572)	–	(5 572)
Equity-accounted earnings	17 678	–	17 678
Balance at 28 February 2021	553	1 210	1 763

Accounting considerations

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

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

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

Impairments

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

The group applies IFRS 9 to other financial instruments in an associate to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate. The group applies IFRS 9 to such long-term interests before it applies the impairment testing standard. In applying IFRS 9, the group does not take account of any adjustments to the carrying amount of long-term interests that arise from applying this Standard.

Refer to note 48.3 for additional disclosures on impairment of financial assets.

Disposals

During the 2022 financial year, the group disposed of its 51% investment in Isilo Investments (RF) Proprietary Limited for R0.135 million.

18. INVESTMENTS IN AND LOANS TO ASSOCIATES (CONTINUED)

Material associates' statement of financial position are presented below:

Figures in R'000	Current assets	Cash and cash equivalents	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
2022								
Orion Properties 14 Proprietary Limited	–	–	–	–	–	(1 781)	(1 781)	(1 781)
Other immaterial associates[& #]	–	2	3 221	3 223	(17)	(14 275)	(14 292)	(11 069)
	–	2	3 221	3 223	(17)	(16 057)	(16 073)	(12 851)

* *Less than R1 000.*
& *The group has interests in a number of individually immaterial associates. Most of the associate companies have dormant operations or are investment holding entities which do not trade.*
\# *The non-current liabilities amounts relate to loans from shareholders.*

Figures in R'000	Current assets	Cash and cash equivalents	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
2021								
Orion Properties 14 Proprietary Limited	94	97	602	794	–	(2 558)	(2 558)	(1 764)
Other immaterial associates[&]	–	267	5 849	6 116	(549)	(20 306)	(20 855)	(14 739)
	94	364	6 452	6 910	(549)	(22 864)	(23 413)	(16 503)

* *Less than R1 000.*
& *The group has interests in a number of individually immaterial associates. Most of the associate companies have dormant operations or are investment holding entities which do not trade.*

Associates' net carrying amount is presented below:

Figures in R'000	Effective ownership	Cost of invest-ment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
2022						
Before Sunset Properties 37 Proprietary Limited	25%	*	–	–	–	*
English Breeze Investments (Private) Limited	50%	1	–	(1)	–	–
Marudi Proprietary Limited	50%	*	2 546	(2 546)	–	–
Micawber 534 Proprietary Limited	48%	*	5 160	(5 160)	–	*
Orion Properties 14 Proprietary Limited	39%	*	891	(891)	–	–
Papillon in Flight Proprietary Limited	26%	3 191	–	(3 191)	–	–
Vunani Solar Power Proprietary Limited[#]	26%	1 300	–	–	–	1 300
		4 492	8 597	(11 789)	–	1 300

* *Less than R1 000.*
\# *Acquired in terms of vendor financed transaction (refer to note 32.2 for the corresponding liability).*

A reconciliation of the movements in associates is shown below:

Figures in R'000	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	4 492	8 597	13 089
Cumulative impairments	(3 192)	(8 597)	(11 789)
Cumulative equity earnings net of dividends	–	–	–
	1 300	–	1 300

Associates' net carrying amount is presented below:

Figures in R'000	Effective ownership	Cost of invest-ment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
2021						
Before Sunset Properties 37 Proprietary Limited	25%	*	–	–	–	*
English Breeze Investments (Private) Limited	50%	1	–	–	–	1
K2015(SA) Proprietary Limited	31%	*	1 999	(1 999)	–	–
Marudi Proprietary Limited	50%	*	2 546	(2 546)	–	–
Micawber 534 Proprietary Limited	48%	*	5 160	(5 160)	–	*
Orion Properties 14 Proprietary Limited	39%	*	1 210	–	(882)	328
Papillon in Flight Proprietary Limited	26%	3 191	–	(3 191)	–	–
Isilo Investments (RF) Proprietary Limited	51%	*	–	–	133	133
Space Launch Investments (Private) Limited	50%	1	1 860	(1 860)	–	1
Vunani Solar Power Proprietary Limited#	26%	1 300	–	–	–	1 300
		4 493	12 775	(14 756)	(749)	1 763

* *Less than R1 000.*
\# *Acquired in terms of vendor financed transaction (refer to note 32.2 for the corresponding liability).*

A reconciliation of the movements in associates is shown below:

Figures in R'000	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	4 493	12 775	17 268
Cumulative impairments	(3 191)	(11 565)	(14 756)
Cumulative equity earnings net of dividends	(749)	–	(749)
	553	1 210	1 763

18. INVESTMENTS IN AND LOANS TO ASSOCIATES (CONTINUED)

Material associates' statement of comprehensive income is presented below:

Figures in R'000	Revenue/ Other income	Fair value adjustments	Depreciation and amortisation	Interest income	Interest expense	Income tax (expense)	Other expenses	Profit/(Loss) and total comprehensive income
for the year ended 28 February 2022								
Orion Properties 14 Proprietary Limited	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

Material associates' statement of comprehensive income is presented below:

Figures in R'000	Revenue	Fair value adjustments	Depreciation and amortisation	Interest income	Interest expense	Income tax expense	Other expenses	Profit/(Loss) and total comprehensive income
for the year ended 28 February 2021								
Orion Properties 14 Proprietary Limited	51	–	–	–	–	–	(1 317)	(1 122)
	51	–	–	–	–	–	(1 317)	(1 266)

A reconciliation of the investments in and loans to associates:

Figures in R'000	Effective ownership	Net asset value	Share of net assets	Loans to associates	Goodwill/ (Bargain purchase)	Losses not accounted for	Impairments	Black Wattle option	Net carrying amount
2022									
Orion Properties 14 Proprietary Limited	39.0%	(1 781)	(891)	891	–	891	(891)	–	–
Other immaterial associate companies&		(11 069)	(5 234)	7 707	4 493	6 123	(11 789)	–	1 300
		(12 851)	(6 124)	8 597	4 493	7 014	(12 680)	–	1 300

* *Less than R1 000.*

A reconciliation of the investments in and loans to associates:

Figures in R'000	Effective ownership	Net asset value	Share of net assets	Loans to associates	Goodwill/ (Bargain purchase)	Losses not accounted for	Impair-ments	Black Wattle option	Net carrying amount
2021									
Orion Properties 14 Proprietary Limited	39.0%	(1 764)	(882)	1 210	–	–	–	–	328
Other immaterial associate companies[&]		(14 736)	(7 094)	11 565	4 493	7 226	(14 756)	–	1 434
		(16 500)	(7 976)	12 775	4 493	7 226	(14 756)	–	1 763

* *Less than R1 000.*

All associates are incorporated in the Republic of South Africa, with the exception of English Breeze Investments (Private) Limited and Space Launch Investments (Private) Limited, which operate in Zimbabwe and Marudi Proprietary Limited, which operates in Botswana. The carrying amounts of associates are shown net of impairment losses.

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

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

The group has not recognised losses totalling R7.0 million (2021: R7.2 million) in relation to its interests in associates, because the group has no obligation in respect of these losses.

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

Associate	**Nature of operations and activities**
Before Sunset Properties 37 Proprietary Limited	Dormant entity
Marudi Proprietary Limited	Investment holding company
Micawber 534 Proprietary Limited	Dormant entity
Orion Properties 14 Proprietary Limited	Property development projects
Papillon in Flight Proprietary Limited	Dormant entity
Vunani Solar Power Proprietary Limited	Dormant entity
The following investments were sold or deregistered during the year:	
Isilo Investments (RF) Proprietary Limited	Steel – high volume customers
K2015(SA) Proprietary Limited	Property development and investment projects
Space Launch Investments (Private) Limited	Investment holding
English Breeze Investments (Private) Limited	Investment holding company

Figures in R'000	2022	2021
19. OTHER INVESTMENTS		
Balance at the beginning of the year	**14 572**	111 452
Fair value adjustments - continuing operations	**89**	1 868
Fair value adjustments - discontinued operations	**–**	(18 727)
Additions	**–**	1 955
Foreign exchange loss	**(118)**	(41)
Disposals	**–**	(1 982)
Unbundled	**–**	(79 953)
Balance at the end of the year	**14 543**	14 572
Non-current	**11 345**	11 307
Current	**3 198**	3 265
	14 543	14 572

Refer to note 48.4 for additional disclosures on fair value of other investments.

19. OTHER INVESTMENTS (CONTINUED)

2022	Number of shares held ('000s)	% holding	Investments Listed R'000	Unlisted R'000	Fair value R'000
Non-current					
Johannesburg Stock Exchange Limited	95	*	11 345	–	11 345
PowerHouse Africa Holdings Proprietary Limited@	*	15	–	–	–
Other investments – non-current			11 345	–	11 345
Current					
Listed investments held by Vunani Fund Managers Botswana Proprietary Limited	*	*	3 198	–	3 198
Other investments – current			3 198	–	3 198
Total other investments			14 543	–	14 543

* *Less than 1 000 shares or R1 000 or 0.1%.*
@ *The investment in PowerHouse has been fair valued to nil (2021: R nil).*

Determination of fair values

Listed investments

The fair values of listed investments (that are traded in an actively traded market) are determined with reference to quoted bid prices at 28 February 2022 on the relevant securities exchanges. Listed investments are classified at fair value through profit or loss.

Major unlisted investments

The fair value of unlisted investments is determined using appropriate valuation techniques that may include, but are not limited to, discounted cash flow analysis, current and projected net asset value calculations and earnings multiple. Unlisted investments are classified at fair value through profit or loss.

2021	Number of shares held (000s)	% holding	Investments Listed R'000	Unlisted R'000	Fair value R'000
Non-current					
Johannesburg Stock Exchange Limited	95	*	11 307	–	11 307
PowerHouse Africa Holdings Proprietary Limited	*	15	–	–	–
Other investments – non-current			11 307	–	11 307
Current					
Listed investments held by Vunani Fund Managers Botswana Proprietary Limited	*	*	3 265	–	3 265
Other investments – current			3 265	–	3 265
Total other investments			14 572	–	14 572

* *Less than 1 000 shares or R1 000 or 0.1%.*

Figures in R'000	2022	2021
20. INSURANCE-RELATED INVESTMENTS		
The insurance related investments relate to the group's investment in Oracle.		
Equity securities	**207 276**	125 083
Collective investment schemes	**12 396**	46 434
Debt securities	**89 497**	82 612
Funds on deposit and other money market instruments	**81 250**	85 174
Government stock	**62 938**	58 781
	453 357	398 084
Open ended	**284 376**	171 516
Non-current	**168 981**	226 568
	453 357	398 084
Instruments with no maturity date have been classified as open ended. Management is unable to provide a reliable estimate of maturity, given factors such as the volatility of the respective markets.		
The insurance - related investments are reconciled as follows:		
Opening balance	**398 084**	286 589
Additions through business combination	**2 110**	–
Fair value adjustment (note 10)	**30 488**	22 001
Interest	**27 638**	20 692
Investments	**–**	367 651
Disinvestments	**(4 964)**	(298 849)
	453 357	398 084
21. REINSURANCE ASSETS		
The reinsurance assets relate to the group's investment in Oracle		
The reinsurance assets are made up of:		
Reinsurance assets	**4 513**	6 600
Premium debtors	**14 867**	12 213
Reinsurance debtors	**1 977**	5 876
	21 357	24 689
The reinsurance assets are reconciled as follows:		
Opening balance	**24 689**	20 136
Additions	**2 654**	7 134
Disposals	**(3 899)**	–
Change in reinsurance asset movement	**(2 087)**	(2 581)
	21 357	24 689
Reinsurance assets represent the reinsurer's share of insurance liabilities.		
Deferred acquisition cost: Short term Insurance (DAC)		
Balance at beginning	**2 689**	1 483
Increase in DAC due to additional acquisition costs paid during the period	**7 154**	5 677
Decrease in DAC due to acquisition costs being recognised in profit or loss	**(6 417)**	(4 471)
	3 426	2 689

Figures in R'000	2022	2021
22. DEFERRED TAX		
Deferred tax comprises:		
Deferred tax asset	**53 865**	56 485
Deferred tax liabilities	**(31 838)**	(34 841)
	22 027	21 644
Recognised deferred tax asset and liabilities comprise:		
Fair value adjustments		
Other investments	**2 174**	1 018
Other financial liabilities	**47**	–
Intangible assets	**(37 186)**	(37 246)
Trade and other receivables	**2 442**	2 271
Accruals	**15 679**	12 833
Tax losses carried forward	**38 962**	42 859
Prepayments	**(91)**	(90)
	22 027	21 644
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**21 644**	(5 033)
Recognised in profit or loss	**(518)**	26 716
Business combination	**920**	–
Effect of exchange differences	**(19)**	(39)
Balance at the end of the year	**22 027**	21 644
Deferred tax assets acquired through business combination relate to deductible temporary differences.		
Unrecognised deferred tax assets		
Estimated tax losses available for utilisation against future taxable income	**163 519**	170 737
Recognised as deferred tax assets	**(134 435)**	(151 443)
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	**29 084**	19 294
Estimated capital tax losses available for utilisation against future capital tax profit	**8 730**	8 730
Recognised as deferred tax assets	**–**	–
Unrecognised estimated capital tax losses carried forward not accounted for in deferred tax	**8 730**	8 730

The group has recognised certain deferred tax assets as they are expected to be utilised against future taxable profits. The basis of future taxable profits has been established through a detailed budgeting process performed by the group. The group's budgeting process is based on a bottom-up approach. Each operating entity in the group has its own detailed monthly budget for the next year. The budgets also include forecasts for the next three years, which are adjusted for expected changes in revenues for the forecasted years. These are then incorporated to create a group budget.

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have in instances not been recognised in respect of estimated tax losses carried forward because it is not probable that future taxable profit will be available against which the group can utilise the benefits therefrom.

23. OTHER NON-CURRENT ASSETS

Figures in R'000	Other loans	Black Wattle Option	Total
2022			
Balance at the beginning of the year	–	–	–
Impairment reversal	7 522	–	7 522
Write off	(7 522)	–	(7 522)
Balance at the end of the year	–	–	–
2021			
Balance at the beginning of the year	–	33 302	33 302
Fair value adjustment	–	(5 183)	(5 183)
Sold during the year	–	(28 119)	(28 119)
Balance at the end of the year	–	–	–

Figures in R'000	2022	2021
Non-current		
Black Wattle Option	–	–
Total	–	–
Other loans		
C4Life Proprietary Limited	–	–
The loan bears no interest and has been fully impaired.		
Non-current	–	6 724
Cumulative impairment	–	(6 724)
Zibuyile Healthcare Proprietary Limited	–	–
The loan is unsecured, bears no interest and has been fully impaired.		
Current	–	798
Impairment	–	(798)
	–	–

Black Wattle Option

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

Vunani Mining is not entitled to share in the economic benefits of ownership until such time as the debt associated with the acquisition is settled. The debt would be redeemed through dividends received by Vunani Mining on the A ordinary shares. Cash flows relating to the 15% ordinary shares will be paid to Vunani Mining. The risks and rewards of ownership have not passed to Vunani Mining and accordingly Vunani Limited equity accounts 0% of Black Wattle in profit or loss (refer to note 18).

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

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

On day one in 2010, the fair value of the in-substance call option was significantly greater than the R375 that was paid. The fair value amounted to R17.9 million. Since only R375 was paid, this resulted in a day-one gain of R17.9 million. The full gain was recognised over a five-year period, to February 2016.

Figures in R'000	2022	2021
Fair value of option to acquire investment in Black Wattle Colliery Proprietary Limited	–	–
Carrying value at year-end	–	–

Level 3 fair value hierarchy

The fair value measurement for the derivative financial instrument has been classified as a level 3 fair value based on the inputs of the valuation technique used (refer to note 48.5).

Figures in R'000	2022	2021
24. TRADE AND OTHER RECEIVABLES		
Trade debtors	**74 380**	73 066
Sundry accounts receivable	**15 931**	16 687
Loan receivable from holding company	**132**	132
Allowance for impairment	**(1 398)**	(9 131)
	89 046	80 754
Reconciliation of movement in allowance for impairment		
Balance at the beginning of the year	**(9 131)**	(5 535)
Increase/(decrease) in impairment allowance	**1 219**	(7 024)
Transferred as part of unbundling	**–**	1 364
Utilised	**6 514**	2 064
Balance at the end of the year	**(1 398)**	(9 131)

Factors considered in impairment

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

2022

Ageing of trade and other receivables:		
Not past due		**79 438**
Past due 1 – 30 days		**56**
Past due 31 – 60 days		**22**
Past due 61 – 90 days		**44**
Past due 91 days and greater		**1 386**
		80 946
Expected credit losses	**Default rates**	
Not past due	0.01%	**(11)**
Past due 1 – 30 days	0.77%	**–**
Past due 31 – 60 days	0.0%	**–**
Past due 61 – 90 days	1.0%	**–**
Past due 91 days and greater	100%	**(1 385)**
		(1 398)
Trade and other receivables		**80 946**
Trade and other receivables – no ECLs *		**9 497**
Expected credit loss allowance		**(1 398)**
Trade and other receivables net of credit loss		**89 046**

		2021
Ageing of trade and other receivables:		
Not past due		66 545
Past due 1 – 30 days		5 789
Past due 31 – 60 days		4 219
Past due 61 – 90 days		247
Past due 91 days and greater		9 067
		85 867
Expected credit losses	**Default rates**	
Not past due	0.01%	(19)
Past due 1 – 30 days	0.22%	(29)
Past due 31 – 60 days	1.36%	(14)
Past due 61 – 90 days	8.37%	(2)
Past due 91 days and greater	100%	(9 067)
		(9 131)

Figures in R'000	2021
Trade and other receivables	85 867
Trade and other receivables – no ECLs	4 018
Expected credit loss allowance	(9 131)
Trade and other receivables net of credit loss	80 754

** Included in trade and other receivables are loans receivable from holding company and sundry debtors on which no credit losses have been raised.*

Figures in R'000	2022	2021
25. ACCOUNTS RECEIVABLE AND PAYABLE FROM TRADING ACTIVITIES		
Accounts receivable from trading activities		
Accounts receivable	**60 583**	105 700
Accounts payable from trading activities		
Accounts payable from trading activities	**60 853**	105 998

These amounts arise primarily from securities trading activities that the group, through its subsidiary Vunani Securities Proprietary Limited ("Vunani Securities"), carries out on behalf of its clients.

The accounts receivable from stockbroking activities represents amounts due from clients for the purchases of equities and the accounts payable from stockbroking activities represents amounts due to clients for sales of equities. No set-off of receivables and payables is permitted as Vunani Securities has no legal right to do so as the transactions are with different counterparties with differing settlement dates.

Vunani Securities must ensure the settlement of all transactions executed by them on behalf of clients. The Settlement Authority (which is a separate entity established in terms of the JSE Rules and Directives) is responsible for the management of the settlement of these transactions and the management of the risks associated with such settlement.

Both Vunani Securities and the Settlement Authority monitor settlements and ensure that the obligation of members and their clients are met on settlement date. The Settlement Authority monitors uncommitted settlements (i.e. trades where there is either insufficient cash or dematerialised scrip to facilitate settlement) and has the authority to take all necessary action when the settlement of a transaction in equity securities is unlikely to take place on settlement date. The Settlement Authority has the ability to buy and sell equity securities as well as borrow cash as agent on behalf of a member to ensure settlement.

Vunani Securities is protected by a clause in its controlled account mandate which states that where the controlled client fails to put the member in a position before the required time to settle the transaction on settlement day, the controlled client will forfeit any rights the client may have had in respect of the said transaction. The clause also states that the client shall remain liable for any losses, costs and charges incurred or charges imposed by the member which affect the said transaction. This is covered in the material obligations section of the controlled account mandate signed by the client.

In addition, Vunani Securities ensures that no purchase transaction takes place unless the controlled client has sufficient funds in their account, which are held at JSE Trustees Proprietary Limited, and on the sell side, that the client has sufficient equity securities in dematerialised form before a sale is executed.

Figures in R'000	2022	2021
26. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents include the following components:		
Cash at bank and cash in hand	**192 758**	127 523
Short-term deposits	**60 094**	85 712
Bank overdraft	**(28 372)**	(17 483)
Cash and cash equivalents in the statement of cash flows	**224 480**	195 752

Included in cash and cash equivalents is R0.9 million (2021: R0.9 million) pledged to the group's banks to cover guarantees in respect of the leasehold premises.

27. DISCONTINUED OPERATIONS

A strategic decision was made in October 2020 to dispose of the group's private equity segment and a smaller portion of the fund management business. This culminated in the group unbundling its private equity business to Vunani Capital Partners, through an internal restructuring process. As this unbundling related to a major line of the group's business, the related activities have been presented as a discontinued operation. The impact of the unbundling on the statement of financial position is shown in note 28.

The comparative information for the year ended 28 February 2021 consolidated statement of comprehensive income and related notes have been presented to disclose the discontinued operations separately from continuing operations.

The impact on the statement of comprehensive income is shown below:

Figures in R'000	2022	2021
Revenue	–	29 143
Other income	–	2 796
Investment revenue	–	–
Profit on disposal of unbundled assets	–	25 038
Impairments	–	(5 199)
Fair value adjustments	–	(24 752)
Equity-accounted earnings (net of income tax)	–	16 275
Commodities trading related costs	–	(17 229)
Operating expenses	–	(43 817)
Results from operating activities	–	(17 745)
Finance income	–	1
Finance costs	–	(947)
Net finance costs	–	(946)
Loss before income tax	–	(18 691)
Income tax expense - operating activities	–	(1 534)
Loss for the year	–	(20 225)
Other comprehensive income		
Items that are or may be subsequently reclassified to profit or loss	–	(5 542)
Exchange differences on translating foreign operations	–	(5 004)
Hyperinflation adjustments*	–	(538)
Total comprehensive income for the year	–	(25 767)
Discontinued operations loss for the year attributable to:		
Equity holders of Vunani Limited	–	(18 226)
Non-controlling interest	–	(1 999)
	–	(20 225)
Discontinued operations total comprehensive income for the period attributable to:		
Equity holders of Vunani Limited	–	(21 828)
Non-controlling interest	–	(3 939)
	–	(25 767)
Basic loss per share (cents) from discontinued operations		
Basic loss per share from discontinued operations (cents)	–	(11.4)
Basic headline loss per share (cents) from discontinued operations		
Basic headline loss per share from discontinued operations (cents)	–	(26.4)
Cash flows from discontinued operations		
Net cash utilised by operating activities	–	(9 823)
Net cash outflow from investing activities	–	(5 756)
Net cash inflow from financing activities	–	7 519
Net cash outflow for the period	–	(8 060)

* *The hyperinflation adjustments related to the fund management business in Zimbabwe.*

28. VCP UNBUNDLING

In order to improve transparency in the financial reporting of the Financial Services Assets and Private Equity Assets of Vunani, a decision was made by the board to separate these assets through the VCP unbundling whereby the VCP Shares held by Vunani would be unbundled by way of a distribution *in specie* of R210.9 million to shareholders *pro rata* to their respective shareholdings in Vunani. In addition to improved financial reporting transparency, the board also believes that the VCP unbundling, will over time, eliminate the discount between the tangible net asset value of Vunani and the price at which Vunani shares trade on the JSE. The unbundling was for no consideration.

The Conditions Precedent in respect of the VCP unbundling were fulfilled as announced on 1 February 2021 and accordingly the VCP unbundling was effected 11 February 2021.

The impact of the unbundling on the statement of financial position is summarised below:

Figures in R'000	2021
Property, plant and equipment	(3 884)
Investments in associates and loans to associates	(72 041)
Other investments	(79 953)
Other non-current assets	(28 119)
Inventory	(2 017)
Cash and cash equivalents	(70)
Trade and other receivables	(11 869)
Other financial liabilities	(9 789)
Deferred tax asset and liabilities	(342)
Trade and other payables	3 041
Net assets and liabilities	(205 043)

29. BUSINESS COMBINATION

Acquisition of Medscheme Holdings Proprietary Limited

Vunani acquired 75% of Medscheme Holdings Proprietary Limited ("Medscheme") through Oracle Insure on 31 May 2021, giving the group an effective 39% shareholding. Medscheme Health Insurance Eswatini Limited was incorporated in Eswatini with the interest in the healthcare sector. The company's main business is to provide medical cover for its customers. The acquisition is in line with the group's strategy to expand its footprint in the health insurance services business in Eswatini. The consideration for the investment amounted to R1.

An after tax loss of R3.8 million has been included in Vunani's profit or loss for the period ended 28 February 2022. R2.3 million of this loss is attributable to non-controlling interests. R6.6 million has been included in Vunani's revenue since the acquisition of Medscheme for the period 1 June 2021 to 28 February 2022. Revenue of R8.8 million and after tax loss of R5.1 million would have been included in the group results if the acquisition had taken place on 1 March 2021.

The acquisition resulted in the recognition of a bargain purchase gain of R1.4 million at acquisition date which has been presented separately in the statement of comprehensive income.

Trade receivables acquired are at fair value of R0.6 million are expected to be collected in their entirety. The gross contractual amounts of the receivables amounted to R0.9 million, with an expected impairment allowance of R0.3 million recognised at acquisition date. No contingent liabilities arose as a result of the business combination. The valuation of the non-controlling interest was based on the fair value of the net asset value of Medscheme at acquisition date and amounted to R2.1 million. There were no significant inputs used in measuring the fair value of the net asset value of Medscheme.

A preliminary purchase price allocation in terms of IFRS 3 is presented below:

Figures in R'000	2022
Net assets acquired	
Trade and other receivables	612
Other investments	2 034
Deferred tax	920
Cash and cash equivalents	611
Other financial liabilities	(225)
Income tax liability	–
Trade and other payables	(442)
Non-controlling interest	(2 148)
Net assets acquired	1 362
Purchase price	*
Bargain purchase	1 362

* *Less than R1 000.*

Figures in R'000	2022	2021
30. STATED CAPITAL		
Authorised		
500 000 000 (2021: 500 000 000) ordinary shares of no par value	–	–
Issued		
161 155 915 (2021: 161 155 915) ordinary shares of no par value	**696 497**	696 497
Treasury shares (number of shares held at year-end 2 196 911 (2021: 275 711))	**(6 166)**	(675)
	690 331	695 822
Reconciliation of movement in number of shares issued ('000):		
Balance at the beginning of the year	**161 156**	161 156
Balance at the end of the year	**161 156**	161 156
All issued shares are fully paid. Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Reconciliation of movement in stated capital (R'000):		
Balance at the beginning of the year	**696 497**	696 497
Balance at the end of the year	**696 497**	696 497
Cumulative redeemable preference shares		
Authorised		
1 000 000 cumulative, redeemable preference shares of no par value	–	–
Issued		
500 000 cumulative, redeemable preference shares of no par value	**500 000**	500 000
	500 000	500 000
Reconciliation of movement in number of shares issued ('000):		
Issued during the year	–	500 000
Balance at the end of the year	**500 000**	500 000
Reconciliation of movement in preference share capital (R'000):		
Issued during the year	–	18 243
Derecognised during the year	–	(18 243)
Balance at the end of the year	–	–

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

In terms of IFRS 9: Financial Instruments an entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset (i.e. the African Legend Shares) are transferred to another entity and when substantially all of the risks and rewards of ownership of the financial asset are transferred (i.e. the African Legend Distributions to Vunani Capital Partners). Based on this pass-through arrangement, the African Legend shares have been derecognised and accordingly no liability is raised for the VL Preference Shares.

Figures in R'000	2022	2021
31. SHARE-BASED PAYMENTS		
Share-based payments reserve	**3 660**	426

Conditional share scheme

The company implemented a conditional share scheme in November 2015, which was later extended in 2019, whereby employees would be awarded performance and retention shares in the company upon vesting (which takes place over a three-year service period) and when vesting conditions have been met. The vesting conditions include individual subsidiary profit targets and individual performance targets. The shares were issued on 15 January 2021, 26 February 2021 and 26 February 2022. The details of the equity-settled share-based payment arrangements for shares that have not yet fully vested are as follows:

The fair value (excluding forfeitures) is calculated as the share price at grant date, reduced for expected dividends over the vesting period, multiplied by the number of performance shares granted. The final fair value (including forfeitures) is obtained by multiplying the above with the proportion of shares that is assumed to stay in service.

The details of the share-based payment arrangements are below:

Number of shares at grant date – 15 Jan 2021	2 500 000
Number of shares at grant date – 26 Feb 2021	2 500 000
Number of shares at grant date – 26 Feb 2022	2 500 000
Fair value at grant date – 15 Jan 2021 (R'000)	5 942
Fair value at grant date – 26 Feb 2021 (R'000)	4 982
Fair value at grant date – 26 Feb 2022 (R'000)	5 403
Share price at grant date – 15 Jan 2021 (cents)	275
Share price at grant date – 26 Feb 2021 (cents)	245
Share price at grant date – 26 Feb 2022 (cents)	252
Vesting period – 15 Jan 2021	2.12 years
Vesting period – 26 Feb 2021	3.00 years
Vesting period – 26 Feb 2022	3.00 years
Assumed dividends payable – 15 Jan 2021	1.25% – 2.25%
Assumed dividends payable – 26 Feb 2021	1.25% – 2.25%
Assumed dividends payable – 26 Feb 2022	2.5% – 4.5%
Forefeiture rate –15 Jan 2021	5%
Forefeiture rate – 26 Feb 2021	5%
Forefeiture rate – 26 Feb 2022	5%

Employee expenses recognised in share based payment reserve	**2022**	**2021**
Share option expenses in 2014 to 2016	**14 877**	14 877
Transferred to retained income in 2016	**(2 006)**	(2 006)
Share options expensed in 2017	**3 229**	3 229
Share options expensed in 2018	**5 981**	5 981
Transferred to retained income in 2018	**(435)**	(435)
Share options expensed in 2019	**7 844**	7 844
Transferred to retained income in 2019@	**(23 984)**	(23 984)
Transfer to treasury shares	**(3 554)**	(3 554)
Share options expensed in 2020	**5 009**	5 009
Transferred to retained income in 2020@	**(1 337)**	(1 337)
Share options expensed in 2021	**3 295**	3 295
Transferred to retained income in 2021@	**(1 492)**	(1 492)
Transfer to treasury shares	**(6 844)**	(6 844)
Disposal of subsidiaries	**(157)**	(157)
Share options expensed in 2022	**3 470**	–
Transferred to retained income in 2022@	**(236)**	–
Balance at year end	**3 660**	426

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

	Number of shares	
	2022	2021
15 January 2021 share issue		
Balance at the beginning of the year	**2 500**	–
Granted during the year	**–**	2 500
Forefeited during the year	**(224)**	–
Balance at the end of the year	**2 276**	2 500
Excercisable at 28 February 2022	**–**	–
26 February 2021 share issue		
Balance at the beginning of the year	**2 500**	–
Granted during the year	**–**	2 500
Forefeited during the year	**(180)**	–
Balance at the end of the year	**2 320**	2 500
Excercisable at 28 February 2022	**–**	
26 February 2022 share issue		
Balance at the beginning of the year	**–**	–
Granted during the year	**2 500**	–
Forefeited during the year	**–**	–
Balance at the end of the year	**2 500**	–
Excercisable at 28 February 2022	**–**	

Figures in R'000	2022	2021
32. OTHER FINANCIAL LIABILITIES		
Other financial liabilities comprise:		
Carried at amortised cost	**34 259**	56 881
Capital	**34 259**	56 878
Accrued interest	**–**	3
Carried at fair value through profit or loss	**–**	–
	34 259	56 881
Reconciliation of movement of other financial liabilities		
Balance at the beginning of the year	**56 881**	88 553
Accrued interest – debentures	**56**	115
Accrued interest – long-term borrowings	**3 111**	5 144
Advances	**2 500**	2 668
Derecognition	**–**	(9 835)
Transfers	**2 523**	–
Repayments	**(30 811)**	(30 249)
Fair value adjustments through profit or loss	**–**	485
Balance at the end of the year	**34 259**	56 881
Reconciliation of cumulative fair value adjustments		
Balance at the beginning of the year	**–**	6 499
Fair value adjustments through profit or loss	**–**	485
Derecognition	**–**	(6 984)
Balance at the end of the year	**–**	–
Carried at amortised cost		
32.1 Development Bank of Southern Africa		1 136
Redeemable, cumulative debentures in Vunani Capital Proprietary Limited, with fixed interest at 9.09%, secured by an investment in Lexshell 630 Proprietary Limited. The debentures redeemable date was amended from 30 September 2020 to 31 March 2021. The debentures were redeemed in full on 31 March 2021.		
Opening balance	**–**	1 133
Accrued interest	**–**	3

32. OTHER FINANCIAL LIABILITIES (CONTINUED)

Figures in R'000	2022	2021
32.2 Vendor financed loan – Vunani Solar Power Proprietary Limited	**1 300**	1 300
This loan relates to the acquisition cost of the investment in Vunani Solar Power Proprietary Limited. This liability is unsecured, interest-free and will be repaid using the dividends from Vunani Solar Power Proprietary Limited. No dividends are expected from Vunani Solar Power Proprietary Limited in 2022 (refer to note 18).		
32.3 Other financial liabilities	**6 788**	4 267
Loans are unsecured, interest-free and have no fixed terms of repayment.		
32.4 Nedbank Limited	**7 694**	25 405
The loan relates to the acquisition of Fairheads International Holdings (SA) Proprietary Limited ("Fairheads") by Mandlalux Proprietary Limited ("Mandlalux"). The medium-term loan is repayable by monthly instalments of capital and interest (based on a straight-line amortisation schedule) and is subject to a cash sweep. The loan is repayable by August 2022. The loan is secured in terms of surety issued by Fairheads to Nedbank Limited amounting to R75.3 million and equity cure of R12 million.		
Opening balance	**25 405**	40 250
Interest	**1 123**	2 459
Repayments	**(18 834)**	(17 304)
32.5 ABSA Bank Limited	**15 313**	24 063
The loan relates to the acquisition of Oracle Insurance. The medium-term loan is repayable by monthly instalments of capital and interest (based on a straight-line amortisation schedule).The loan is unsecured, bears interest at prime plus 1.6% and is repayable by 28 November 2023.		
Opening balance	**24 063**	32 823
Interest	**1 749**	2 590
Repayments	**(10 499)**	(11 350)
32.6 Finance lease liability	**830**	710
This represents secured liabilities in Mandlalux in terms of an instalment sale agreements for the acquisition of furniture and equipment. At year end the book value of the assets financed were R721 975 (2021: R721 975).		
Opening balance	**710**	411
Interest	**405**	95
Advances	**–**	608
Repayments	**(285)**	(404)
32.7 Ninety One SA Proprietary Limited	**2 334**	–
The loan of R2 500 000 was advanced on 19 March 2021. The loan bears no interest and is repayable on 19 March 2023. In accordance with IFRS 9, a long-term payable that carries no interest should be recognised at fair value measured as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument, with a similar credit rating. The amount advanced from Ninety One SA Proprietary Limited has been discounted using the prime rate over a period of two years.		
Opening balance	**–**	–
Advances	**2 500**	–
IFRS 9 adjustment	**(166)**	–
Total carried at amortised cost	**34 258**	56 881

Figures in R'000	2022	2021
Carried at fair value through profit or loss on initial recognition		
32.8 Force Holdings Proprietary Limited This represents the value of the option granted to Force Holdings Proprietary Limited to acquire Vunani's shareholding in Verbicept Proprietary Limited, at a 10% discount to the fair value calculated in terms of an agreement with Force Holdings Proprietary Limited. The liability was disposed of as part of the unbundling transaction.	–	–
Total carried at fair value through profit or loss	–	–
Total financial liabilities	**34 258**	56 881
Less: **Current financial liabilities**	**(20 902)**	(33 387)
Non-current financial liabilities	**13 356**	23 494

Force Holdings Proprietary Limited

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

The fair value adjustments that relate specifically to financial liabilities are not as a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liabilities are such that in the event that the fair value of the asset falls below the face value of the liability, the group is not obligated to pay the full fair value of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions and no portion relates to changes in the group's own credit risk.

33. LEASES LIABILITIES

Figures in R'000	Right-of-use asset	Lease liability
Balance as at 1 March 2021	**13 038**	**(14 932)**
Foreign exchange movements	**(996)**	**(18)**
Payments	**–**	**6 975**
Depreciation expense	**(7 647)**	**–**
Interest expense	**–**	**(1 387)**
Additions	**11 215**	**(8 344)**
	15 610	**(17 705)**
Balance as at 1 March 2020	18 170	(19 675)
Other movements	14	(121)
Foreign exchange movements	–	8 094
Payments	(7 719)	–
Depreciation expense	–	(1 650)
Interest expense	2 573	(1 580)
	13 038	(14 932)

33. LEASES LIABILITIES (continued)

Impact on the statement of comprehensive income

Figures in R'000	2022	2021
Depreciation on the right-of-use asset	**7 647**	7 719
Rent expense	**(8 094)**	(8 094)
Interest expense	**1 580**	1 650
Expenses relating to low value leases	**–**	72
	1 133	1 347

Right-of-use asset
The right-of-use asset of R15.6 million (2021: R13.0 million) is included in property plant and equipment.

Lease liabilities	**17 705**	14 932
Current portion of lease liabilities	**7 060**	10 433
Non-current portion	**10 645**	4 499

34. INVESTMENT CONTRACTS

The investment contracts relate to the group's investment in Oracle.
The investment contracts are reconciled as follows:

Opening balance	**367 380**	310 585
Fair value adjustments	**64 799**	56 795
	432 179	367 380
Investment contracts with DPF		
Investment contracts at fair value through profit or loss	**–**	–
Total investment contract liability	**432 179**	367 380
	432 179	367 380
Movement in investment contracts with DPF		
Balance at beginning	**–**	249 792
Additions through business combination	**–**	–
Transfer to/(from) policyholder liabilities under insurance contracts	**–**	–
Increase in retrospective liabilities	**–**	–
Transfer to Investment contract liability	**–**	(249 792)
	–	–
Movement in investment contracts at fair value through profit or loss		
Balance at beginning	**367 380**	60 793
Transfer to Investment contracts at fair value through profit or loss	**–**	249 792
Contract holder movements	**64 799**	56 795
Deposits received	**–**	–
Contract benefit payments	**–**	–
Fair value adjustment to policyholder liabilities	**64 799**	56 795
	432 179	367 380

Investment contracts with DPF

The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which is a reasonable approximation of the fair value of this financial liability.

Figures in R'000	2022	2021
35. INSURANCE CONTRACT LIABILITIES		
Long-term insurance contracts – gross	**89 472**	89 472
Less: recovery from reinsurers (note 20)	**(4 513)**	(6 600)
Long-term insurance contracts – net	**84 959**	82 872
Movement in long-term insurance contract liabilities		
Balance at beginning	**89 472**	78 348
Movement in long-term insurance contract liabilities		
Transfer to/(from) policyholder liabilities under insurance contracts	**(15 790)**	11 124
	73 682	89 472
The insurance contracts liabilities relate to the group's investment in Oracle.		
The insurance contracts liabilities are made up of:		
35.1 Health Incurred but not reported ("IBNR")	**2 057**	1 885
Short term Unearned Premium Reserve ("UPR")	**13 242**	10 370
Short term Incurred but not reported ("IBNR")	**1 760**	1 541
	17 059	13 796
The insurance contracts liabilities are reconciled as follows:		
Opening balance	**13 796**	11 600
Recognition of premium income	**2 871**	3 193
Decrease in IBNR	**392**	(997)
	17 059	13 796
35.2 Health insurance contracts – claims incurred not yet reported	**2 057**	1 885
Less: recovery from reinsurers	**–**	–
	2 057	1 885
Analysis of movements in outstanding claims:		
Balance at the beginning of the year	**1 885**	1 847
Under provision in the prior year	**172**	38
Balance at the end of the year	**2 057**	1 885
Health claims incurred but not yet reported (IBNR)		
Health IBNR		
The IBNR Reserve for health claims is calculated taking into account available data which will influence the claiming pattern of the medical book. Adjustments are made for seasonality within the claiming patterns. On an annual basis the actual claims are compared to the reserved claims and adjustments and refinements are made to the reserving methodology in the ensuing financial year.		
Short term insurance contracts are broken down as follows		
35.3 Short term Insurance: Unearned Premiums	**13 242**	10 370
35.4 Short term Insurance: IBNR	**1 760**	1 541
Short term insurance contracts	**15 002**	11 911

Figures in R'000	2022	2021
35. INSURANCE CONTRACT LIABILITIES (continued)		
35.5 Unearned Premiums		
Balance at beginning	**10 370**	8 660
Premium income received	**–**	30 418
Recognition of premium income	**2 872**	(28 708)
Balance at end	**13 242**	10 370
35.6 IBNR		
Balance at beginning	**1 541**	2 576
Decrease in outstanding claims	**219**	(1 035)
Balance at end	**1 760**	1 541

The decrease in IBNR was due to change in methodology used to calculate short term IBNR. This was changed to the Bornheutter-Ferguson method to calculate IBNR based on the Insurance business' own historic data, as the previous calculation was based on the previous owners group data.

36. CONTRACT HOLDER LIABILITIES: ASSUMPTIONS AND ESTIMATES

The valuation of contract holder liabilities is a function of methodology and assumptions. The methodology is described in the accounting policies on page 85 to 87. The assumptions used are best estimate assumptions, with the addition of explicit compulsory margins as required by SAP 104 – Calculation of the value of the assets, liabilities and capital adequacy requirement of long-term insurers; and the discretionary margins in the accounting policies.

The process used to decide on best estimate assumptions is described below:

Mortality and disability

Annuity business:

Mortality assumptions are based on the PA90 standard table, less two years in age.

PHI claims in payment:

Disability claim recovery probabilities are based on adjusted GLTD-87 tables.

Expenses

The current level of expenses allocated to the products categories are used for setting the expense assumptions. The current level of expenses are the expenses as per the income statement

The basis used to determine per policy renewal expenses is based on:

- Budget F2023 expenses to determine current level of expenses per policy
- A Functional Cost Analysis (FCA), unchanged from the previous valuation
- Estimated volumes for business at the valuation date

All expenses were allocated as at 28 February 2022.

Non-recurring expenses are identified and excluded from the analysis.

Investment returns

Market-related information is used to derive assumptions in respect of investment returns, discount rates used in calculating contract holder liabilities and renewal expense inflation.

These assumptions take into account the asset mix backing each liability type and are suitably adjusted for tax and investment expenses.

Yields from the published South African forward yield curve as at valuation date are used to discount expected cash flows at each duration.

The assumed renewal expense inflation rate is based on the difference between South African nominal and real yield curves rate.

Investment guarantee

The investment guarantee is not material and was estimated using historical APN110 compliant provisions and growth in the underlying investments.

Tax

Products where prospective reserves are held are not subject to tax and hence no tax assumption is necessary.

Basis and other changes

Assumptions and methodologies used in the financial soundness valuation basis are reviewed at the reporting date and the impact of any resulting changes in actuarial estimates is reflected in the statement of comprehensive income as they occur.

Basis and other changes increased the excess of assets over liabilities at 28 February 2022 by R5.0m (2021:R 2.6m). The major contributors to this change were as follows:

Prior year restatement of investment products liability due to late audit adjustment resulted in a decrease of R5.1 million.

PHI CIP: Removal of 40% discretionary termination margin, resulted in an increase of R1.4 million.

PHI CIP and Annuities: Expense assumptions updated based on latest Functional Cost Analysis resulted in a decrease of R1.0 million

GLA: claim ratio used in IBNR calculation increased from 60% to 65% based on prior experience contributed R0.3m to the basis change strain.

The insurance contract liabilities are measured in accordance with the South African professional actuarial guidance (SAP 104 guidance note). Liabilities are not very sensitive to risk rates and expenses as all prospective liabilities are claims-in-payment (where the impact of risk rates are normally limited), with small expense components. Liabilities are relatively sensitive to valuation discount rates – however the above doesn't take into account the movement in assets which can counter this movement if appropriately matched assets are held.

Sensitivity to changes in assumptions have been considered in accordance with the Advisory Practice Note 107 issued by the Actuarial Society of South Africa These sensitivities are changes in experience that could occur in the future Below is a table setting out the changes to the value placed on In force business. The value placed on the In force business is most sensitive to changes in the Expense, Insurance and Lapse assumptions In addition, any change to the risk profile of the business could prompt a review of the risk margin captured in the risk discount rate, which could lead to a change in the value measure

		Interest rate	Equity values	Equity returns	Expenses	Lapses	Insurance
	Base	+1%	-10%	+1%	-10%	-10%	-5%
Value In force (R'000)	91.4	94.1	90.5	92.3	102.0	98.8	98.4
Cost of Capital (R'000)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)
Net value in force (R'000)	80.9	83.5	79.9	81.7	91.4	88.2	87.8
Net value in force percentage changes		3%	-1%	1%	13%	9%	9%

Factors affecting demographic risks the insurance business:

- The most significant factors that could substantially change the frequency of claims are epidemics or widespread changes in lifestyle (smoking, exercise, eating), resulting in more or earlier claims
- Economic conditions can potentially affect retrenchment claims as well as morbidity claims where benefits are determined in terms of the ability to perform an occupation.
- Medical advances can potentially affect the size and severity of medical claims (including critical illness claims).

Anti-selection, such as where a client who has a pre-existing condition or disease purchases a product where a benefit will be paid on death or in the event of contracting such a disease.

36. CONTRACT HOLDER LIABILITIES: ASSUMPTIONS AND ESTIMATES (CONTINUED)

The effect of selective terminations, which means policyholders are less likely to terminate voluntarily if the cover is more likely to be needed in the foreseeable future.

- Concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area.

Demographic risks are managed as follows:

- Risk premiums on most smoothed bonus and market-related contracts may be adjusted within the terms and conditions of the contracts. The ability of the company to adjust these charges so that on average they reflect actual mortality experience reduces mortality risk. There is residual mortality risk resulting from delays in identifying worsening experience and adjusting charges as well as marketing pressures and client expectation management.
- To reduce cross-subsidisation of risks and the possibility of anti-selection, premium rates differentiate on the basis of some or all of age, gender, occupation, smoker status, education, income level, geographic region and the results of underwriting investigations. Experience investigations have shown that these are reliable indicators of the risk exposure. A guarantee period shorter than the policy term applies to most risk business, and enables the Group to review premium rates on in-force contracts during the life of the contracts. The guarantee period on whole-life products is generally within the range of 10 to 15 years. All policy applications are subject to underwriting rules. Applications for risk cover above certain limits are reviewed by experienced underwriters and evaluated against established standards.
- Compulsory testing for HIV is carried out in all cases where the applications for risk cover exceed limits specified for a product. Where HIV tests are not required, this is fully reflected in the pricing and experience is closely monitored.

Underwriting is done to identify non-traditional risks and take appropriate action, such as applying additional premium loadings or altering benefit terms.

- Additional provisions are held in respect of the potential deterioration of the mortality experience of supplementary benefits and direct marketing business

Reinsurance agreements are used to limit the risk on any single policy and aggregation of policies. Sums assured above a negotiated retention level are reinsured on a risk premium basis

Concentration risk is reduced by diversification of business over a large number of uncorrelated risks and several classes of insurance.

Figures in R'000	2022	2021
37. NET TAXATION PAYABLE		
The net tax payable includes the following:		
Current tax payable	**10 198**	4 823
Dividends withholding tax (payable as a result of securities broking activities)	**90**	74
Securities transfer tax (payable as a result of securities broking activities)	**1 147**	3 263
	11 435	8 160
38. TRADE AND OTHER PAYABLES		
Financial liabilities		
Trade creditors	**25 417**	21 814
Other payables	**59 297**	42 440
Accrued expenses	**17 319**	23 576
Insurance trade and other payables	**42 311**	49 452
	144 344	137 282
Non-financial liabilities		
Value added tax (VAT)	**5 996**	5 231
Accrued leave pay	**4 929**	4 543
	10 925	9 774
	155 269	147 056

39. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the group to provide retirement benefits to all its employees through a defined contribution provident fund, which is subject to the Pension Funds Act of 1956. The group is under no obligation to cover any unfunded benefits.

Employees make an election to join the provident fund and their contributions to the fund are included with staff costs as detailed in note 13.

Figures in R'000	2022	2021
40. CASH GENERATED BY OPERATING ACTIVITIES		
Profit before income tax expense from continuing operations	**108 737**	9 988
Loss before income tax expense from discontinued operations	**–**	(18 691)
Adjusted for:		
Depreciation of property, plant and equipment	**2 736**	2 822
Depreciation of right-of-use assets	**7 647**	7 719
Equity-accounted earnings (net of income tax)	**(882)**	(17 678)
Fair value adjustments	**(30 577)**	883
Fair value adjustments to third party insurance liabilities	**(15 790)**	11 124
Fair value adjustments to investment contract liabilities	**64 799**	56 795
Change in reinsurance assets movement	**2 088**	2 580
Short-term insurance: Incurred but not reported (IBNR)	**172**	(997)
Short-term insurance: Unearned premiums	**3 681**	4 400
Short term Insurance: DAC	**(694)**	(1 206)
Bargain purchase gain	**(1 362)**	(530)
Impairment of investments in associates	**–**	2 811
Impairment on loans to associates	**891**	–
Impairment (reversal)/loss on trade and other receivables	**(1 219)**	9 412
Impairment (reversal)/loss on VIF asset	**(10 283)**	41 502
Inventory write off	**–**	1 517
Profit on disposal of subsidiaries	**–**	(17 831)
Amortisation of intangible assets	**15 914**	16 316
Share-based payments expense	**3 470**	3 295
Recycling of foreign currency translation reserve through profit or loss	**–**	(7 263)
Foreign currency translation loss	**150**	29
IAS 19 – employee benefit costs	**(2 029)**	4 551
Interest received from investments and finance income	**(29 503)**	(25 511)
Investment revenue	**(7 924)**	(4 458)
Finance costs	**6 438**	8 567
Changes in working capital:		
Increase in trading securities	**(191)**	(31)
Decrease in trade and other receivables	**(6 603)**	(19 922)
Increase in trade and other payables	**9 816**	32 777
Decrease/(increase) in reinsurance assets	**3 332**	(7 134)
Increase in insurance liabilities	**105**	–
Decrease in accounts receivable and payable from trading activities	**(1 718)**	(148)
Cash generated by operating activities	**121 201**	95 688

41. INCOME TAX PAID		
Payable at beginning of the year	**(4 823)**	(1 533)
Current year tax charge	**(36 514)**	(18 181)
Payable at end of the year (refer to note 37)	**10 198**	4 823
	(31 139)	(14 891)

Figures in R'000	2022	2021
42. BASIC AND HEADLINE EARNINGS PER SHARE		
Basic earnings per share (cents)	**37.9**	12.9
Basic and diluted earnings per share from continuing operations (cents)	**37.9**	24.3
Basic and diluted loss per share from discontinued operations (cents)	**–**	(11.4)
Basic headline earnings per share (cents)	**34.7**	7.2
Basic headline earnings per share from continuing operations (cents)	**34.7**	33.6
Basic headline loss per share from discontinued operations (cents)	**–**	(26.4)
Basic and diluted earnings per share		
The calculation of basic and diluted earnings per share at 28 February 2022 was based on the profit attributable to ordinary shareholders of R60.8 million (2021: R20.7 million), and a weighted average number of ordinary shares outstanding of 160.2 million (2021: 160.2 million), and 160.2 million (2021: 160.2 million) in the case of diluted earnings per share, calculated below:		
Headline and diluted headline earnings per share		
The calculation of headline and diluted headline earnings per share at 28 February 2022 was based on headline earnings attributable to ordinary shareholders of R55.6 million (2021: R11.6 million), and a weighted average number of ordinary shares outstanding of 160.2 million (2021: 160.2 million), and 160.2 million (2021: 160.2 million) in the case of diluted headline earnings per share, calculated as follows:		
Basic and diluted loss – continuing	**60 785**	20 667
Basic and diluted loss – Discontinued		
Headline and diluted headline earnings – continuing	**55 566**	11 597
Headline and diluted headline earnings – Discontinued		
Weighted average number of ordinary shares ('000s)		
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of own shares held	**(952)**	(941)
Weighted average number of shares in issue during the year	**160 204**	160 215
Number of shares in issue at the end of the year	**161 156**	161 156
Dilutive weighted average number of ordinary shares ('000s)		
Dilutive weighted average number of ordinary shares ('000s)		
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of own shares held	**(952)**	(941)
Diluted weighted average number of shares in issue during the year	**160 204**	160 215
Number of shares in issue at the end of the year	**161 156**	161 156

Figures in R'000	2022	2021
Potential dilutive shares		
The shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. The employee shares do not have a dilutive effect in the current year.		
In the current year, 3.142 million share options (2021: 5.615 million) were excluded from the diluted weighted-average number of shares calculation because their effect would have been anti-dilutive.		
The average market value of the company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices at the beginning of the year and at year end.		
Shares issued as part of the share incentive scheme ('000s)	–	–
Net asset value per share (cents)		
Net asset value per share is the equity attributable to equity holders of Vunani Limited, utilising all shares in issue, including treasury shares.	**196.1**	173.8
Net tangible asset value per share (cents)		
Net tangible asset value per share is the equity attributable to equity holders of Vunani Limited, (excluding goodwill and intangible assets) utilising all shares in issue, including treasury shares.	**25.9**	2.5
Headline earnings		
Profit for the year attributable to equity holders of Vunani	**60 785**	20 667
Adjusted for:		
Profit on disposal of unbundled assets		
Profit on disposal of unbundled assets	–	(25 038)
Non-controlling interest	–	932
Taxation	–	–
Business combination		
Bargain purchase gain	**(1 362)**	(530)
Impairment of intangible assets		
Impairment (reversal)/loss of VIF asset	**(10 283)**	41 502
Non-controlling interest	**3 598**	(14 523)
Deferred taxation	**2 828**	(11 413)
	55 566	11 597
Headline and diluted headline earnings per share (cents)	**34.7**	7.2
Basic headline and diluted earnings per share from operations	**34.7**	33.6
Basic headline and diluted loss per share from discontinued operations	–	(26.4)

43. COMMITMENTS

Guarantees and sureties provided

The group has provided guarantees and sureties to third parties as at 28 February 2022 in the amount of R150.9 million (2021: R157.4 million). The probability of the liability materialising in terms of these guarantees and sureties is dependent on the performance of the underlying businesses that are servicing the debt that is linked to the guarantees and sureties.

Debt covenants

Debt covenants triggers include interest cover ratios, gearing, annual cash to debtors service and shareholder funds. At year-end the group was not in close proximity in breaching the triggers.

The board is actively looking to reduce debt, this is shown by the decrease in debt levels over the last few years. Any covenant triggers would be dealt with putting in measures, which may include restructuring to help the underlying subsidiary meet the covenants.

44. NON-CONTROLLING INTEREST

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

Figures in R'000	Vunani Prop714 Proprietary Limited	Vunani Fund Managers Botswana Limited	Oracle Insurance Proprietary Limited – Consoli-dated	Telos Proprietary Limited	Other individually immaterial non-controlling interests	Intra-group eliminations	Total
2022							
NCI percentage	22%	40%	48.3%	22.4%			
Non-current assets	–	2 229	549 698	35 000	7 576	–	–
Current assets	32 722	22 317	184 820	4 800	1 095	–	–
Non-current liabilities	–	–	(530 787)	–	–	–	–
Current liabilities	(27 514)	(7 544)	(91 925)	(8 867)	(15 182)	–	–
Net assets	5 208	17 002	111 806	30 933	(6 511)	–	–
Carrying amount of NCI	1 146	6 801	54 002	6 929	(2 537)	–	66 341
Revenue	–	38 662	265 241	14 400	6 629	–	–
Profit/(loss)	(55)	11 157	12 551	13 019	(3 764)	–	–
OCI	–	(281)	–	–	–	–	–
Total comprehensive income	(55)	10 876	12 551	13 019	(3 764)	–	–
Profit/(loss) allocated to NCI	(12)	4 463	6 062	2 916	(2 510)	–	10 919
OCI allocated to NCI	–	(112)	–	–	–	–	(112)
Net increase in cash and cash equivalents	5	4 386	4 982	–	–	–	9 373
Dividends paid to non-controlling interest	66	–	–	–	–	–	66

Figures in R'000	Vunani Prop714 Proprietary Limited	Purpose Vunani Asset Management (Private) Limited#	Vunani Fund Managers Botswana-Limited	Oracle Insurance Proprietary Limited – Consoli-dated	Telos Proprietary Limited	Other individually immaterial non-controlling interests	Entities unbundled#	Intra-group eliminations	Total
2021									
NCI percentage	22%	35%	40%	48.3%	22.4%				
Non-current assets	328	–	4 149	484 812	35 000	8 682	–	–	–
Current assets	32 989	–	11 299	179 003	5 752	11 341	–	–	–
Non-current liabilities	–	–	(236)	(476 970)	–	(236)	–	–	–
Current liabilities	(27 744)	–	(9 086)	(87 590)	(22 838)	(19 395)	–	–	–
Net assets	5 573	–	6 126	99 255	17 914	392		–	–
Carrying amount of NCI	1 146	–	2 450	47 907	6 929	(2 144)	–	–	56 288
Revenue	–	4 239	26 953	217 388	14 400	–	18 003	–	–
Profit/(loss)	7 985	(9 578)	652	(41 900)	11 114	1 261	(8 250)	–	–
OCI	–	(5 542)	788	–	–	–	–	–	–
Total comprehensive income	7 985	(15 120)	1 441	(41 900)	11 114	2 702	(8 250)	–	–
Profit/(loss) allocated to NCI	(12)	(3 352)	261	(20 224)	2 916	394	(2 151)	–	(22 168)
OCI allocated to NCI	–	(1 940)	315	–	–	–	–	–	(1 624)
Net decrease in cash and cash equivalents	(2)	–	(107)	(22 244)	–	–	–	–	(22 353)
Dividends paid to non-controlling interest	102	–	–	–	–	–	–	–	102

As part of the unbundling the group disposed of NCI relating to Purpose Vunani and Vunani Resources. Refer to notes 27 and 28 for more information.

45. OPERATING SEGMENTS

The group has seven reportable segments being fund management, asset administration, advisory services, institutional securities broking, insurance, commodities trading and other investments. The commodities trading and other investments were unbundled to Vunani Capital Partners in the prior year and are disclosed as discontinued operations. The group's strategic business segments, offering different products and services, are managed separately, requiring different skill, technology and marketing strategies. For each of the strategic business segments, the group's chief Executive officer reviews internal management reports on a monthly basis. The group's chief executive officer is the chief operating decision maker.

The fund management and other investments segments are geographically located in South Africa and, on a smaller scale, in Botswana. The institutional securities broking, commodities trading, asset administration and advisory services segments are geographically located in South Africa. The insurance segment, located in Eswatini, was acquired during the year.

There are no single major customers.

The following summary describes the operations in each of the group's reportable segments:

Basis of measurement

The group uses the following principles to determine segment profit or loss, segment assets and segment liabilities:

Any transactions between segments are eliminated.

All segment profits or losses and the group's profits or losses are measured in the same manner, using the accounting policies described in notes 1 to 3.

All segment assets and liabilities and the group's assets and liabilities are measured in the same manner, using the accounting policies described in notes 1 to 3.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss, except for the impact of new standards.

Following the decision to restructure the group's assets, the fund management operations in Malawi, Zimbabwe and the private equity segments has been shown as a discontinued operation. Comparative segmental disclosures have been adjusted to reflect the impact of the discontinued operations.

Continuing operations

2022 Figures in R'000	Fund manage-ment	Asset admini-stration	Advisory services	Institu-tional securities broking	Insurance	Total
Revenue	180 684	172 730	30 754	30 936	271 871	686 975
Finance income and interest received from investments	1 593	2 169	50	3 457	22 236	29 505
Finance costs	(354)	(1 938)	(1 607)	(369)	(1 836)	(6 104)
Depreciation	(3 090)	(3 852)	(1 588)	(47)	(1 804)	(10 381)
Amortisation of intangible assets	–	(13 369)	–	–	(2 545)	(15 914)
Impairment reversal of value in force business intangible asset	–	–	–	–	10 283	10 283
Fair value adjustments	50	–	–	38	(18 520)	(18 432)
Equity accounted earnings	–	–	882	–	–	882
Income tax income	(20 785)	(8 664)	(382)	(1 426)	(5 780)	(37 037)
Reportable segment profit after tax	37 412	19 840	1 262	1 440	11 750	71 704
Reportable segment assets	124 117	216 745	77 168	98 319	729 715	1 246 064
Investment in associates	–	–	1 300	–	–	1 300
Capital expenditure	–	–	–	–	–	–
Reportable segment liabilities	(48 373)	(42 367)	(61 624)	(72 513)	(638 835)	(863 712)

2021

Continuing operations

Figures in R'000	Fund management	Asset administration	Advisory services	Institutional securities broking	Insurance	Total
Revenue	133 553	144 579	16 922	46 248	217 388	558 690
Finance income and interest received from investments	1 945	2 338	385	1 477	19 366	25 511
Finance costs	(136)	(3 183)	(1 607)	(161)	(2 533)	(7 620)
Depreciation	(2 911)	(4 123)	(1 419)	(54)	(1 733)	(10 240)
Amortisation of intangible assets	–	(12 328)	–	–	(3 988)	(16 316)
Impairment reversal of loans to associates	–	–	–	–	(41 502)	(41 502)
Fair value adjustments	60	–	–	1 808	(45 917)	(44 049)
Equity accounted earnings	–	–	1 403	–	–	1 403
Income tax income/(expense)	(7 474)	(3 284)	1 773	2 039	17 024	10 078
Reportable segment profit/(loss) after tax	17 996	19 600	5 550	14 190	(37 270)	20 066
Reportable segment assets	93 024	217 589	78 010	141 014	661 652	1 191 289
Investment in associates	–	–	1 763	–	–	1 763
Capital expenditure	–	–	–	–	–	–
Reportable segment liabilities	(34 322)	(52 377)	(61 539)	(120 834)	(588 708)	(857 780)

Discontinued operations

Figures in R'000	Fund management	Commodities trading	Other investments	Total
Revenue	4 239	18 014	6 890	29 143
Finance income and interest received from investments	–	1	–	1
Finance costs	–	(947)	–	(947)
Depreciation	–	(300)		(300)
Amortisation of intangible assets	–	–	–	–
Impairment reversal of loans to associates	–	–	–	–
Fair value adjustments	(1 347)	–	(26 216)	(27 563)
Equity accounted earnings	(676)	1 007	15 944	16 275
Income tax income/(expense)	(1 649)	276	(161)	(1 534)
Reportable segment profit/(loss) after tax	3 194	(16 604)	(6 815)	(20 225)
Reportable segment assets	–	–	–	–
Investment in associates	–	–	–	–
Reportable segment liabilities	–	–	–	–

46. RELATED PARTIES

Relationships

Majority shareholder	Bambelela Capital Proprietary Limited
Associates	Refer to note 18
Directors	Refer to note 47

Direct and indirect subsidiaries	Effective equity holding 2022	2021
Vunani Capital Proprietary Limited	**100%**	100%
Invest West Real Estate Proprietary Limited	**100%**	100%
Lexshell 630 Investments Proprietary Limited	**100%**	100%
Loato Properties Proprietary Limited	**100%**	100%
Mandlamart Proprietary Limited	**100%**	100%
Mandlalux Proprietary Limited	**100%**	100%
Fairheads Benefit Services Proprietary Limited	**100%**	100%
Fairheads International Holdings Proprietary Limited	**100%**	100%
Fairheads Financial Services Proprietary Limited	**100%**	100%
Olimonox Proprietary Limited	**100%**	100%
Spaciros Proprietary Limited	**51%**	51%
Vunani Capital Zimbabwe (Private) Limited **	**75%**	75%
Vunani Passenger Logistics Proprietary Limited	**100%**	100%
Vunani Fund Managers Proprietary Limited	**70%**	70%
Vunani Private Clients Stockbroking Proprietary Limited	**100%**	100%
Vunani Mining and Resources Proprietary Limited	**75%**	75%
Vunani Sponsors Proprietary Limited	**100%**	100%
Vunani Mion Properties Proprietary Limited	**61%**	61%
Almecel Proprietary Limited	**61%**	61%
Vunani Property Asset Management Proprietary Limited	**100%**	100%
Vunani Africa Investments Proprietary Limited	**100%**	100%
Vunani Holdings Swaziland Proprietary Limited &	**80%**	80%
AME Capital (Proprietary) Limited $	**60%**	60%
Vunani Fund Managers Botswana (Proprietary) Limited	**60%**	60%
Telos Proprietary Limited &	**77%**	77%
Oracle Insurance (Proprietary) Limited &	**52%**	52%
Oracle Life (Proprietary) Limited &	**52%**	52%
Medscheme Holdings Proprietary Limited	**39%**	0%
Vunani Securities Proprietary Limited	**100%**	100%
Vunani Nominee Proprietary Limited	**100%**	100%
Vunani Capital Investments Proprietary Limited	**100%**	100%
Vunani Capital Markets Proprietary Limited	**100%**	100%
VProp714 Proprietary Limited	**78%**	78%
Dreamworks Investments 125 Proprietary Limited	**66%**	66%
Vunani Share Incentive Scheme Trust	**100%**	100%

All the above direct and indirect subsidiaries' financial results are consolidated. All subsidiaries have the same financial year end. There are no significant restrictions on the group's ability to access or use subsidiary assets and settle liabillities of the group.

& *The company is registered and conducts business in Eswatini.*
$ *The company is incorporated and conducts its business in Botswana.*

Other related parties

Akkersbloom Enterprises (Private) Limited **#

Vunani Fund Managers Share Trust #

** *The company is incorporated and conducts its business in Zimbabwe.*
\# *Vunani Fund Managers Share Trust ("VFMST") owns 30% of Vunani Fund Mangers Propriertary Limited. The group controls VFMST.*

Related party balances and transactions

All related party balances and transactions were eliminated on consolidation except for those balances and transactions with associates (refer to note 18) and directors (refer to note 47) and with the majority shareholder as disclosed below.

Loan with the majority shareholder

Vunani Capital Proprietary Limited has an operating loan with the ultimate holding company, Bambelela Capital Proprietary Limited of R132 000 (2021: R132 000) (refer to note 24).

Vunani Fund Managers Share Trust

Vunani has established a trust, the primary objective of which is to provide long-term incentives to key staff at Vunani Fund Managers ("VFM") and to align the interests of eligible employees and the long term goals of VFM. To effect this transaction, a Sale of Shares and Loan Agreement was entered into between Vunani Capital (VC) and the Trustees of the VFM Share Trust in the 2019 financial period.

This Agreement was concluded on commercial terms whereby VC sold 30% of its shareholding in VFM to the trust for a consideration of R16 680 000. VC furthermore recorded that it would allow the purchase price to remain outstanding as a loan. The loan bears interest at the prime rate and will be repaid through dividends received on the VFM shares (minimum of 20% of the dividend received with any greater amount at the discretion of the trustees), with a maturity date of 28 February 2030.

The beneficiaries of the trust would be awarded participatory interests equivalent to its 30% shareholding in VFM. The beneficiary's participatory rights would vest over time. Once vested their participatory interests would entitle them to a portion of a distribution received by the trust. The trust would earn dividends from its shareholding in VFM. 20% of any dividends received by the trust would be used to repay the loan from VC. The balance of the dividends can be used to, pay distributions to participatory right holders, fund any disposal of participatory interests and invest in other assets.

The Sale Agreement does not provide the VC with recourse as security or otherwise to the Sale Shares as settlement of the loan.

47. DIRECTORS' REMUNERATION AND BENEFITS

No loans were made to directors during the year (2021: R nil). There were no material transactions with directors, other than the following:

Figures in R'000	Non-executive directors' fees	Salaries	Bonuses accrued	Provident fund and medical aid contributions	Current year share-based payment expense	Total
2022						
E Dube	–	4 467	5 710	945	709	11 832
NM Anderson	–	3 137	3 613	459	475	7 684
BM Khoza	–	2 980	3 613	666	475	7 734
T Mika	–	1 486	1 836	167	215	3 704
LI Jacobs (Chairman)	388	–	–	–	–	388
G Nzalo	233	–	–	–	–	233
JR Macey	244	–	–	–	–	244
N Mazwi	244	–	–	–	–	244
XP Guma	26	–	–	–	–	26
S Mthethwa	212	–	–	–	–	212
M Golding	222	–	–	–	–	222
Total	1 569	12 070	14 772	2 239	1 874	32 523
2021						
E Dube	–	4 300	5 911	904	737	11 852
NM Anderson	–	3 023	3 982	434	493	7 932
BM Khoza	–	2 875	3 982	632	493	7 982
T Mika	–	1 352	1 805	151	248	3 556
LI Jacobs (Chairman)	339	–	–	–	–	339
G Nzalo	183	–	–	–	–	183
JR Macey	237	–	–	–	–	237
N Mazwi	183	–	–	–	–	183
XP Guma	156	–	–	–	–	156
S Mthethwa	156	–	–	–	–	156
M Golding	156	–	–	–	–	156
Total	1 410	11 550	15 680	2 121	1 971	32 732

Short-term benefits to key management personnel amounted to R27 564 (2021: R27 905).

Aggregate amounts paid to directors amounts to:

Figures in R'000	2022	2021
For services as directors of the company		
Total remuneration and benefits received from company	1 569	1 410
Total remuneration and benefits received from company's subsidiaries and fellow subsidiaries	30 954	31 322
	32 523	32 732

There are no service contracts for non-executive directors. The executive directors have service contracts with the group terminable upon one month's written notice. No executive director has a fixed-term contract.

Prescribed officers

Details of prescribed officers and key management personnel are disclosed in note 70 (Vunani Limited company financial statements).

Shareholdings per director of the company (including non-executive directors) and major operating subsidiaries

2022	Number of shares held Beneficially direct ('000s)	Beneficially indirect ('000s)	Total number of shares held ('000s)
E Dube	**237**	**25 284**	**25 521**
BM Khoza	**544**	**14 779**	**15 323**
NM Anderson	**1 278**	**14 779**	**16 057**
T Mika	**528**	**–**	**528**
R Krepelka	**2 990**	**–**	**2 990**
M Brown	**2 616**	**–**	**2 616**
D Hurford	**66**	**–**	**66**
L Jacobs	**33**	**–**	**33**
S Mthethwa	**–**	**6 217**	**6 217**
M Golding	**–**	**30 040**	**30 040**
	8 292	**91 099**	**99 391**

There have been no other changes in shareholdings of the other directors between 28 February 2022 and the approval of the integrated report.

2021	('000s)	('000s)	('000s)
E Dube	366	25 284	25 650
NM Anderson	1 278	14 779	16 057
BM Khoza	564	14 779	15 343
T Mika	528	–	528
R Krepelka	2 990	–	2 990
M Brown	2 616	–	2 616
G Gould	2 616	–	2 616
L Jacobs	33	–	33
S Mthethwa	–	6 217	6 217
M Golding	–	30 040	30 040
	10 991	91 099	102 090

48. FINANCIAL INSTRUMENTS

48.1 Liquidity risk

Figures in R'000	Note	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
2022						
Non-derivative financial assets		**877 549**	**877 549**	**424 191**	**453 357**	**–**
Trade and other receivables	24	**89 046**	**89 046**	**89 046**	**–**	**–**
Accounts receivable from trading activities	25	**60 583**	**60 583**	**60 583**	**–**	**–**
Insurance related investments	20	**453 357**	**453 357**	**–**	**453 357**	**–**
Reinsurance assets	21	**21 357**	**21 357**	**21 357**	**–**	**–**
Trading securities		**353**	**353**	**353**	**–**	**–**
Cash and cash equivalents	26	**252 852**	**252 852**	**252 852**	**–**	**–**
Non-derivative financial liabilities		**(761 546)**	**(805 094)**	**(247 111)**	**(557 983)**	**–**
Non-interest-bearing					**–**	**–**
Trade and other payables (excluding VAT and leave pay)	38	**(144 344)**	**(144 344)**	**(144 344)**	**–**	**–**
Accounts payable from trading activities	25	**(60 853)**	**(60 853)**	**(60 853)**	**–**	**–**
Other financial liabilities at amortised cost	32	**(8 088)**	**(34 259)**	**(8 088)**	**(26 171)**	**–**
Variable interest rate instruments	32	**(25 341)**	**(42 718)**	**(16 767)**	**(25 951)**	**–**
Investment contracts	34	**(432 179)**	**(432 179)**	**–**	**(432 179)**	**–**
Insurance contract liabilities	35	**(90 741)**	**(90 741)**	**(17 059)**	**(73 682)**	**–**
Net liquidity position *		**116 003**	**72 454**	**177 081**	**(104 626)**	**–**
2021						
Non-derivative financial assets		823 834	823 834	425 750	398 084	–
Trade and other receivables	24	80 754	80 754	80 754	–	–
Loans to associates	18	1 210	1 210	1 210		
Accounts receivable from trading activities	25	105 700	105 700	105 700	–	–
Insurance related investments	20	398 084	398 084	–	398 084	–
Reinsurance assets	21	24 689	24 689	24 689	–	–
Trading securities		162	162	162	–	–
Cash and cash equivalents	26	213 235	213 235	213 235	–	–
2021						
Non-derivative financial liabilities		(838 470)	(842 171)	(310 634)	(524 966)	(6 842)
Non-interest-bearing					–	–
Trade and other payables (excluding VAT and leave pay)	38	(137 282)	(137 282)	(137 282)	–	–
Accounts payable from trading activities	25	(105 998)	(105 998)	(105 998)	–	–
Other financial liabilities at amortised cost	32	(55 745)	(55 745)	(5 567)	(50 178)	–
Fixed interest rate instruments – DBSA	32	(1 136)	(1 140)	(1 140)	–	–
Variable interest rate instruments	32	(67 661)	(71 358)	(46 851)	(17 666)	(6 842)
Investment contracts	34	(367 380)	(367 380)	–	(367 380)	–
Insurance contract liabilities	35	(103 268)	(103 268)	(13 796)	(89 742)	–
Net liquidity position *		(14 636)	(18 337)	115 116	(126 882)	(6 842)

* *There is a currently a mismatch in the one- to five-year liquidity column, resulting in a net liability position. This is because some of the insurance related investments are included in the one-year column.*

Management of liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial and insurance liabilities (that are settled by delivering cash or another financial asset), arising because of the possibility that the group could be required to pay its liabilities earlier than expected.

The group's approach to managing liquidity is by managing its working capital, capital expenditure and other financial obligations, and to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the group ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. The group also has access to R20.0 million overdraft facilities, which may be used to manage its financial obligations if necessary.

Managing liquidity risk of insurance assets and liabilities

Contract holder liabilities

Expected cash flows, i.e. the estimated timing of repayment of the amounts recognised in the statement of financial position, are disclosed for these liabilities in the maturity analysis above. The assumptions used to calculate the statement of financial position value of these liabilities are disclosed in note 36. Included in the cash and cash equivalents balance are insurance related balances, that could be used to settle the insurance related liabilitues.

Contractual cash flows for investment contract liabilities with DPF are disclosed in the maturity analysis above.

The earliest contractual maturity date is used for these liabilities.

The contractually required cash flows for policies that can be surrendered are the surrender values of such policies. It is assumed that surrender values are contractually available on demand and therefore these policies are disclosed as open-ended.

For policies with no surrender value, the estimated contractual cash flow is disclosed.

Figures in R'000	2022	2021
48.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Fixed rate instruments		
Financial liabilities	–	(1 136)
Variable rate instruments		
Financial assets	**363 505**	414 316
Financial liabilities	**(25 341)**	(67 661)
	338 164	345 519
Cash flow sensitivity analysis for fixed rate instruments		
A sensitivity analysis has not been included for fixed rate instruments as they are not sensitive to interest rate risk.		
Cash flow sensitivity analysis for variable rate instruments		
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
50 bps increase	**1 691**	728
50 bps decrease	**(1 691)**	(728)

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.2 Market risk (continued)

Figures in R'000	2022	2021
Management of interest rate risk		
The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.		
Equity price risk		
The company's equity price risk is as follows:		
Unlisted financial assets at fair value through profit or loss		
Insurance related investments	**49 511**	46 434
Listed financial assets at fair value through profit or loss		
Other investments	**14 543**	14 572
Insurance related investments	**232 919**	125 083
Trading securities	**353**	162
	297 326	186 251
A change of 10% in the fair value of investment at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
10% increase	**29 733**	18 625
10% decrease	**(29 733)**	(18 625)
Market price risk		
Foreign currency risk		
The group is exposed to foreign currency risk on its investments in subsidiaries, investments in associates that carry businesses outside of the Republic of South Africa and other investments held in foreign countries. The group does not hedge against foreign currency exposures on its investments.		
The group's exposure to the changes in the Botswana Pula on the profit or loss recognised in its consolidated financial statements is analysed below.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
10% increase in BWP	**5 123**	69
10% decrease in BWP	**(2 163)**	(69)

48.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

The maximum exposure of credit risk was:

Loans to associates (net of impairment)	**–**	1 210
Accounts receivable from trading activities	**60 583**	105 700
Trade and other receivables (net of impairment)	**88 236**	79 944
Cash and cash equivalents	**252 852**	213 235
Reinsurance assets	**21 357**	24 689
Insurance related investments	**453 357**	398 084
	876 386	822 862

Credit risk management on insurance related balances:

One of the tools that the group uses to manage its credit risk is through a group credit policy for money market and debt instruments. Within Eswatini's jurisdictions, there is little rated paper, apart from government bonds. Local investments made within Eswatini's jurisdictions must be approved by the Eswatini board and reported to the group Investment Committee. No exposure is permitted to leveraged credit instruments, e.g. instruments where exposure to an entity or small group of entities can cause greater losses across the portfolio than the proportionate share of the defaulting entity or entities, without the group Investment Committee approval.

Where a credit risk is entirely borne by a contract holder in a pure linked investment contract, and this is made explicit in the contract and acknowledged by the contract holder in writing, the risk will not be aggregated with the group's risks. This applies to special contracts and structured products

Unless the asset manager has a fully-fledged credit analysis capability, credit quality will be based on ratings assigned by recognised ratings agencies. Lower credit quality than that implied by the rating may be assumed if the manager feels the credit quality is overstated.

Money market instruments are those instruments with an original (legal) maturity not exceeding one year. As in the case of debt instruments the two major credit risks that are managed are probability of default and concentration of exposure to individual entities. Probability of default is managed by limiting exposure to the various short term credit rating bands. Investment is only permitted in rated issuers or issues, unless no rated issuers or issues are available. Where a short-term rating is not available, the long-term rating of the issuer is converted to a short-term rating. Default probabilities at a long term level of BBB (equivalent to short term rating F3) and below, are significantly riskier based on historic information and hence not appropriate for money market investments. The risk of exposure to individual entities is managed through diversification. Limits are placed on the maximum exposure per issuer directly linked to credit bands.

There is no limit on the exposure of categories F1 and F1+ instruments, but a limit of 25% of the total portfolio is assigned to the category F2 instruments. For each of these categories there are an implied minimum number of issuers to reach the maximum exposure in a category. There is no need for a risk budgeting approach given the limited number of restricted categories.

Provisions of the Eswatini Insurance Act No 7 of 2005 have the effect of limiting exposure to individual issuers due to the inadmissibility of assets for regulatory purposes if specified limits are breached.

The company's maximum exposure to credit risk is through the following classes of assets; and is equal to their carrying values.

Figures in R'000	2022	2021
Reinsurance assets	**21 357**	24 689
Insurance related investments	**453 357**	398 084
Equity securities	**207 276**	125 083
Collective investment schemes	**12 396**	46 434
Debt securities	**89 497**	82 612
Funds on deposit and other money market instruments	**81 250**	85 174
Government stock	**62 938**	58 781
	474 714	422 773

Reinsurance assets

Receivables arising from insurance contracts and investment contracts with DPF and reinsurance contracts.

Collective investment schemes and Unit linked investments

Unit linked investments comprise local and foreign collective investment schemes as well as other unit linked investments. Collective investment schemes are categorised into property, equity or interest-bearing instruments based on a minimum of 55% per category of the underlying asset composition of the fund by value. In the event of no one category meeting this threshold, it is classified as a mixed assets class. Money market collective investment schemes are categorised as such.

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.3 Credit risk (continued)

Unlisted and unquoted unit-linked instruments are mainly exposed to equity, comprising investments in hedge funds and private equity funds, or interest-bearing instruments, comprising mezzanine funding and structured guaranteed income products. Where Oracle is the contract holder of an investment contract at another institution, but does not have title to the underlying investment assets, it is allocated to a mixed asset class.

Money market collective investment schemes are included in funds on deposit and other money market instruments less than 90 days.

Security and credit enhancements

For debt securities, unit linked investments and cash and cash equivalents, the credit risk is managed through the company's credit risk exposure policy described above.

Amounts receivable in terms of long-term insurance contracts and investment contracts with DPF are limited to and secured by the underlying value of the unpaid policy benefits in terms of the policy contract.

Reinsurance is placed with reputable companies. The credit rating of the company is assessed when placing the business and where there is a change in the status of the reinsurer. If a reinsurer fails to pay a claim, the company remains liable for the payment to the contract holder.

Insurance-related liabilities

Figures in R'000	2022	2021
Investments contracts	432 179	367 380
With discretionary participation features	–	–
At fair value through profit or loss	432 179	367 380
Insurance contract liabilities	89 472	89 472
Total liabilities	521 651	456 852

The following table provides an analysis of the fair value of financial liabilities not carried at fair value on the statement of financial position:

Liabilities		
Investment contracts	–	–

Investment contracts with DPF

The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which is a reasonable approximation of the fair value of this financial liability.

The table below reconciles the contract holder liabilities for each category to the total liability in the statement of financial position. Each category represents distinct financial risks. Some categories may include both insurance and investment contracts.

2022	Insurance R'000	Investment with DPF R'000	Investment R'000	Total R'000
Contracts with DPF				
Group contracts with DPF	–	–	–	–
Smoothed bonus	–	–	–	–
Market related business	–	–	432 179	432 179
Group market-related business	–	–	432 179	432 179
Other business	89 472	–	–	89 472
Non-profit annuity business	89 472	–	–	89 472
Other non-profit business	–	–	–	–
Total contract holder liability	89 472	–	432 179	521 651

2021	Insurance R'000	Investment with DPF R'000	Investment R'000	Total R'000
Contracts with DPF				
Group contracts with DPF	–	–	–	–
Smoothed bonus	–	–	–	–
Market related business	–	–	367 380	367 380
Group market-related business	–	–	367 380	367 380
Other business	–	–	–	89 472
Non-profit annuity business	89 472	–	–	89 472
Other non-profit business	–	–	–	–
Total contract holder liability	89 472	–	367 380	456 852

Non-profit annuity business

Benefit payments on non-profit annuities are fixed and guaranteed at inception (except to the extent that they are exposed to mortality insurance risk).

In order to reduce market risk, projected liability outflows on annuity business are closely matched by an actively managed combination of bonds of appropriate duration and interest rate derivatives. Any residual mismatch profit or loss as well as any credit risk for these policies are borne by the shareholder.

The calculation is based on discount rates derived from the zero coupon yield curve. The average rate that produces the same result is 9.79% (2021: 9.30%).

Insurance risk

Insurance risk is the risk that benefit payments and expenses exceed the carrying amount of the company's insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year. Statistically, the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. Similarly, diversification of the portfolio with respect to risk factors reduces insurance risk.

Mortality, morbidity and medical risks

Underwriting processes are in place to manage exposure to death, disability and medical risks. The most significant measures are:

Premium rates are required to be certified by the statutory actuary as being financially sound.

Regular experience investigations are conducted and used to set premium rates.

Reinsurance arrangements are negotiated in order to limit the risk on any individual contract.

Mortality, morbidity and medical risks

The nature of risks varies depending on the class of business. The material classes of business most affected by these risks are discussed below:

Group insurance business

These are contracts that provide life and/or disability cover to members of a group (e.g. clients or employees of a specific company).

Factors affecting these risks:

Contracts are similar to individual insurance contracts but there is greater risk of correlation between claims on group schemes because the assured lives live in the same geographical location or work in the same industry.

Underwriting processes may be streamlined, with cover supplied up to certain limits without underwriting.

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.3 Credit risk (continued)

How risks are managed:

Reinsurance arrangements are in place to limit the risk on each individual life. In addition, catastrophe cover is used to limit the risk of a large number of claims arising as a result of a single event.

Rates are based on scheme experience and are reviewed annually.

Rate reviews take into account known trends such as worsening experience due to AIDS.

Contract Persistency Risk

Contract holders generally have a right to terminate the contract completely before expiry of the contract term.

Economic conditions and/or consumer trends can influence persistency rates.

Expenses incurred in the acquisition of contracts are expected to be recouped over the term of the policy. These may not be recovered where the premiums are reduced or the contract terminated early.

Terminations can have the effect of increasing insurance risk, for example contract holders whose health has deteriorated are less likely on average to terminate a contract providing medical or death benefits.

The liability held for some contracts may be less than the termination benefit payable. The net company surplus will reduce if these contracts terminate early.

How risks are managed:

Where withdrawal benefits are payable on termination, these can be adjusted to recover certain expenses. However, market and legislative forces may restrict the extent to which this may be done in future.

Market value adjustments are applied to scheme terminations if the market value of the assets are below the fund accounts at the date of termination.

Impairment losses

The stageing of financial assets at the reporting date was:

Figures in R'000	Total	Loans to associates	Accounts receivable from trading activities
2022			
Stage 1	**60 583**	**–**	**60 583**
Stage 2	**–**	**–**	**–**
Stage 3	**8 597**	**8 597**	**–**
Impairment	**(8 597)**	**(8 597)**	**–**
	60 583	**–**	**60 583**
2021			
Stage 1	106 910	1 210	105 700
Stage 2	–	–	–
Stage 3	11 565	11 565	–
Impairment	(11 565)	(11 565)	–
	106 910	1 210	105 700

Reconciliation of movement in allowance for impairment of financial assets:

Figures in R'000	2022	2021
Balance at the beginning of the year	**(20 696)**	(22 838)
Impairment current year – discontinued operations	**–**	(2 811)
Write off of loans and trade receivables	**10 373**	2 064
Impairment reversal/(loss) on trade and other receivables	**1 219**	(7 024)
Impairment loss on loans to associates	**(891)**	–
Unbundled	**–**	9 913
Balance at the end of the year	**(9 995)**	(20 696)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECL") – the ECL model. Instruments within the scope of the requirements included loans and other debt type financial assets measured at amortised cost, and trade receivables measured under IFRS 9. Refer to note 2.71 for more detail.

Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead, the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the ECL is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The group makes use of a general approach in accounting for trade and other receivables and records the loss allowance as lifetime (ECLs). These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. Refer to note 2.71 for more detail.

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

Other financial assets

The group uses an allowance account to record its credit losses on advances. It applies the general impairment approach in determining the ECLs. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

The group considers an advance in default when they are handed over to the legal process. However, in certain cases, the group may also consider an advance to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. The financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

The group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial asset'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.

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.3 Credit risk (continued)

The group groups its advances into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2: includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default as the weight.

Stage 3: includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The entity considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters the legal stage of the advance management process. At this time the loans are managed individually.

Concentration of credit risk

The majority of the group's trade and other receivables and loans advanced to associates are located domestically except for the small amount of debtors and loans located in Botswana, Swaziland, Zimbabwe and Zambia. The group does not have a wide variety of counterparties. Concentration of credit risk related to trade and other receivables are unrated and have been disclosed under note 24.

Amortised cost assets	Life time Gross carrying amount 2022	12 months
Cash – rated BB	192 758	192 758
Total rated exposure	192 758	192 758
Accounts receivable from trading activities – unrated	60 583	60 583
Loans to associates – unrated	8 597	8 597
Total unrated exposure	69 180	69 180
Age analysis of the unrated exposure:		
Not past due		
0 – 30 days	60 583	
31 – 60 days	–	
61 – 90 days	–	
More than 90 days	8 597	
	69 180	

Amortised cost assets	Life time	12 months
	Gross carrying amount 2021	
Cash – rated BB	213 235	213 235
Total rated exposure	213 235	213 235
Accounts receivable from trading activities – unrated	105 700	105 700
Loans to associates – unrated	12 775	12 775
Total unrated exposure	118 475	118 475
Age analysis of the unrated exposure:		
Not past due		
0 – 30 days	106 910	
31 – 60 days	–	
61 – 90 days	–	
More than 90 days	11 565	
	118 475	

48.4 Fair values

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

Valuation methodologies

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Quoted price

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The appropriate quoted market price for an asset held or a liability to be issued is usually the current bid price and, for an asset to be acquired or a liability held, the asking price.

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

Valuation techniques

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using an alternative valuation technique. These valuation techniques may include:

- earnings multiples;
- discounted-cash flow analysis;
- various option pricing models;
- using recent arm's length market transactions between knowledgeable parties; and
- reference to the value of the net assets of the underlying business.

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.4 Fair values (continued)

In applying valuation techniques, the group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

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

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

Observable markets

Quoted market prices in active markets are the best evidence of fair value and are used as the basis of measurement, if available. A determination of what constitutes "observable market data" will necessitate significant judgement. It is the group's belief that "observable market data" comprises:

- prices or quotes from an exchange or listed markets in which there are sufficient liquidity and activity;
- proxy observable market data that is proven to be highly correlated and has a logical, economic relationship with the instrument that is being valued; and
- other direct and indirect market inputs that are observable in the marketplace.

Data is considered by the group to be "observable" if the data is verifiable, readily available, regularly distributed, from multiple independent sources and transparent.

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

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

Inputs to valuation techniques

Inputs are selected on a basis that is consistent with the characteristics of the instrument that market participants would take into account in a transaction for that instrument. Inputs to valuation techniques applied by the group include, but are not limited to, the following:

Discount rate: Where discounted-cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date for an instrument with similar terms and conditions.

The time value of money: The business may use well-accepted and readily observable general interest rates, or an appropriate swap rate, as the benchmark rate to derive the present value of a future cash flow.

Foreign currency exchange prices: Active currency exchange markets exist for most major currencies, and prices are quoted daily on various trading platforms and in financial publications.

Commodity prices: Observable market prices are available for those commodities that are actively traded on exchanges in South Africa and other commercial exchanges.

Volatility: Measures of the volatility of actively traded items can be reasonably estimated by the implied volatility in current market prices. In the absence of an active market, a methodology to derive these volatilities from observable market data will be developed and utilised.

Dividend yield: Dividend yield is represented as a percentage and is calculated by dividing the value of dividends paid in a given year per share held by the value of one share.

Earnings multiples: This is the share price divided by earnings per share (EPS).

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 and 3 in the fair value hierarchy:

Assets	Valuation technique	Key inputs
Loans and advances	Discounted cash flows	Discount rates
Other investments	Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Discount rates, valuation multiples, dividend growth, foreign exchange rates
Investments in associates	Discounted cash flows, earnings multiples, dividend yields	Discount rates, valuation multiples, dividend growth
Insurance related investments – listed	Quoted prices	Quoted prices
Insurance related investments – unlisted	discounted cash flows, adjusted quoted prices	market related yields, nominal discount rate, quoted prices
Liabilities		
Other financial liabilities	Earnings multiples, dividend yields	Earnings, dividend growth

Review of significant valuations

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

The valuation methodologies, techniques and inputs applied to the fair value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial year.

Figures in R'000	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
Financial assets measured at fair value				
Other investments	**14 543**	**14 543**	14 572	14 572
Insurance related investments	**453 357**	**453 357**	398 084	398 084
Trading securities	**353**	**353**	162	162
Financial assets at amortised cost				
Loans to associates	**–**	**–**	1 210	1 110
	468 253	**468 253**	414 028	413 928
Financial liabilities measured at fair value				
Other financial liabilities at fair value through profit or loss	**–**	**–**	–	–
Trading securities	**(3)**	**(3)**	(3)	(3)
Investment contracts	**(432 179)**	**(432 179)**	(367 380)	(367 380)
Insurance contract liabilities	**(73 682)**	**(73 682)**	(89 472)	(89 472)
Financial liabilities at amortised cost				
Other financial liabilities	**(34 258)**	**(36 395)**	(56 881)	(53 845)
Insurance contract liabilities	**(17 059)**	**(17 059)**	(13 796)	(13 796)
	(557 181)	**(559 318)**	(527 532)	(524 496)
Total	**(88 928)**	**(91 065)**	(113 504)	(110 568)

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, reinsurance assets, bank overdraft, accounts payable from trading activities and trade and other payables reasonably approximate their fair values and are therefore not included in the table above.

The value of investment contracts with DPF is the retrospective accumulation of the fair value of the underlying assets, which is a reasonable approximation of the fair value of this financial liability.

48. FINANCIAL INSTRUMENTS (CONTINUED)

48.5 Fair value hierarchy

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

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

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

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

The fair value of financial assets and liabilities as shown in note 48.4 is categorised as follows for the purpose of IFRS 13 *Fair Value Measurement.*

Figures in R'000	Level 1	Level 2	Level 3	Total
2022				
Financial assets designated at fair value through profit or loss	**247 462**	**220 258**	**–**	**467 720**
Financial assets measured at fair value	**353**	**–**	**–**	**353**
Financial liabilities designated at fair value through profit or loss	**(3)**	**(432 179)**	**–**	**(432 182)**
Financial liabilities at amortised cost	**–**	**–**	**(127 136)**	**(127 136)**
	247 812	**(211 921)**	**(127 136)**	**(91 245)**
2021				
Financial assets designated at fair value through profit or loss	268 699	143 956	–	412 655
Financial assets measured at fair value	162	–	–	162
Financial assets at amortised cost	–	–	1 110	1 110
Financial liabilities designated at fair value through profit or loss	(3)	(367 380)	–	(367 383)
Financial liabilities at amortised cost	–	–	(157 113)	(157 113)
	268 858	(223 424)	(156 003)	(110 569)

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 9.04%. A significant increase in the rate would result in a decrease in the fair value of these assets or liabilities.

There has been no transfers between levels of fair value hierarchy.

Figures in R'000	2022	2021
Level 3 financial instruments at fair value comprise:		
Balance at beginning of year	**–**	124 324
Total gains or losses in profit or loss	**–**	(25 859)
Sales	**–**	(98 465)
Balance at end of the year	**–**	–

Effect of changes in significant unobservable inputs

The fair value measurement of financial instruments are, in certain circumstances, measured using valuation techniques that include assumptions that are not market observable. Where these scenarios apply, the group performs a sensitivity analysis on the fair value of the relevant instruments. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable inputs and which are classified as level 3 in the fair value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

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

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

Net asset value	2022	2021
Free cash flow		
10% increase	**(451)**	(5 274)
10% decrease	**451**	5 274
Foreign exchange movement		
10% increase	**5 123**	69
10% decrease	**(2 163)**	(69)

49. GOING CONCERN

The consolidated financial statements have been prepared on a going-concern basis. The group has recognised a net profit after tax of R71.7 million for the year ended 28 February 2022, and as at that date current assets exceed current liabilities by R126.4 million.

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

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

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

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

COVID-19 IMPLICATIONS

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

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

50. DIVIDENDS

Dividends paid

An interim dividend of 6.5 cents per share per share was paid to ordinary shareholders in November 2021, (2021: 5.0 cents) (4.00 cents net of dividend withholding tax). Total cash of R10.5 million (2021: R8.1 million) (net of treasury shares held) was paid to ordinary shareholders.

Dividend declared

In terms of dividend tax effective since 1 April 2012, the following additional information is disclosed:

- The local Dividend Withholding Tax rate is 20%
- 161 155 915 shares are in issue
- The gross ordinary dividend is 14.00000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 11.20000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax
- Vunani Limited's tax reference number is 9841003032

Timetable	2022
Declaration and finalisation date announcement	Wednesday, 25 May
Last day to trade *cum* dividend	Tuesday, 21 June
Shares commence trading *ex*-dividend	Wednesday, 22 June
Record date	Friday, 24 June
Dividend payment date	Monday, 27 June

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 22 June 2022 to Friday, 24 June 2022, both dates inclusive.

Dividends are declared in the currency of the Republic of South Africa. The directors have confirmed that the company will satisfy the liquidity and solvency requirements immediately after the payment of the dividend.

51. EVENTS AFTER REPORTING DATE

The invasion of Ukraine by Russian forces will likely result in lower global growth if the war continues for a significant period or if no negotiated settlement is reached in the immediate future. It is too early to tell with any certainty what impact this will have on Vunani. The war has contributed to an increase in fuel prices which will result in higher inflation, which would result in subdued economic growth and potentially the performance of the local markets. The performance of local and foreign markets could affect the performance of the fund and asset administration businesses.

The floods in KwaZulu-Natal region are not expected to impact the group.

Subsequent to year-end, the fund management AUM reduced by R4.3 billion.

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

Separate statement of comprehensive income

for the year ended 28 February 2022

Figures in R'000	Note	VUNANI LIMITED – Company 2022	2021
Management fees	52	**1 607**	1 410
Investment revenue	53	**43 945**	193 245
Fair value adjustments	54	**–**	(10 052)
Profit on disposal of assets	55	**–**	9 695
Operating expenses	56	**(712)**	(11 893)
Results from operating activities		**44 840**	182 405
Finance income	57	*****	–
Profit before income tax		**44 840**	182 405
Taxation	58	**–**	–
Profit for the year		**44 840**	182 405
Total comprehensive income for the year		**44 840**	182 405

* *less than R1000*

Separate statement of financial position

at 28 February 2022

Figures in R'000	Note	VUNANI LIMITED – Company 2022	2021
Assets			
Investments in subsidiaries	59	**424 834**	420 982
Other investments	60	**–**	–
Loan to share trust	62	**6 213**	735
Deferred tax asset	63	**–**	–
Total non-current assets		**431 047**	421 717
Cash at bank	64	**3**	2
Total current assets		**3**	2
Total assets		**431 050**	421 719
Equity			
Stated capital	65	**696 497**	696 497
Share-based payment reserve		**12 598**	9 221
Accumulated loss		**(285 449)**	(307 727)
Equity attributable to equity holders		**423 646**	397 991
Liabilities			
Loans from subsidiary companies	61	**5 716**	17 142
Other financial liabilities	66	**–**	4 551
Total non-current liabilities		**5 716**	21 693
Trade and other payables	67	**1 688**	2 035
Current liabilities		**1 688**	2 035
Total equity and liabilities		**431 050**	421 719

Separate statement of changes in equity

for the year ended 28 February 2022

Figures in R'000	VUNANI LIMITED – Company Stated capital	Share-based payment reserve	Accumu-lated loss	Total equity
Balance at 29 February 2020	696 497	12 770	(271 211)	438 056
Total comprehensive income for the year				
Profit for the year	–	–	182 405	182 405
Total comprehensive income for the year	–	–	182 405	182 405
Transactions with owners, recorded directly in equity				
Dividends paid - *in specie*	–	–	(210 863)	(210 863)
Dividends paid	–	–	(8 058)	(8 058)
Share-based payments	–	3 295	–	3 295
Vesting of share awards*	–	(6 844)	–	(6 844)
Total transactions with owners	–	(3 549)	(218 921)	(222 470)
Balance at 28 February 2021	696 497	9 221	(307 727)	397 991
Total comprehensive income for the year				
Profit for the year	**–**	**–**	**44 840**	**44 840**
Total comprehensive income for the year	**–**	**–**	**44 840**	**44 840**
Transactions with owners, recorded directly in equity				
Dividends paid	**–**	**–**	**(22 562)**	**(22 562)**
Share-based payments	**–**	**3 613**	**–**	**3 613**
Vesting of share awards*	**–**	**(236)**	**–**	**(236)**
Total transactions with owners	**–**	**3 377**	**(22 562)**	**(19 185)**
Balance at 28 February 2022	**696 497**	**12 598**	**(285 449)**	**423 646**

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

DIVIDENDS

Figures in R'000	2022	2021
Ordinary dividends		
Ordinary dividend number 7 and 8 of 7.5 cents and 6.5 cents respectively (6.00 cents and 5.2 cents) net of dividend withholding tax) per share were paid to ordinary shareholders on 28 June 2021 and 15 November 2021 respectively, (Ordinary dividend number 6 of 5.0 cents (5.92 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 21 December 2020.	**22 562**	8 058

Separate statement of cash flows

for the year ended 28 February 2022

Figures in R'000	Note	VUNANI LIMITED – Company 2022	2021
Cash flows from operating activities			
Cash utilised by operations	68	**(4 003)**	(5 297)
Investment revenue received		**241**	361
Interest received from banks	57	*	*
Dividends paid		**(22 562)**	(8 058)
Cash utilised by operating activities		**(26 324)**	(12 994)
Cash flows from investing activities			
Loans repaid by subsidiary company		**–**	6 948
Cash inflow from investing activities		**–**	6 948
Cash inflow from financing activities			
Loans advanced from subsidiary company		**26 325**	6 045
Cash inflows from financing activities		**26 325**	6 045
Net increase/(decrease) in cash and cash equivalents		**1**	(1)
Cash and cash equivalents at the beginning of the year		**2**	3
Total cash and cash equivalents at the end of the year	64	**3**	2

* *less than R1000*

Notes to the separate financial statements

for the year ended 28 February 2022

Figures in R'000	2022	2021
52. MANAGEMENT FEES		
Management fees	**1 607**	1 410
53. INVESTMENT REVENUE		
Dividend received from subsidiaries	**43 945**	193 245
	43 945	193 245
54. FAIR VALUE ADJUSTMENTS		
Other investments – unlisted investments	**–**	(10 052)
55. PROFIT ON DISPOSAL		
Profit on disposal of assets	**–**	9 695
56. OPERATING EXPENSES		
Operating expenses include:		
Auditor's remuneration – current year	**1 540**	2 010
Auditor's remuneration – prior year	**135**	1 200
Directors' emoluments paid by company (refer note 47)	**1 559**	1 410
57. FINANCE INCOME		
Recognised in profit or loss		
Interest income – cash and cash equivalents	*	*
58. INCOME TAX		
Deferred taxation	**–**	–
No taxation is payable in the current year as the company has an estimated tax loss of R12.0 million (2021: R11.7 million) available for set-off against future taxable income.		
Reconciliation of effective tax rate	%	%
Income tax rate	**28.0**	28.0
Tax exempt income	**(30.7)**	(29.7)
Disallowable expenditure – investment holding company	**2.6**	1.6
Fair value adjustments (recovered via dividends)	**–**	1.5
Profit on disposal	**–**	(1.5)
Deferred tax assets not raised	**0.1**	–
	–	–

	% Holding		Cost of investment	
Figures in R'000	2022	2021	2022	2021
59. INVESTMENTS IN SUBSIDIARIES				
Investment in subsidiaries held at cost				
Vunani Capital Proprietary Limited	**100**	100	**402 849**	399 385
Vunani Securities Proprietary Limited	**100**	100	**19 822**	19 595
Vunani Capital Markets Proprietary Limited	**100**	100	**1 329**	1 168
Vunani Capital Investments Proprietary Limited*	**100**	100	**–**	–
VProp714 Proprietary Limited	**78**	78	**834**	834
			424 834	420 982

All subsidiaries have a 28 February year end. There are no significant restrictions on the company's ability to access or use subsidiary assets and settle liabilities of the group.

* *The investment in Vunani Capital Investments Proprietary Limited was impaired to nil.*

59. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

A reconciliation of the movement in investment in subsidiaries is as follows:

	Vunani Capital Proprietary Limited	Vunani Securities Proprietary Limited	Vunani Capital Markets Proprietary Limited	Total
Balance at the beginning of the year	399 385	19 595	1 168	420 148
Share-based payments	3 464	227	161	3 852
Balance at the end of the year	**402 849**	**19 822**	**1 329**	**424 000**

Factors considered in impairment

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

Figures in R'000	2022	2021
Accumulated impairment		
Investment in Vunani Capital Proprietary Limited	(313 600)	(313 600)
Investment in Vunani Capital Investments Proprietary Limited	(4 655)	(4 655)
	(318 255)	(318 255)

60. OTHER INVESTMENTS

Fair value adjustment of investment

As part of the unbundling of private equity assets in the prior year the company issued 500 000 preference shares to Vunani Capital Partners in relation to the African Legend investment shares. The terms of the preference shares are such that, *inter alia*, all contractual rights to cash flows related to the African Legend shares and the African Legend distributions, will be transferred to Vunani Capital Partners.

In terms of IFRS 9: Financial Instruments an entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset (i.e. the African Legend Shares) are transferred to another entity and when substantially all of the risks and rewards of ownership of the financial asset are transferred (i.e. the African Legend Distributions to Vunani Capital Partners). Based on this pass-through arrangement, the African Legend shares have been derecognised and accordingly no liability is raised for the Preference Shares issued.

Figures in R'000	2022	2021
61. LOANS FROM SUBSIDIARIES		
Loan to/(from) subsidiary		
Vunani Capital Proprietary Limited	**(1 379)**	(3 869)
The loan to Vunani Capital Proprietary Limited is unsecured, interest free and is not repayabe in the next 12 months.		
Vunani Capital Markets Proprietary Limited	**(4 337)**	(13 273)
The loans from Vunani Capital Markets is unsecured, interest free and is not repayable within the next 12 months.		
62. LOAN TO SHARE TRUST		
Vunani Share Incentive Scheme Trust	**6 213**	735
The loan to the share trust is unsecured and bears interest at the official SARS interest rate. The loan has no fixed terms of repayment.		
There is limited credit risk with the loan to the share trust, as the company does not have any intention to recall the loan. There is no expected repayment terms and thus the probability of default will almost be minimum. Covid-19 has had no impact on the ECL measurement, as such, no ECL has been raised on the loan balance in the current year.		
63. DEFERRED TAX ASSET		
Recognised deferred tax asset arises on:		
Tax losses carry-forward	**–**	–
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**–**	–
Recognised against profit or loss	**–**	–
Balance at end of the year	**–**	–
Estimated tax losses available for utilisation against future taxable income	**11 991**	12 437
Recognised as deferred tax asset	**–**	–
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	**11 991**	12 437
64. CASH AT BANK		
Cash comprise:		
Cash at bank	**3**	2

Figures in R'000	2022	2021
65. STATED CAPITAL AND SHARE CAPITAL		
Authorised		
500 000 000 (2021: 500 000 000) ordinary shares of no par value	–	–
1 000 000 cumulative, redeemable preference shares of no par value	–	–
Issued - Ordinary shares		
161 155 915 (2021: 161 155 915) ordinary shares of no par value	**696 497**	696 497
All issued shares are fully paid. Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Reconciliation of movement in number of shares issued ('000s):		
Balance at the beginning of the year	**161 156**	161 156
Balance at end of the year	**161 156**	161 156
Reconciliation of movement in stated capital (R'000):		
Balance at the beginning of the year	**696 497**	696 497
Balance at end of year	**696 497**	696 497
Issued - Preference shares		
500 000 preference shares	–	–
Reconciliation of movement in number of shares issued (000s):		
Balance at the beginning of the year	**500 000**	–
Shares issued	–	500 000
Balance at the end of the year	**500 000**	500 000
Reconciliation of movement in redeemable preference shares (R'000):		
Balance at the beginning of the year	–	–
Shares issued	–	18 243
Derecognition of preference shares	–	(18 243)
Balance at end of year	–	–

As part of the unbundling of private equity assets in the prior year the company issued 500 000 preference shares to Vunani Capital Partners Limited in relation to the African Legend investment shares. The terms of the preference shares are such that, *inter alia*, all contractual rights to cash flows related to the African Legend shares and the African Legend distributions, will be transferred to Vunani Capital Partners.

In terms of IFRS 9: Financial Instruments an entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset (i.e. the African Legend Shares) are transferred to another entity and when substantially all of the risks and rewards of ownership of the financial asset are transferred (i.e. the African Legend Distributions to Vunani Capital Partners). Based on this pass-through arrangement, the African Legend shares have been derecognised and accordingly no liability is raised for the VL Preference Shares.

Figures in R'000	2022	2021
66. OTHER FINANCIAL LIABILITIES	–	4 551
This represents the IAS 19 adjustment for long-term employee benefits in terms of the agreement entered into with the VFM Share trust. Refer to note 46. This liability was transferred to the VFM Share Trust in the current year.		
67. TRADE AND OTHER PAYABLES		
Sundry payables	**1 688**	2 035
68. CASH UTILISED BY OPERATIONS		
Profit before income tax	**44 840**	182 405
Adjusted for:		
Investment revenue	**(43 945)**	(193 245)
Finance income	*	–
Fair value adjustments	–	10 052
IAS 19 – employee benefit costs	**(4 551)**	4 551
Profit on disposal of assets	–	(9 695)
	(3 656)	(5 932)
Changes in working capital:		
Increase in trade and other payables	**(347)**	635
Cash utilised by operations	**(4 003)**	(5 297)

* *Less than R1000*

69. RELATED PARTIES

Relationships

Majority shareholder	Bambelela Capital Proprietary Limited
Subsidiaries	Refer to note 46
Directors	Refer to note 47

* *The parent does not produce financial statements for public use.*

	Note	2022	2021
Related party balances			
Investments in subsidiaries	59	**424 834**	420 982
Loan from subsidiary companies	61	**(5 716)**	(17 142)
Loan to share trust	62	**6 213**	735
Related party transactions			
Revenue – management fees (from Vunani Capital Proprietary Limited)	52	**1 559**	1 410

Directors' remuneration and benefits (refer to note 47).

70. PRESCRIBED OFFICERS AND KEY MANAGEMENT PERSONNEL REMUNERATION AND BENEFITS

Figures in R'000	Basic salary	Bonuses	Provident fund and medical aid	Share-based payments	Total
Marten Banninga*	564	718	145	107	1 534
David Hurford$	2 316	471	300	114	3 201
Shaun Naidoo&	1 589	1 063	179	208	3 039
Snowy Masakale%	2 484	833	324	224	3 865
Richard Krepelka$	2 741	125	168	–	3 034
David Takis#	1 487	554	225	–	2 266
Thabo Moipolai@	1 582	930	333	–	2 845
	12 763	4 694	1 674	653	19 784

$ *David Hurford was appointed as CEO of Fairheads on 1 August 2021 on the retirement of Richard Krepelka.*
* *Marten Banninga was appointed as CEO of Vunani Capital Markets on 11 October 2021.*
& *Shaun Naidoo is the CEO of Vunani Corporate Finance .*
% *Snowy Masakale is the CEO of Vunani Fund Managers.*
\# *David Takis is the CEO of Oracle Life and Insure.*
@ *Thabo Moipolai is the CEO of VFMB.*

2021					
Lincoln O'shea	1 774	271	181	–	2 226
Sam Mokorosi	667	–	58	–	725
Shaun Naidoo&	1 444	1 292	161	103	3 000
Snowy Masakale%	2 376	–	324	27	2 727
Richard Krepelka	4 685	421	324	–	5 430
David Takis#	1 487	554	225	–	2 266
Thabo Moipolai@	1 867	647	290	–	2 804
	14 300	3 185	1 563	130	19 178

The prescribed officers have service contracts with the group companies terminable upon one month's written notice. No prescribed officer has a fixed-term contract.

71. FINANCIAL INSTRUMENTS

71.1 Liquidity risk

Figures in R'000	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
2022					
Non-derivative financial assets	6 216	6 216	3	6 213	–
Loan to share trust	6 213	6 213	–	6 213	–
Cash and cash equivalents	3	3	3	–	–
Non-derivative financial liabilities	(7 404)	(7 404)	(1 688)	(5 716)	–
Trade and other payables	(1 688)	(1 688)	(1 688)	–	–
Loan from subsidiary	(5 716)	(5 716)	–	(5 716)	–
Net liquidity position	(1 188)	(1 188)	(1 685)	497	
2021					
Non-derivative financial assets	737	737	2	735	–
Loan to share trust	735	735	–	735	–
Cash and cash equivalents	2	2	2	–	–
Non-derivative financial liabilities	(12 497)	(12 497)	(1 400)	(11 097)	–
Trade and other payables	(2 035)	(2 035)	(2 035)	–	–
Loan from subsidiary	(17 142)	(17 142)	–	(17 142)	–
Net liquidity position	(11 760)	(11 760)	(1 398)	(10 362)	

Management of liquidity risk

The company's approach to managing liquidity by managing its working capital, capital expenditure and cash flows, is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the company ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. The company's current liabilities exceed its current assets, however, Vunani Limited has access to group overdraft facilities amounting to R20.0 million, which may be used to meet its financial obligations if necessary.

	2022	2021
71.2 Credit risk		
The carrying amount of financial assets represents the maximum credit exposure.		
The maximum exposure of credit risk was:		
Loan to share trust	**6 213**	735
Cash and cash equivalents	**3**	2
	6 216	737

Impairment losses

The ageing of financial assets at the reporting date was:

	Total	Loan to share trust
2022		
Stage 1	**6 213**	**6 213**
2021		
Stage 1	735	735

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

No ECL were raised on the loan to subsidiary in the prior year as there is limited credit risk. The company has considered the historic pattern of repayment of contractual cash flows and the ability of the subsidiary to settle the loan in concluding that an ECL impairment allowance would be immaterial.

Figures in R'000	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
71.3 Fair values				
Financial assets at fair value				
Other investments	**–**	**–**	–	–
Financial assets at amortised cost				
Loan to share trust	**6 213**	**5 191**	735	604
	6 213	**5 191**	32 863	30 128
Financial liabilities at amortised cost				
Loan from subsidiary company	**(5 716)**	**(4 775)**	(17 142)	(13 321)
	(5 716)	**(4 775)**	(17 142)	(13 321)

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

The fair values of the financial assets and liabilities at amortised cost are based on discounted cash flow analysis using observable discount rates: i.e. current prevailing interest rates. These rates take into account the impact of Covid-19, and consequently the determination of the fair values.

71. FINANCIAL INSTRUMENTS (CONTINUED)

71.4 Fair value hierarchy

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

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

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

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

Figures in R'000	Level 1	Level 2	Level 3
2022			
Financial assets measured at fair value	**–**	**–**	**–**
Financial assets measured at amortised cost	**–**	**–**	**5 191**
Financial liabilities measured at amortised cost	**–**	**–**	**(4 775)**
	–	**–**	**416**
2021			
Financial assets measured at fair value	–	–	–
Financial assets measured at amortised cost	–	–	604
Financial liabilities measured at amortised cost	–	–	(13 321)
	–	–	(12 717)

Figures in R'000	2022	2021
A change of 10% in the unobservable inputs of the investment and liability at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Free cash flow		
10% increase	**(2 066)**	(2 066)
10% decrease	**(4 222)**	(4 222)
Net asset value		
10% increase	**–**	–
10% decrease	**–**	–

72. GOING CONCERN

Prior to the approval of the financial statements the board undertook processes to ensure that the going-concern principle applies.

The company incurred a profit for the year ended 28 February 2022 of R44.8million (2021: R182.5 million) and as of that date its total assets exceeded its total liabilities by R423.6 million (2021: R398.0 million). However, the current liabilities exceeded the current assets by R1.7 million (2021: R2.0 million). The current liabilities of R1.7 million were settled post year-end through related party funding.

Management has assessed the impact of Covid-19 on the company's ability to continue as a going concern. Covid-19 did not materially impact the company's going concern assessment.

The board is of the view that, based on its knowledge of the company, assumptions regarding the outcome of the key processes under way and specific enquiries it has made, the company will continue as a going concern for the foreseeable future.

07

SHAREHOLDER INFORMATION

Analysis of the shareholders

at 28 February 2022

	Number of shareholders	Percentage of shareholders held %	Number of shares held ('000s)	Percentage of shares held %
Analysis of shareholding				
Close corporations	2	0.28	11	0.01
Foundations & charitable funds	2	0.28	223	*
Managed funds	2	0.28	1 393	0.86
Private companies	24	3.30	132 002	81.91
Public companies	1	0.14	311	0.19
Retail shareholders	680	93.54	23 010	14.28
Scrip lending	1	0.14	500	0.31
Share schemes	1	0.14	2 197	1.36
Stockbrokers and nominees	3	0.41	565	*
Trusts	11	1.51	944	0.59
Shareholding per share register	727	100	161 156	100
Range of shareholding				
1 to 1 000	570	78.4	43	*
1 001 to 10 000	59	8.1	209	0.1
10 001 to 100 000	43	5.9	1 639	1.0
100 001 to 1 000 000	37	5.1	12 270	7.6
More than 1 000 000	18	2.5	146 995	91.3
	727	100	161 156	100

* *less than 1000*

Shareholder spread analysis

To the best knowledge of the directors and after reasonable enquiry, as at 28 February 2022, the spread of shareholders, as defined in the Listings Requirements of the JSE Limited, was as follows:

Type of shareholder				
Non-public shareholders	23	3.0	122 163	75.8
Directors and Associates (Excluding Employee Unit Schemes) (Direct Holding)	6	0.8	2 686	1.7
Directors and Associates (Excluding Employee Unit Schemes) (Indirect Holding)	5	0.7	61 059	37.9
Prescribed officers	2	–	265	0.2
Strategic Holders: Geomer Investments (Pty) Ltd (>10%)	1	0.1	30 040	18.6
Share Schemes	1	0.1	2 197	1.4
Vunani Group Trusts	8	1.1	25 916	16.1
Public shareholders	704	96.8	38 993	24.2
Total	727	100	161 156	100

Shareholdings greater than 5%		
Bambelela Capital Proprietary Limited	79 360	49.2
Geomer Investments Proprietary Limited	30 040	18.6
	109 400	67.8

Shareholders' diary

Financial year-end	28 February 2022
Annual results announcement	25 May 2022
Annual report posted	30 June 2022
Annual general meeting	28 July 2022
Interim results announcement	October 2022

Notice of annual general meeting

for the year ended 28 February 2022

VUNANI

LIMITED

Vunani Limited – Company

(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
(the "company")

This document is important and requires your immediate attention.

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant ("CSDP"), legal advisor, banker, financial advisor, accountant or other professional advisor immediately.

If you have disposed of all your shares in the company, please forward this document, together with the attached form of proxy, to the purchaser of such shares or the broker, CSDP, banker or other agent through whom you disposed of such shares.

NOTICE IS HEREBY GIVEN to shareholders 24 June 2022, being the record date to receive notice of the Annual General Meeting ("AGM") for the year ended 28 February 2022 in terms of section 59(1)(a) of the Companies Act, 71 of 2008, as amended (the "Companies Act"), that the AGM of shareholders of the company will be held in the boardroom, Vunani Limited, Vunani House, 151 Katherine Street, Sandton at 11:00 on Thursday, 28 July 2022 to: (i) deal with such other business as may lawfully be dealt with at the AGM and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements (the "JSE Listings Requirements"), which meeting is to be participated in and voted by shareholders in terms of section 62(3)(a), read with section 59, of the Companies Act.

Salient dates applicable to the AGM

Last day to trade to be eligible to vote at the AGM	19 July 2022
Record date for determining those shareholders entitled to vote at the AGM	22 July 2022
Last day to lodge proxy	26 July 2022
Record date to be eligible to receive the notice of the AGM	24 June 2022

Electronic meeting participation and Section 63(1) of the Companies Act – Identification of meeting participants

Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in shareholders' meetings. Should any shareholder, representative, or proxy for a shareholder wish to participate in the AGM electronically, that person should apply in writing including details on how the shareholder or representative or proxy for a shareholder can be contacted to TMS, via email at proxy@tmsmeetings.co.za and at the address below, to be received by TMS at least seven (7) business days prior to the AGM for TMS to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for TMS to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation.

Before any person may attend or participate in a shareholders' meeting, they must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as proxy for a shareholder, has been reasonably verified.

When reading the ordinary and special resolutions below, please refer to the explanatory notes for AGM resolutions on pages 171 to 176.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the audit and risk committee report and the external auditor's report for the year ended 28 February 2022, as well as the report of the social and ethics committee, have been distributed as required and will be presented to shareholders. The complete annual financial statements are set out on pages 69 to 166 of the integrated annual report.

2. ORDINARY RESOLUTION NUMBER 1

Re-election of Mr JR Macey as an independent non-executive director

"It is hereby resolved that the re-election of Mr JR Macey who retires as an independent non-executive director of the company by rotation, in accordance with the company's Memorandum of Incorporation, and being eligible, offers herself for re-appointment in this capacity, be approved."

Please refer to page 43 of the integrated report for a brief biography.

3. ORDINARY RESOLUTION NUMBER 2

Re-election of Mr GN Nzalo as an independent non-executive director

"It hereby resolved that the re-election of Mr GN Nzalo, who retires as an independent non-executive director of the company by rotation, in accordance with the company's Memorandum of Incorporation, and being eligible, offers himself for re-appointment in this capacity, be approved."

Please refer to page 43 of the integrated report for a brief biography.

4. ORDINARY RESOLUTION NUMBER 3

Re-election of Ms NM Mazwi as an independent non-executive director

"It hereby resolved that the re-election of Ms NM Mazwi, who retires as an independent non-executive director of the company by rotation, in accordance with the company's Memorandum of Incorporation, and being eligible, offers herself for re-appointment in this capacity, be approved."

Please refer to page 43 of the integrated report for a brief biography.

5. ORDINARY RESOLUTION NUMBER 4

Re-election of Mr GS Nzalo as a member and chairman of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that Mr GS Nzalo be re-elected as a member and the chairman of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

6. ORDINARY RESOLUTION NUMBER 5

Re-election of Mr JR Macey as a member of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that Mr JR Macey be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

7. ORDINARY RESOLUTION NUMBER 6

Re-election of Ms NS Mazwi as a member of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that Ms NS Mazwi be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

8. ORDINARY RESOLUTION NUMBER 7

Appointment of BDO Inc. as auditor in terms of section 61(8)(c) of the Companies Act

"It is hereby resolved that, on the recommendation of the audit and risk committee, BDO Inc., together with L September are hereby appointed as the independent auditors of the company (for its financial year ending 28 February 2022 and 28 February 2023), and that their appointment be of full force and effect until the conclusion of the company's next annual general meeting.

9. ORDINARY RESOLUTION NUMBER 8

General authority to directors to allot and issue authorised but unissued ordinary shares

"It is hereby resolved that the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and/or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited as and when required, and are subject to the JSE Listings Requirements and the Companies Act and shareholders hereby waive any pre-emptive rights thereto."

10. ORDINARY RESOLUTION NUMBER 9

General authority to directors to allot and issue ordinary shares for cash

"It is hereby resolved that, in terms of the JSE Listings Requirements, the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- any such issue of shares shall be to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- any such issue of equity securities be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible into an existing class of equity securities;
- the authority shall only be valid until the next AGM of the company, provided it shall not extend beyond 15 months from the date of this AGM;
- an announcement giving details including impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;
- that issues of shares (excluding issues of shares exercised in terms of any company/group share scheme) in any one financial year shall not, in aggregate, exceed 48 346 775 ordinary shares of no par value; and
- that, in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares to be issued over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/parties subscribing for the securities."

Voting

In terms of the JSE Listings Requirements, the approval of 75% majority of votes cast in favour of ordinary resolution number 9 by shareholders present or represented by proxy at this AGM.

11. ORDINARY RESOLUTION NUMBER 10

Approval of remuneration policy (non-binding advisory vote)

"It is hereby resolved, through a non-binding advisory vote, that the company's remuneration policy (excluding the remuneration of non-executive directors and the members of board committees for their services as directors and members of committees) which is not to remunerate its executive directors for attendance at meetings, but rather to remunerate them in terms of an employment contract, be approved and endorsed."

12. ORDINARY RESOLUTION NUMBER 11

Approval of implementation report (non-binding advisory)

"It is hereby resolved, through a non-binding advisory vote, that the company's remuneration implementation report be approved and endorsed."

13. SPECIAL RESOLUTION NUMBER 1

Approval of remuneration payable to non-executive directors

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act, as read with section 65(11)(h), and subject to the provisions of the company's Memorandum of Incorporation that the company be and it is hereby authorised to pay remuneration to its non-executive directors for their service as directors as follows:

Chairman of the board	R460 000 per annum, includes remuneration for services provided to the group, including chairman of the nomination committee and member of the investment committee and remuneration committee.
Base fee for other non-executive directors	R300 000 per annum
Chairman of the investment committee	R10 000 per meeting in addition to the base fee
Chairman of audit and risk committee	R22 500 per annum, in addition to the base fee
Member of the audit and risk committee	R11 500 per annum, in addition to the base fee
Chairman of the remuneration committee	R22 500 per annum in addition to the base fee
Member of the remuneration committee	R11 500 per annum in addition to the base fee
Chairman of the social, ethics and transformation committee	R22 500 per annum in addition to the base fee
Member of investment committee	R5 000 per meeting in addition to the base fee

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been recommended in order to ensure that the remuneration of non-executive directors remains competitive, thereby enabling the company to attract persons of the calibre, capability, skill and experience required in order to make a meaningful contribution to the company. The remuneration proposed is considered to be both fair and reasonable and in the best interests of the company.

14. SPECIAL RESOLUTION NUMBER 2

Repurchase of company shares

"It is hereby resolved by special resolution that, subject to the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements in force from time to time, the company and/or any subsidiary of the company, be and are hereby authorised to repurchase or purchase, as the case may be, shares issued by the company to any person, upon such terms and conditions and in such manner as the directors of the company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from share premium or capital redemption reserve fund, subject to the following:

- that the repurchase of securities be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;

- that this general authority be valid only until the next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- that an announcement be made, giving such details as may be required in terms of the JSE Listings Requirements when the company has cumulatively repurchased 3% of the initial number (the number of that class of security in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;
- at any point in time the company may only appoint one agent to effect any repurchase of shares on the company's behalf;
- repurchases may not be made by the company and/or its subsidiaries during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued capital and a maximum of 10% in aggregate of the company's issued capital may be repurchased in terms of the Companies Act, by the subsidiaries of the company, at the time this authority is given;
- the repurchase of securities may not be made at a price greater than 10% above the weighted average of the market value of the securities as determined over the five business days immediately preceding the date on which the transaction is effected; and
- the board of directors passing a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test as set out in section 4 of the Companies Act and that, since the test was done, there have been no material changes to the financial position of the group."

The directors of the company or its subsidiaries will only utilise the general authority set out in special resolution number 2 above to the extent that they, after considering the effect of the maximum repurchase permitted, and for a period of 12 months after the date of the notice of this AGM, are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the ordinary share capital and reserves of the company and the group are adequate for ordinary business purposes;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

For the purpose of considering special resolution number 2 and in compliance with the JSE Listings Requirements, the information listed below has been included in the company's integrated annual report, of which this notice of the AGM forms part, at the places indicated below:

- directors and management – refer to page 43 of this integrated report;
- major shareholders – refer to page 168 of this integrated report;
- directors' interests and securities – refer to page 139 of this integrated report; and
- share capital of the company – refer to page 119 this integrated report.

Directors' responsibility

The directors, whose names are set out on page 43 of this integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries have been made and that the aforementioned special resolution contains all the information required by the JSE.

15. SPECIAL RESOLUTION NUMBER 3

Financial assistance

"It is hereby resolved as a special resolution that, subject to the requirements of the company's Memorandum of Incorporation and section 45 of the Companies Act, that the board of directors of the company may authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company for any purpose or in connection with any matter, including but not limited to, the subscription to any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the company's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, such authority to endure until the next annual general meeting of the company."

16. ORDINARY RESOLUTION NUMBER 12

Directors' authority to sign documents

"It is resolved as an ordinary resolution that any director of the company and/or the company secretary be and hereby is authorised to sign any documents and to take any steps as may be necessary or expedient to give effect to all ordinary and special resolutions passed at this meeting."

Voting procedures and electronic participation

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote, irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting the shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way:

- to furnish the company with his voting instructions; or
- in the event that he wishes to attend the AGM, to obtain the necessary letter of representation to do so.

The directors have made any provision for electronic voting at the AGM.

Litigation

The directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had, in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Material change

Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the financial or trading position of the group since the company's financial year-end and the signature date of this integrated annual report.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Singular Systems Proprietary Limited (25 Scott Street, Waverley, 2090), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is 22 July 2022.

Threshold for resolution approval

For ordinary resolutions, with the exception of ordinary resolution number 8 as detailed above, to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

For special resolutions and ordinary resolution number 8 to be approved by shareholders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

PROXIES

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not also be a shareholder of the company.

Shareholders on the company share register who have dematerialised their ordinary shares through STRATE, other than those whose shareholding is recorded in their "own name" in the sub-register maintained by their CSDP, and who wish to attend the AGM in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries at least 48 hours prior to the AGM, alternatively proxies may be presented prior to the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the ordinary and special resolutions at the AGM be entitled to lodge forms of proxy in respect of the AGM, in accordance with the instructions therein with the chairman of the AGM.

By order of the board

B Khoza
Chief executive officer

29 June 2022

FORM OF PROXY

Vunani Limited – Company
(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
(the "company")

VUNANI LIMITED

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the annual general meeting to be held at the company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton on Thursday 28 July 2022 at 11:00.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the shareholder and the CSDP or broker concerned.

I/We _____ (full names in BLOCK LETTERS)

of _____ (address)

Telephone (work) _____ Telephone (home) _____

being the holder(s) of _____ ordinary shares in the company, appoint (see note 1):

_____ or failing him/her,

_____ or failing him/her,

the chairman of the AGM,

as my/our proxy to act on my/our behalf at the annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of such resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	**Against**	**Abstain**
Ordinary Resolution number 1 Re-election of Mr JR Macey as an independent non-executive director			
Ordinary resolution number 2 Re-election of Mr GN Nzalo as an independent non-executive director			
Ordinary resolution number 3 Re-election of Ms NM Mazwi as an independent non-executive director			
Ordinary resolution number 4 Re-election of GS Nzalo as a member and chairman of the audit and risk committee			
Ordinary resolution number 5 R-election of JR Macey as a member of the audit and risk committee			
Ordinary Resolution number 6 R-election of NS Mazwi as a member of the audit and risk committee			
Ordinary Resolution number 7 Appointment of BDO Inc. as the auditor of the company			
Ordinary Resolution number 8 General authority to directors to allot and issue authorised but unissued ordinary shares			
Ordinary Resolution number 9 General authority to directors to allot and issue ordinary shares for cash			
Ordinary Resolution number 10 Approval of remuneration policy (non-binding advisory vote)			
Ordinary resolution number 11 Approval of remuneration implementation report (non-binding advisory vote)			
Special resolution number 1 Approval of remuneration payable to non-executive directors			
Special resolution number 2 Repurchase of company shares			
Special resolution number 3 Financial assistance			
Ordinary Resolution number 12 Directors' authority to sign documents			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the annual general meeting.

Signed at _____ on _____ 2022

Signature(s) _____

Capacity _____

Please read the notes and summary on the reverse side hereof.

Notes to the form of proxy

Notes

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the member's votes exercisable at the annual general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the shareholders and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the annual general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
   - any one holder may sign this form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either: (a) be lodged or emailed to Transfersec@singular.co.za so as to reach the transfer secretaries by no later than the relevant time or (b) be lodged with the chairman of the annual general meeting prior to the annual general meeting so as to reach the chairman by no later than immediately prior to the commencement of voting on the ordinary and special resolutions to be tabled at the annual general meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the annual general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the memorandum of incorporation to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.

Summary of the rights

Established in terms of section 58 of the Companies Act

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Companies Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   a. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
   b. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   c. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supply a form of instrument for appointing a proxy:
   a. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   b. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   c. the company must not require that the proxy appointment be made irrevocable; and
   d. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Electronic participation in the Vunani Limited Virtual Annual General Meeting held on 28 July 2022

THE ANNUAL GENERAL MEETING

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication ("Participants"), must apply to the Company's meeting scrutineers to do so by emailing the form below ("the application") to the email address of the Company's meeting scrutineers, The Meeting Specialist Proprietary Limited ("TMS"), by no later than 17:00 on 21 July 2022. The email address is as follows: proxy@tmsmeetings.co.za
- The application may also be posted, at the risk of the Participant, to TMS, PO Box 62043, Marshalltown, 2107, so as to be received by the meeting scrutineers by no later than the time and date set out above.
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  - to furnish them with their voting instructions; and
  - in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the general meeting, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 25 July and 27 July 2022 via email/mobile with a unique link to allow them to participate in the virtual annual general meeting.
- The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- The cut-off time, for administrative purposes, to participate in the meeting will be 17:00 on 21 July 2022.
- The Participant's unique access credentials will be forwarded to the email/cell number provided below.

APPLICATION FORM

Name and surname of shareholder _____

Name and surname of shareholder representative _____ (if applicable)

ID number of shareholder or representative _____

Email address _____

Cell number _____ Telephone number _____

Name of CSDP or broker _____

(If shares are held in dematerialised format) _____

SCA number/broker account number or _____

Own name account number _____

Number of shares _____

Signature _____

Date _____

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the general meeting

Electronic participation in the Vunani Limited Virtual Annual General Meeting held on 28 July 2022 (continued)

TERMS AND CONDITIONS FOR PARTICIPATION AT THE VUNANI LIMITED ANNUAL GENERAL MEETING TO BE HELD ON 28 JULY 2022 VIA ELECTRONIC COMMUNICATION

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Vunani Limited, the JSE Limited and TMS and/or their third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Vunani Limited, the JSE Limited and TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/ web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the general meeting, must act in accordance with the requirements set out above.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the Participant and delivered or emailed to TMS at proxy@tmsmeetings.co.za.

Shareholder name _____

Signature _____

Date _____

Important: You are required to attach a copy of your identity document/driver's licence/passport when submitting the application.

General information

Registration number	1997/020641/06
Country of incorporation and domicile	Republic of South Africa
Headquarters	Sandton, South Africa
JSE code	VUN
ISIN	ZAE000163382
Primary listing	Main board on the JSE
Listing date	27 November 2007
Secondary listing	A2X
Shares in issue at 28 February 2022	161 155 915
Business address and registered office	Vunani House Vunani Office Park 151 Katherine Street Sandown, Sandton 2196
Postal address	PO Box 652419 Benmore 2010
Transfer secretaries	Singular Systems Proprietary Limited 25 Scott Street Waverley, Johannesburg 2196
JSE Sponsor	Grindrod Bank Limited
Website	www.vunanilimited.co.za
Telephone	+27 11 263 9500

Acronyms, abbreviations and definitions

FINANCIAL DEFINITIONS

Basic earnings per share ("EPS") (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares calculated in cents.
Diluted basic earnings per share (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share-based payments calculated in cents.
Diluted headline earnings per share (cents)	Headline earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share-based payments calculated in cents.
Dividends per share (cents)	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued calculated in cents.
Headline earnings	Determined in terms of the circular issued by the South African Institute of Chartered Accountants at the request of the JSE, by excluding from reported earnings specific separately identifiable re-measurements net of related tax and non-controlling interests.
Headline earnings per share ("HEPS") (cents)	Headline earnings divided by the weighted number of ordinary shares calculated in cents.
Net asset value per share (cents)	Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares calculated in cents.
Return on equity (%)	Net income after tax attributable to equity holders of Vunani divided by equity attributable to equity holders of Vunani Limited.
Return on investment (%)	Net income after tax attributable to the investment divided by the cost (equity and loans) of the investment.
Shares in issue (number)	The number of ordinary shares in issue as listed by the JSE.
Tangible net asset value per share (cents)	Equity attributable to equity holders of Vunani Limited, excluding goodwill and intangible assets divided by the total shares in issue, including treasury shares calculated in cents.
Weighted average number of shares (number)	The number of shares in issue at the beginning of a period, adjusted for shares cancelled, bought back, or issued during the period, multiplied by a time-weighting factor.

SUBSIDIARIES AND ASSOCIATES

Fairheads	Fairheads International Holdings Proprietary Limited
Oracle	Oracle Insurance Eswatini Proprietary Limited
Mandlalux	Mandlalux Proprietary Limited
Mandlamart	Mandlamart Proprietary Limited
Vunani	Vunani Limited and its subsidiaries
Vunani Capital	Vunani Capital Proprietary Limited
Vunani Capital Markets	Vunani Capital Markets Proprietary Limited
Vunani Fund Managers	Vunani Fund Managers Proprietary Limited
Vunani Fund Managers Botswana	Vunani Fund Managers Proprietary Botswana Limited
Vunani Mion Properties	Vunani Mion Properties Proprietary Limited
Vunani Property Asset Management or VPAM	Vunani Property Asset Management Proprietary Limited
VProp714	VProp714 Proprietary Limited
Vunani Securities	Vunani Securities Proprietary Limited
Vunani Limited	A company incorporated in the Republic of South Africa, registration number 1997/020641/06 JSE code: VUN ISIN: ZAE000163382 Listed on AltX on the JSE

OTHER DEFINITIONS

Black	African, Coloured, Indian and South African Chinese people (who fall within the ambit of the definition of black people in the relevant legislation as determined by court ruling).
Broad-Based Black Economic Empowerment	Socio-economic term concerning formalised initiatives and programmes to enable historically disadvantaged black individuals and groups to participate gainfully and equitably in the mainstream economy.
Companies Act	The Companies Act of South Africa
CPI (%)	A South African index of prices used to measure the change in the cost of basic goods and services.
International Reporting Standards (IFRS)	International Reporting Standards issued by the International Accounting Standards Board (IASB).
The board	Vunani Limited's board of directors
The group	Vunani Limited and its subsidiaries
The company	Vunani Limited and its subsidiaries
Special purpose vehicle	An entity created to accomplish a narrow and well-defined objective.

Acronyms, abbreviations and definitions (continued)

ACRONYMS AND ABBREVIATIONS

AGM	Annual general meeting
AUA	Assets under administration
AUM	Assets under management
BBBEE or BEE	Broad-Based Black Economic Empowerment
bps	Basis points
CEO	Chief executive officer
CFA	Chartered Financial Analyst
CFD	Contract for difference
CFO	Chief financial officer
CPI	Consumer price index
DBSA	Development Bank of Southern Africa
EBITDA	Earnings before interest, tax depreciation and amortisation
EPS	Earnings per share
ETF	Exchange traded funds
ETN	Exchange traded notes
FSCA	Financial Sector Conduct Authority
FCTR	Foreign currency translation reserve
GAI	Governance Assessment Instrument
GDP	Gross domestic products
HEPS	Headline earnings per share
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors in Southern Africa
<IR> Framework	International Integrated Reporting Framework released by the International Integrated Reporting Council
ISIN	International Securities Identification Number
IT	Information technology
JSE	The JSE Limited, a licensed securities exchange
King IV	The King IV Report on Corporate Governance in South Africa
KPI	Key performance indicator
LSE	London Stock Exchange
LSM	Living standards measure
M&A	Mergers and acquisitions
MBA	Master of Business Administration
MD	Managing director
MOI	Memorandum of Incorporation
NCI	Non-controlling interest

OCI	Other comprehensive income
PVAM	Purpose Vunani Asset Management
PAT/PBT	Profit after tax/Profit before tax
ROE	Return on equity
ROI	Return on investment
SANAS	South African National Accreditation System
SARS	South African Revenue Services
SENS	Stock Exchange News Service
SPV	Special purpose vehicle
The group	Vunani Limited
The company	Vunani Limited
VCF	Vunani Corporate Finance, a division of Vunani Capital
VFM	Vunani Fund Managers
VFMB	Vunani Fund Managers Botswana
VSIST	Vunani Share Incentive Scheme Trust

(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
Listed on the JSE Limited ("JSE") and secondary listing on A2X
("Vunani" or "the company" or "the group")

vunanilimited.co.za