

CEPPWAWU INVESTMENTS PROPRIETARY LIMITED
(Registration number 1999/022473/07)
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

These consolidated annual financial statements were prepared by:

Karen Greadie
Group Financial Manager

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment Holding
Directors	I.O Shongwe R.P Tsotetsi S. Mofokeng
Registered office	1 Sixth Avenue Melville Johannesburg Gauteng 2092
Postal address	P.O. Box 1441 Northcliff 2115
Bankers	First National Bank Limited
Auditors	Nexia SAB&T Registered Auditors
Secretary	J.R Hollis and Company
Company registration number	1999/022473/07
Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

CEPPWAWU Investments Proprietary Limited

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CEPPWAWU Investments Proprietary Limited

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Directors' Responsibilities and Approval

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

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

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

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

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

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 5.

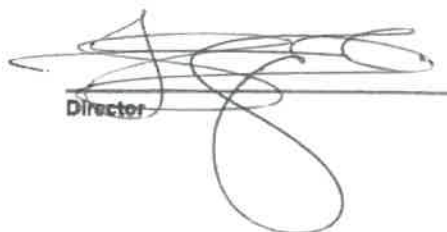
The consolidated annual financial statements set out on pages 6 to 40, which have been prepared on the going concern basis, were approved by the board of directors on _____ and were signed on their behalf by:

Approval of financial statements

Director



Director



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ceppwawu Investments (Pty) Ltd

Report on the Audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Ceppwawu Investments (Pty) Ltd and its subsidiaries (the Group) set out on pages 8 to 40, which comprise the consolidated and separate statement of financial position as at 28 February 2019, and the consolidated and separate statement of profit and loss and comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement 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 financial position of the Group as at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprise the information included in the document titled "Ceppwawu Investments Proprietary Limited Consolidated Annual Financial Statements for the year ended 28 February 2019", which includes 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 the 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Nexia SAB&T

Nexia SAB&T

S. Kleovoulou

Director

Registered Auditor

04 February 2021

119 Witch-Hazel Avenue

Highveld Technopark

Centurion

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

Directors' Report

The directors have pleasure in submitting their report on the consolidated annual financial statements of CEPPWAWU Investments Proprietary Limited for the year ended 28 February 2019.

1. Nature of business

The group is engaged in investment holding and operates principally in South Africa.

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

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

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The board of directors do not recommend the declaration of a dividend for the year.

5. Directorate

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

Directors

I.O Shongwe
R.P Tsotetsi
S. Mofokeng

Nationality

South African
South African
South African

6. Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated consolidated annual financial statements in notes 4 and 3. There were no significant acquisitions or divestitures during the year ended 28 February 2019.

7. Borrowing powers

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

8. Events after the reporting period

The World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The group has developed policies and procedures to address the health and wellbeing of employees. At the date of this report, management have managed to mitigate there being any significant negative impact on cash flows but note that the situation is ongoing and could change. Based on the measures that have been introduced and regular cash flow reviews; the COVID-19 pandemic is an event that does not need to be adjusted for and there is no immediate concern around going concern. The board is of the opinion that the company will continue to report on the going concern basis in the foreseeable twelve-month period.

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

9. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

Directors' Report

10. Auditors

Nexia SAB&T continued in office as auditors for the company and its subsidiaries for 2019.

11. Secretary

The company secretary is Mr J.R Hollis and Company.

Business address:

1 Sixth Avenue
Melville
2092

12. Liquidity and Solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 and are satisfied that the group will have sufficient funds available in order to continue as a going concern.

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

		Group		Company	
	Note(s)	2019 R	2018 R	2019 R	2018 R
Assets					
Non-Current Assets					
Investments in subsidiaries	3	-	-	220	3 550 460
Investments in associates	4	1 681 597	4 156 508	1 161 397	3 636 108
Loans to group companies	5	-	-	1 082 047	1 568 235
Loans to shareholders	6	988 598	988 598	988 598	988 598
Other financial assets	7	1 628 926 791	2 930 485 287	1 628 926 791	2 899 251 678
Deferred tax	8	117 391	-	102 480	-
		1 631 714 377	2 935 630 393	1 632 261 533	2 908 995 079
Current Assets					
Trade and other receivables	9	1 176 091	1 326 316	-	-
Current tax receivable		1 086 665	415 009	1 079 307	-
Cash and cash equivalents	10	107 953 308	138 606 294	107 953 308	123 834 191
		110 216 064	140 347 619	109 032 615	123 834 191
Total Assets		1 741 930 441	3 075 978 012	1 741 294 148	3 032 829 270
Equity and Liabilities					
Equity					
Share capital	11	100	100	100	100
Reserves		1 530 033 127	2 431 249 854	(1 455 171 528)	(553 817 123)
Retained income		(63 550 021)	74 022 706	2 921 055 813	3 014 665 749
		1 466 483 206	2 505 272 660	1 465 884 385	2 460 848 726
Liabilities					
Non-Current Liabilities					
Loans from group companies		-	-	-	1 484 980
Deferred tax	8	273 954 845	563 137 004	273 954 845	563 137 004
Other financial liabilities		528 218	528 218	528 218	528 218
		274 483 063	563 665 222	274 483 063	565 150 202
Current Liabilities					
Trade and other payables	12	403 473	6 648 189	366 001	6 438 401
Current tax payable		560 699	391 941	560 699	391 941
		964 172	7 040 130	926 700	6 830 342
Total Liabilities		275 447 235	570 705 352	275 409 763	571 980 544
Total Equity and Liabilities		1 741 930 441	3 075 978 012	1 741 294 148	3 032 829 270

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	Group		Company	
		2019 R	2018 R	2019 R	2018 R
Other operating income		12 191	-	-	-
Other operating gains (losses)		(673 025)	(1 538 932)	(455 996)	-
Other operating expenses		(20 434 902)	(772 949)	(20 302 088)	(473 188)
Operating (loss) profit	13	(21 095 736)	(2 311 881)	(20 758 084)	(473 188)
Investment income	14	48 345 411	44 394 917	92 050 590	61 095 382
Interest and penalties (paid) / refunded	15	-	8 178 227	-	(456 858)
Loss from equity accounted investments		(2 474 712)	-	(2 474 712)	-
Fair value adjustments		(195 553 889)	-	(195 553 889)	-
(Loss) profit before taxation		(170 778 926)	50 261 263	(126 736 095)	60 165 336
Taxation	16	41 923 731	(1 952 551)	41 919 279	(1 331 713)
(Loss) profit for the year		(128 855 195)	48 308 712	(84 816 816)	58 833 623
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		(1 148 551 007)	(167 713 502)	(1 148 551 007)	(167 713 502)
Income tax relating to items that may be reclassified		247 196 602	37 567 824	247 196 602	37 567 824
Total items that may be reclassified to profit or loss		(901 354 405)	(130 145 678)	(901 354 405)	(130 145 678)
Other comprehensive income for the year net of taxation	17	(901 354 405)	(130 145 678)	(901 354 405)	(130 145 678)
Total comprehensive (loss) income for the year		(1 030 209 600)	(81 836 966)	(986 171 221)	(71 312 055)

CEPPWAWU Investments Proprietary Limited

Consolidated Annual Financial Statements for the year ended 28 February 2019

Statement of Changes in Equity

	Share capital	Fair value adjustment assets- available-for- sale reserve	Retained income	Total equity
	R	R	R	R
Group				
Balance at 01 March 2017	100 2 561 533 210		25 680 364	2 587 213 674
Profit for the year	-	-	48 308 712	48 308 712
Other comprehensive income	-	(130 145 678)	-	(130 145 678)
Total comprehensive income for the year	-	(130 145 678)	48 308 712	(81 836 966)
Dividends	-	-	33 630	33 630
Total contributions by and distributions to owners of company recognised directly in equity	-	-	33 630	33 630
Balance at 01 March 2018	100 2 431 387 532		74 022 706	2 505 410 338
Loss for the year	-	-	(128 855 195)	(128 855 195)
Other comprehensive income	-	(901 354 405)	-	(901 354 405)
Total comprehensive Loss for the year	-	(901 354 405)	(128 855 195)	(1 030 209 600)
Transfer between reserves	-	-	(8 717 532)	(8 717 532)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(8 717 532)	(8 717 532)
Balance at 28 February 2019	100 1 530 033 127		(63 550 021)	1 466 483 206
Note(s)	11	17	17	
Company				
Balance at 01 March 2017	100 (423 671 445)		2 955 832 126	2 532 160 781
Profit for the year	-	-	58 833 623	58 833 623
Other comprehensive income	-	(130 145 678)	-	(130 145 678)
Total comprehensive income for the year	-	(130 145 678)	58 833 623	(71 312 055)
Balance at 01 March 2018	100 (553 817 123)		3 014 666 767	2 460 849 744
Loss for the year	-	-	(84 816 816)	(84 816 816)
Other comprehensive income	-	(901 354 405)	-	(901 354 405)
Total comprehensive Loss for the year	-	(901 354 405)	(84 816 816)	(986 171 221)
Transfer between reserves	-	-	(8 794 138)	(8 794 138)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(8 794 138)	(8 794 138)
Balance at 28 February 2019	100 (1 455 171 528)		2 921 055 813	1 465 884 385
Note(s)	11	17	17	

CEPPWAWU Investments Proprietary Limited
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Statement of Cash Flows

		Group		Company	
	Note(s)	2019 R	2018 R	2019 R	2018 R
Cash flows from operating activities					
Cash utilised in operations	18	(26 847 522)	(1 620 585)	(20 559 019)	(534 440)
Interest income		7 684 647	7 548 281	7 588 106	5 062 558
Dividend income		40 660 763	36 846 636	40 660 763	56 032 824
Interest and penalties (paid) / refunded		-	8 178 227	-	(456 858)
Tax paid	19	(682 115)	(18 813 172)	(1 079 307)	(18 822 987)
Net cash utilised in operating activities		20 815 773	32 139 387	26 610 543	41 281 097
Cash flows from/ (in) investing activities					
Loans advanced to group companies		-	-	486 188	(584 750)
Movements in financial assets		(51 468 760)	(23 109 570)	(46 983 613)	(23 187 313)
Net cash from/ (in) investing activities		(51 468 759)	(23 109 570)	(46 497 425)	(23 772 063)
Cash flows from financing activities					
Reduction of share capital or buy back of shares	11	-	-	4 005 999	-
Total cash movement for the year		(30 652 986)	9 029 817	(15 880 883)	17 509 034
Cash at the beginning of the year		138 606 294	129 576 477	123 834 191	106 325 157
Total cash at end of the year	10	107 953 308	138 606 294	107 953 308	123 834 191

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Companies Act 71 of 2008 of South Africa, as amended.

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

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

Accounting Policies

1.2 Consolidation (continued)

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Available-for-sale financial assets

The group follows the guidance of IFRS to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Fair Value of Investment in Associate

The group assesses the investment in associate at each statement of financial position date as indicated in note 4 of the consolidated annual financial statements. The group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset and are accounted for by equity accounting these investments in the financial statements of the group as disclosed in note 4.

1.5 Investments in subsidiaries

Group annual financial statements

In the company's separate consolidated annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Accounting Policies

1.6 Investments in associates

Company consolidated annual financial statements

An investment in an associate is carried at cost less any accumulated impairment. Under the equity method, the investment is initially recognised at cost and the carrying amounts is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date.

The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from the associate reduce the carrying amount of the investment. Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investor's interests in the associate. The excess of the groups' interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

1.7 Financial instruments

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

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

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

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

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

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

Note 23 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

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

Accounting Policies

Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to group companies (note 5) and loans to shareholders (note 6) 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 group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 14).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

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

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Accounting Policies

Financial instruments (continued)

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan 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. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

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

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

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 13).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 23).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost (note).

Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 14).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

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

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 9) and the financial instruments and risk management note (note 23).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note).

Accounting Policies

Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note 5), loans from shareholders (note 6) and borrowings (note) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in interest and penalties (paid) / refunded (note 15.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in interest and penalties (paid) / refunded (note 15).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

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

Accounting Policies

1.8 Financial instruments: IAS 39 comparatives

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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Accounting Policies

1.7 Financial instruments: IAS 39 comparatives (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as available-for-sale

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned. These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain and loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit and loss are for debt instruments classified as available for sale are subsequently reversed if an increasing the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

1.7 Financial instruments: IAS 39 comparatives (continued)

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.9 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

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Accounting Policies

1.10 Impairment of assets (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.11 Share capital and equity

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Accounting Policies

1.12 Provisions and contingencies (continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.13 Revenue and other income recognition

After the adoption of IFRS 15, the company recognises revenue from contracts with customers when (or as) the company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with IFRS 15) that is allocated to that performance obligation. Further details of the company's revenue and other income recognition policies are as follows:

Dividends

Dividend income is recognised as other income when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised as other income as it accrues using the effective interest method.

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2009	Unlikely there will be a material impact
• Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28	01 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

3. Interests in subsidiaries

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

Company

Name of company	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Amalgum Investments 35 (Pty) Ltd	100.00 %	100.00 %	120	120
Amalgum Investments 36 (Pty) Ltd	- %	100.00 %	-	3 550 120
Amalgum Investments 37 Proprietary Limited	- %	100.00 %	-	-
Amalgum Investments 64 (Pty) Ltd	- %	100.00 %	-	120
Ceppwawu Pharmaceuticals Investments Proprietary Limited	- %	100.00 %	-	-
Ceppwawu Pharmaceuticals Investments Two Proprietary Limited	- %	100.00 %	-	-
Inyanga Trading 214 (Pty) Ltd	100.00 %	100.00 %	100	100
			220	3 550 460

The carrying amounts of subsidiaries are shown net of impairment losses.

4. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
Cirebelle Fine Chemicals (Pty) Ltd	22.00 %	22.00 %	1 161 197	3 635 908
Old Priory Investments (Pty) Ltd	20.00 %	20.00 %	520 200	520 200
Red Coral Investments (Pty) Ltd	- %	20.41 %	-	200
Allegra Properties 3 (Pty) Ltd	50.00 %	50.00 %	200	200
			1 681 597	4 156 508

Company

Name of company	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
Cirebelle Fine Chemicals (Pty) Ltd	22.00 %	22.00 %	1 161 197	3 635 908
Allegra Properties 3 (Pty) Ltd	50.00 %	50.00 %	200	200
			1 161 397	3 636 108

The carrying amounts of Associates are shown net of impairment losses.

Fair value

The fair values, determined annually at the end of the reporting period, were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

4. Investments in associates (continued)

- The fair values on investments not listed or quoted on a stock exchange were based on the underlying net asset income which consists solely in dividend income.

5. Loans to group companies

Subsidiaries

Inyanga Trading 214 (Pty) Ltd - - 1 082 047 1 074 376

The above loans are unsecured, interest free and have no fixed terms of repayment.

Amalgum Investments 35 Proprietary Limited - - - 37 859

The above loans are unsecured, interest free and have no fixed terms of repayment.

Imithi investments Proprietary Limited - - - 456 000

The above loans are unsecured, interest free and have no fixed terms of repayment.

-	-	1 082 047	1 568 235
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Split between non-current and current portions

Non-current assets	-	-	1 082 047	1 568 235
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Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

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Figures in Rand	Group		Company	
	2019	2018	2019	2018
5. Loans to group companies (continued)				
Credit loss allowances				
The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:				
Company - 2019				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Loans to subsidiaries				
Inyanga Trading 214 Proprietary Limited	Performing	Lifetime ECL (not credit impaired)	1 082 047	1 082 047
Total credit loss allowances				
Loans to subsidiaries			1 082 047	1 082 047
			1 082 047	1 082 047
Company - 2018				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Loans to subsidiaries				
Inyanga Trading 214 Proprietary Limited	Performing	Lifetime ECL (not credit impaired)	1 074 376	1 074 376
Amalgum Investments 35 Proprietary Limited	Performing	Lifetime ECL (credit impaired)	37 859	37 859
Imithi Investments Proprietary Limited	Performing	Lifetime ECL (credit impaired)	456 000	456 000
			1 568 235	1 568 235

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Figures in Rand	Group		Company	
	2019	2018	2019	2018
5. Loans to group companies (continued)				
Total credit loss allowances				
Loans to subsidiaries			1 568 235	1 568 235
			1 568 235	1 568 235
6. Loans to shareholders				
Ceppwawu Development Trust				
The above loan is interest free, unsecured and has no fixed terms of repayment.	988 598	988 598	988 598	988 598
Split between non-current and current portions				
Non-current assets	988 598	988 598	988 598	988 598
Exposure to credit risk				
Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.				

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Figures in Rand	Group		Company	
	2019	2018	2019	2018
6. Loans to shareholders (continued)				
Credit loss allowances				
The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans to shareholders by credit rating grade:				
Group - 2019				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Ceppawu Development Trust	Performing	12m ECL	988 598	988 598
Group - 2018				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Ceppawu Development Trust	Performing	12m ECL	988 598	988 598
Company - 2019				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Ceppawu Development Trust	Performing	12m ECL	988 598	988 598
Company - 2018				
Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Ceppawu Development Trust	Performing	12m ECL	988 598	988 598

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R
7. Other financial assets - Comparative information as per IAS 39				
At fair value through profit or loss - designated				
Aspen Pharmacare Holdings Limited	209 691 685	406 179 891	209 691 685	406 179 891
Ceppwawu Investments Proprietary Limited holds 1,503,813 shares in the current year (2018 : 1 503 813) shares at R 139.44 (2018 : R 270.10).				
Nampak Limited	16 081 823	31 311 351	16 081 823	-
Amalgum Investments 64 Proprietary Limited holds 1,404,526 (2018: 1 972 990) shares in the current year at R 11.45 (2018: R 15.87).				
	225 773 508	437 491 242	225 773 508	406 179 891
Available-for-sale				
Aspen Pharmacare Holdings Limited	1 192 149 949	2 309 234 805	1 192 149 949	2 309 234 805
Ceppwawu Investments Proprietary Limited holds 8,549,555 (2018: 8,549,555) shares in aspen at R 139.44 (2018: R 270.10). The fair values of listed or quoted investments are based on the quoted market price (Level 1) at the reporting period date. The ordinary shares were acquired at an initial cost of R11 per share and 17 600 000 converted at R21 per share.				
Transpaco Limited	133 890 622	158 204 094	133 890 622	158 204 094
Ceppwawu Investments Proprietary Limited holds 6,661,225 (2018: 6,661,225) shares in Transpaco Limited at R20.10 (2018: R23.75).				
	1 326 040 571	2 467 438 899	1 326 040 571	2 467 438 899
Loans and receivables				
Ceppwawu	72 873 219	25 555 146	72 873 219	25 555 146
The loan is secured, interest free and is payable within 6 months of the date that Ceppwawu Development Trust (CDT) becomes quorate or once quorate, upon CDT making a distribution to the Union.				
Allegra Properties 3 (Pty) Ltd	4 239 493	-	4 239 493	77 742
The loan is unsecured, interest free and has no fixed terms of repayment.				
	77 112 712	25 555 146	77 112 712	25 632 888
Total other financial assets	1 628 926 791	2 930 485 287	1 628 926 791	2 899 251 678
Non-current assets				
Designated as at FV through profit (loss) (FV through income)	225 773 508	437 491 242	225 773 508	406 179 891
Available-for-sale	1 326 040 571	2 467 438 899	1 326 040 571	2 467 438 899
Loans and receivables	77 112 712	25 555 146	77 112 712	25 632 888
	1 628 926 791	2 930 485 287	1 628 926 791	2 899 251 678

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

7. Other financial assets - Comparative information as per IAS 39 (continued)

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

8. Deferred tax

Deferred tax liability

Deferred tax liability	(273 954 845)	(563 137 004)	(273 954 845)	(563 137 004)
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Deferred tax asset

Other deferred tax asset	102 480	-	102 480	-
Tax losses available for set off against future taxable income	14 911	-	-	-
Total deferred tax asset	117 391	-	102 480	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(273 954 845)	(563 137 004)	(273 954 845)	(563 137 004)
Deferred tax asset	117 391	-	102 480	-
Total net deferred tax liability	(273 837 454)	(563 137 004)	(273 852 365)	(563 137 004)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(563 137 004)	(600 744 605)	(563 137 004)	(600 704 829)
Taxable / (deductible) temporary difference on investments in shares	289 182 159	37 567 825	289 182 160	37 567 825
Movement in deferred tax	117 391	39 776	102 479	-
	(273 837 454)	(563 137 004)	(273 852 365)	(563 137 004)

9. Trade and other receivables

Financial instruments:

Trade receivables	1 176 091	1 326 316	-	-
Total trade and other receivables	1 176 091	1 326 316	-	-

Split between non-current and current portions

Current assets	1 176 091	1 326 316	-	-
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Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	1 176 091	1 326 316	-	-
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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	107 953 308	138 606 294	107 953 308	123 834 191
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Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterpart default rates. None of the financial institutions with which bank balances are held defaulted in prior periods and as a result of the bank balances held is limited to the carrying value of these balances detailed above. To mitigate the risk of loss, the company only transacts with highly reputable financial institutions:

11. Share capital

Authorised				
1000 Ordinary shares	1 000	1 000	1 000	1 000
Issued				
Ordinary	100	100	100	100

12. Trade and other payables

Financial instruments:				
Trade payables	-	125 663	-	125 663
Accrued expenses	-	6 287 615	-	6 145 787
Accrued audit fees	403 473	234 911	366 001	166 950
	403 473	6 648 189	366 001	6 438 400

13. Operating profit (loss)

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

Auditor's remuneration - external				
Audit fees	901 706	537 596	945 801	471 393
Remuneration, other than to employees				
Consulting and professional services	19 756 822	104 543	19 684 717	-
Secretarial services	103 584	22 766	-	-
	19 860 406	127 309	19 684 717	-

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R
14. Investment income				
Dividend income				
Group entities:				
Subsidiaries - Local	-	-	43 801 720	19 186 188
Equity instruments at fair value through profit or loss:				
Listed investments - Local	40 660 764	36 846 636	40 660 764	36 846 636
Total dividend income	40 660 764	36 846 636	84 462 484	56 032 824
Interest income				
Investments in financial assets:				
Bank and other cash	7 591 264	5 075 120	7 588 106	5 062 558
Other financial assets	93 383	2 473 161	-	-
Total interest income	7 684 647	7 548 281	7 588 106	5 062 558
Total investment income	48 345 411	44 394 917	92 050 590	61 095 382
15. Interest and penalties (paid) / refunded				
Interest and penalties (paid) / refunded	-	(8 178 227)	-	456 858
16. Taxation				
Major components of the tax (income) expense				
Current				
Local income tax - current period	179 217	1 992 327	168 758	1 331 713
Deferred				
Deferred tax on fair value of financial assets	(42 088 037)	-	(42 088 037)	-
Other deferred tax	(14 911)	(39 776)	-	-
	(42 102 948)	(39 776)	(42 088 037)	-
	(41 923 731)	1 952 551	(41 919 279)	1 331 713
17. Other comprehensive income				
Components of other comprehensive income - Group - 2019				
	Gross	Tax	Net	
Items that may be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Reclassification adjustments for available-for-sale financial assets	(1 148 551 007)	247 196 602	(901 354 405)	

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R
17. Other comprehensive income (continued)				
Components of other comprehensive income - Group - 2018				
		Gross	Tax	Net
Items that may be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Reclassification adjustments for available-for-sale financial assets		(167 713 502)	37 567 824	(130 145 678)
Components of other comprehensive income - Company - 2019				
		Gross	Tax	Net
Items that may be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Reclassification adjustments for available-for-sale financial assets		(1 148 551 007)	247 196 602	(901 354 405)
Components of other comprehensive income - Company - 2018				
		Gross	Tax	Net
Items that may be reclassified to profit (loss)				
Available-for-sale financial assets adjustments				
Reclassification adjustments for available-for-sale financial assets		(167 713 502)	37 567 824	(130 145 678)
18. Cash used in operations				
(Loss) profit before taxation	(170 778 926)	50 261 263	(126 736 095)	60 165 336
Adjustments for:				
Losses on disposals of subsidiaries	455 996	-	455 996	-
Income from equity accounted investments	2 474 712	-	2 474 712	-
Dividend income	(40 660 764)	(36 846 636)	(84 462 484)	(56 032 824)
Interest income	(7 684 647)	(7 548 281)	(7 588 106)	(5 062 558)
Interest and penalties (paid) / refunded	-	(8 178 227)	-	456 858
Fair value losses	195 770 918	1 538 932	195 553 889	-
Net impairments	(330 318)	(200)	(330 318)	(200)
Changes in working capital:				
Trade and other receivables	150 225	(323 611)	-	-
Trade and other payables	(6 244 718)	(523 825)	73 387	(61 052)
	(26 847 522)	(1 620 585)	(20 559 019)	(534 440)
19. Tax paid				
Balance at beginning of the year	23 068	(16 797 777)	(391 941)	(17 883 215)
Current tax for the year recognised in profit or loss	(179 217)	(1 992 327)	(168 758)	(1 331 713)
Balance at end of the year	(525 966)	(23 068)	(518 608)	391 941
	(682 115)	(18 813 172)	(1 079 307)	(18 822 987)

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20. Dividends paid

Balance at beginning of the year	-	-	-	-
Dividends	-	33 630	-	-
	-	33 630	-	-

Dividends are from capital profits.

21. Related parties

Relationships	
Ultimate holding company	Ceppwawu Development Trust
Subsidiaries	Refer to note 3
Associates	Refer to note 4
Members of key management	DJJ Thomas L McLachlan

Related party balances

Loan accounts - Owning (to) by related parties

Amalgum Investments 35 Proprietary Limited	-	-	-	37 859
Amalgum Investments 64 Proprietary Limited	-	-	-	(1 483 760)
Inyanga Trading 214 Proprietary Limited	-	-	1 082 047	1 074 376
Imithi Investments Proprietary Limited	-	-	-	456 000
Ceppwawu	-	-	-	23 109 753

22. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to shareholders	6	988 598	988 598	988 598
Trade and other receivables	9	1 176 091	1 176 091	1 176 091
Cash and cash equivalents	10	107 953 308	107 953 308	107 953 308
		110 117 997	110 117 997	110 117 997

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Loans to shareholders	6	988 598	988 598	988 598
Trade and other receivables	9	1 326 316	1 326 316	1 326 316
Cash and cash equivalents	10	138 606 294	138 606 294	138 606 294
		140 921 208	140 921 208	140 921 208

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

23. Financial instruments and risk management (continued)

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	5	1 082 047	1 082 047	1 082 047
Loans to shareholders	6	988 598	988 598	988 598
Cash and cash equivalents	10	107 953 308	107 953 308	107 953 308
		110 023 953	110 023 953	110 023 953

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	5	1 568 235	1 568 235	1 568 235
Loans to shareholders	6	988 598	988 598	988 598
Cash and cash equivalents	10	123 834 191	123 834 191	123 834 191
		126 391 024	126 391 024	126 391 024

Notes to the Consolidated Annual Financial Statements

	Group		Company	
	2019 R	2018 R	2019 R	2018 R

23. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	12	403 472	403 472	403 472

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	12	6 648 189	6 648 189	6 648 189

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	12	366 000	366 000	366 000

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	12	6 438 400	6 438 400	6 438 400
Loans from group companies		1 484 980	1 484 980	1 484 980
		7 923 380	7 923 380	7 923 380

Capital risk management

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

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

Loans from group companies		-	-	-	1 484 980
Trade and other payables	12	403 472	6 648 189	366 000	6 438 400
Total borrowings		403 472	6 648 189	366 000	7 923 380
Cash and cash equivalents	10	(107 953 308)	(138 606 294)	(107 953 308)	(123 834 191)
Net borrowings		(107 549 836)	(131 958 105)	(107 587 308)	(115 910 811)
Equity		1 466 483 207	2 505 273 884	1 465 884 386	2 460 848 727
Gearing ratio		(7)%	(5)%	(7)%	(5)%

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	Group		Company	
	2019 R	2018 R	2019 R	2018 R

23. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

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

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

Group		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to shareholders	6	988 598	-	988 598	988 598	-	988 598
Trade and other receivables	9	1 176 091	-	1 176 091	1 326 316	-	1 326 316
Cash and cash equivalents	10	107 953 308	-	107 953 308	138 606 294	-	138 606 294
		110 117 997	-	110 117 997	140 921 208	-	140 921 208

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	5	1 082 047	-	1 082 047	1 568 235	-	1 568 235
Loans to shareholders	6	988 598	-	988 598	988 598	-	988 598
Cash and cash equivalents	10	107 953 308	-	107 953 308	123 834 191	-	123 834 191
		110 023 953	-	110 023 953	126 391 024	-	126 391 024

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

24. Going concern

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

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Notes to the Consolidated Annual Financial Statements

Group		Company	
2019	2018	2019	2018
R	R	R	R

25. Events after the reporting period

The World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The group has developed policies and procedures to address the health and wellbeing of employees. At the date of this report, management have managed to mitigate there being any significant negative impact on cash flows but note that the situation is ongoing and could change. Based on the measures that have been introduced and regular cash flow reviews, the COVID-19 pandemic is an event that does not need to be adjusted for and there is no immediate concern around going concern. The board is of the opinion that the company will continue to report on the going concern basis in the foreseeable twelve-month period.

The directors are not aware of any material event which occurred after the reporting date and up to the date of the audit report which could affect the financial statements.