DESTINATA CAPITAL LIMITED

(Registration Number 2017/340362/06)

Financial Statements

for the 8 month period ended 28 February 2018

Theron du Plessis

Ons verstaan besigheid . . .
We understand business . . .

DESTINATA CAPITAL LIMITED

(Registration Number 2017/340362/06)

Financial Statements for the 8 month period ended 28 February 2018

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

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General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Section 12J Investment Company
Directors	JC Maree PJ Reinhardt M van der Nest RW Steyn
Registered Office	Unit B1, Block 7 Fairways Office Park 5 Niblick Way Somerset West 7130
Bankers	ABSA Bank Limited
Independent Auditors	Theron du Plessis Somerset West Incorporated
Independently Compiled by	G Botha - B.Comm; Professional Accountant (SA); Post Grad Dip Taxlaw; Certified Independent Reviewer (SA)
Level of Assurance	Independent Audit
Income Tax Registration Number	9452/760/18/5

ANDER KANTORE / OTHER OFFICES:
ALIWAL-NOORD/NORTH
BURGERSDORP
CRADOCK
DE AAR
DURBANVILLE
HELDERBERG
MIDDELBURG OK/EC
STELLENBOSCH
VILLIERSDORP

Theron du Plessis
GEOKTROOIEERDE REKENMEESTERS (SA)
CHARTERED ACCOUNTANTS (SA)

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Independent Auditor's Report

To the Shareholders of Destinata Capital Limited

Opinion

We have audited the financial statements of Destinata Capital Limited set out on pages 10 to 31, which comprise the statement of financial position as at 28 February 2018, and the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the 8 month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 28 February 2018, and its financial performance and cash flows for the 8 month period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 comprises the Directors' Report as required by the Companies Act of South Africa, and the supplementary information set out on pages 32 to 33. Other information does not include the financial statements and our auditor's report thereon.

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

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

THERON DU PLESSIS SOMERSET-WES Ingelyf / Incorporated Reg. No. 2005/028545/21
Direkteur/Director: JV Swarts CA (SA), MBA (Madrid), CIMA (United Kingdom), CAIB (SA), B. Compt (Cum Laude), Hons. B. Compt (Cum Laude), Adv. Dip. Audit, Adv. Dip. Treasury and Int. Banking (Cum Laude)
Bygestaan deur/Assisted by: G Botha B.Comm, Post Grad Dip. Tax Law, CertIR, Prof. Tax Specialist (SA), (SAIPA); SAN Louw B.Tech CMA, Post Grad Dip. Tax Law, CertIR, Prof. Tax Specialist (SA), (SAIPA).

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Theron du Plessis Somerset West Incorporated **21 June 2018**

Theron du Plessis Somerset Wes Ing.

Per: S Theart

Director

Registered Auditor

Report of the Compiler

To the Shareholders of Destinata Capital Limited

We have compiled the accompanying financial statements of Destinata Capital Limited based on information you have provided. These financial statements comprise the statement of financial position of Destinata Capital Limited as at 28 February 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the 8 month period then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Theron du Plessis Somerset West Incorporated **21 June 2018**

Per: G Botha
Partner
Professional Accountant (SA)

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the 8 month period. The financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The financial statements have been audited by the independent auditing firm, Theron du Plessis Somerset West Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on pages 3 to 4.

The financial statements as set out on pages 10 to 31 were approved by the board on 21 June 2018 and were signed on their behalf by:

______________________________	______________________________
JC Maree	PJ Reinhardt

Directors' Report

The directors present their report for the 8 month period ended 28 February 2018.

1. Incorporation

Destinata Capital Limited was incorporated on 31 July 2017 and obtained its certificate to commence business on the same day. The company is a Venture Capital Company which was incorporated in accordance with section 12J of the Income Tax Act No.58 of 1962 and is registered with the Financial Advisory and Intermediaries Act no.37 of 2002.

2. Nature of business

Destinata Capital Limited was incorporated in South Africa with interest in the investment holding industry. The company operates in South Africa.

IFRS 10 - Investment Entity

The company is an investment company in terms of IFRS 10.27 & 10.28. The directors have determined that the company meets the criteria in IFRS 10.27 as follows:

• it obtains funds from more than one investor for the purpose of providing those investors with investment management services;

• it commits to its investors that its business purpose is to invest funds solely for returns from capital aprreciation, investment income, or both;

• it measures and evaluates the performance of substantially all investments on a fair value basis.

The company is thus not required to present consolidated annual financial statements but instead measures investments in subsidiaries and associates at fair value, with fair value changes recognised in profit or loss, in accordance with IFRS 9, on the basis that the company is an investment entity.

S 12J of the Income Tax Act No. 58 of 1962 - Venture Capital Company

The company is also a registered Venture Capital Company in terms of S 12J(5) of the Income Tax Act No. 58 of 1962. All South African taxpayers are entitled to a 100% tax deduction on monies invested into the company, in terms of section 12J(2) of the Income Tax Act. The company must invest in qualifying companies defined in section 12(1) of the Income Tax Act and further meet the provisions of section 12J of the Income Tax Act. The initiative has been set up by government and SARS to grow investments into small and medium-sized entities, as a way of stimulating the economy and creating jobs.

3. Going concern

The 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.

Directors' Report

4. Review of financial results and activities

The company received its 12J VCC Approval from SARS in 18 October 2017 and was duly registered as the 73rd VCC in South Africa. The first order business was to raise capital for investment in qualifying companies and to this end the company issued a prospectus with a subscription window from 1 December 2017 to 28 February 2018. Up until 28 February 2018 total capital of R6 508 280 was raised.

The directors have identified student accommodation, hotels and guest house operations as priority type investments due to the fact that these sectors are classified as hospitality or hotel keep, which are allowed investments in terms of Section 12J of the Income Tax Act, and are backed by property and therefore provides the following advantages:
• Lower risk
• Gearing potential

Secondary target investment types are private security, private education, renewable energy and manufacturing.

5. Authorised and issued share capital

Authorised	**Number of shares**
20 000 000 Class A ordinary no par value shares	20,000,000
20 000 000 Class B ordinary no par value shares	20,000,000

Issued	**Number of shares**
66 087 Class "A" ordinary no par value shares	66,087
20 000 000 Class "B" ordinary no par value shares	20,000,000

6. Dividends

No dividends were declared or paid to shareholders during the year.

7. Directors

The directors of the company during the period and to the date of this report are as follows:

JC Maree
PJ Reinhardt
M van der Nest
RW Steyn

Directors' Report

8. Shareholders

The company's ordinary class A shares are held by various shareholders.

The company's holding company is Destinata Holdings Limited which holds 100% of the company's ordinary class B shares.

9. Events after reporting date

The directors are currently in talks with:

- Developers wishing to take on equity partners in student accommodation, hotels and guest house developments.
- A boutique hotel owner wishing to sell a portion of equity in order to access capital for expansion purposes.
- Renewable energy proprietors. Expected return on equity of 15% per annum.

At the date of this report no investments have reached the final sign-off stage as due diligence is underway.

10. Independent Auditors

Theron du Plessis Somerset West Incorporated continued in office as auditors for the company for 2018.

At the AGM, the shareholders will be requested to reappoint Theron du Plessis Somerset West Incorporated as the independent external auditors of the company and confirm S Theart CA (SA) RA as the designated lead audit partner for the 2019 financial year.

DESTINATA CAPITAL LIMITED

(Registration Number 2017/340362/06)

Financial Statements for the 8 month period ended 28 February 2018

Statement of Financial Position

Figures in R	Notes	2018
Assets		
Current Assets		
Cash and cash equivalents	6	6,528,131
Total Assets		**6,528,131**
Equity and Liabilities		
Equity		
Issued capital	7	6,508,280
Accumulated loss		(21,808)
		6,486,472
Non-Current Liabilities		
Loan from shareholder	8	4,836
Loan from related party	9	29,515
		34,351
Current Liabilities		
Trade and other payables	10	7,308
Total Equity and Liabilities		**6,528,131**

Statement of Profit or Loss and Comprehensive Income

Figures in R	Notes	8 months 2018
Revenue	11	60,000
Operating costs		(88,203)
Operating profit		**(28,203)**
Finance income	12	6,791
Finance costs	13	(396)
Loss for the year		**(21,808)**
Total comprehensive loss for the year		**(21,808)**

Statement of Changes in Equity

Figures in R	Share capital	Accumulated loss	Total
Balance at 1 March 2017	-	-	-
Total comprehensive income for the year			
Loss for the year		(21,808)	(21,808)
Total comprehensive income for the year	-	(21,808)	(21,808)
Issue of share capital	6,508,280		6,508,280
Balance at 28 February 2018	**6,508,280**	**(21,808)**	**6,486,472**
Note	7		

DESTINATA CAPITAL LIMITED

(Registration Number 2017/340362/06)

Financial Statements for the 8 month period ended 28 February 2018

Statement of Cash Flows

Figures in R		8 months 2018
Loss for the year		(21,808)
Adjustments for:		
Finance costs		396
Investment income		(6,791)
Operating cash flow before working capital changes		(28,203)
Working capital changes		
Increase in trade and other payables		7,308
Investment income		6,791
Finance costs		(396)
Cash flows from financing activities		
Proceeds on share issue		6,508,280
Loans raised		29,515
Shareholder's loan raised		4,836
Net cash flows from financing activities		**6,542,631**
Net increase in cash and cash equivalents		6,528,131
Cash and cash equivalents at end of the year	6	**6,528,131**

Accounting Policies

1. General information

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), which includes all applicable IFRSs, International Accounting Standards (IASs) and Interpretations issued by the IFRS Interpretations Committee. A summary of significant accounting policies is set out in note 3.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting Policies

3.1 Investment entity

The company has not presented consolidated annual financial statements as the company is an investment company in terms of IFRS 10.27 &10.28. The directors have determined that the company meets the criteria in IFRS 10.27 as follows:

- the company obtains funds from more than one investor for the purpose of providing those investors with investment management services;
- the company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both;
- the company measures and evaluates the performance of substantially all investments on a fair value basis.

The company is also a registered Venture Capital Company in terms of S 12J(5) of the Income Tax Act No. 58 of 1962 and is registered with the Financial Advisory and Intermediaries Act No. 37 of 2002. All South African taxpayers are entitled to a 100% tax deduction on monies invested into the company, in terms of section 12J(2) of the Income Tax Act. The company must invest in qualifying companies defined in section 12(1) of the Income Tax Act and further meet the provisions of section 12J of the Income Tax Act.

Investment in subsidiaries

Subsidiaries are entities (including structured entities) which are controlled by the company. The company has control of an entity when it is exposed to or has rights to variable returns from the involvement with the entity and it has the ability to affect those returns through the use of its power over the entity.

Investments in subsidiaries are carried at fair value with fair value changes recognised in profit or loss, in accordance with IFRS 9, on the basis that the company is an investment company.

Investment 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.

IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture) in terms of IAS 28 (2011).2. An entity must apply the equity method when accounting for investments in associates and joint ventures.

However, in accordance with IAS 28(2011).17 the entity is exempt from applying in equity method since it is exempt from preparing consolidated financial statements with reference to IFRS 10.

Investments in associates or joint ventures are therefore measured at fair value through profit or loss in accordance IFRS 9.

Accounting Policies

3.2 Financial assets

3.2.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3.2.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

3.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

3.2.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Accounting Policies

3.2.5 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

3.2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.2.7 Impairment of financial assets

a. Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

b. Assets classified as available for sale

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

Accounting Policies

3.2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Loan from group company

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

Loans to group companies are classified as loans and receivables.

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

3.2.9 Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or company of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

3.2.10 Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the company's cash management are included as a component of cash and cash equivalents.

Accounting Policies

3.2.11 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in reserves. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest rate method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of the impaired available-for-sale equity security is recognised in other comprehensive income.

3.3 Financial liabilities

3.3.1 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Accounting Policies

3.3.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Loans from shareholders and related parties are classified as financial liabilities measured at amortised cost.

3.3.3 Share capital

a. Ordinary shares

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

b. Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Accounting Policies

3.4 Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity. In the case if the tax relates to items that are recognised directly to equity, current tax and deferred tax are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxatation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

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 is not a business combination; and 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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

At each statement of financial position date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

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 statement of financial position date. Deferred tax assets and liabilities are not discounted.

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and Value Added Tax (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

Accounting Policies

3.5.1 Sales of goods

Revenue from the sales of good is recognised when all the following conditions have been satisfied:

- The company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
- The amount of revenue can be measured reliably;
- Receipt of the future economic benefits is probable;
- Costs relating to the transaction can be measured reliably.

Revenue comprises net invoiced sales to customers excluding VAT and other non-operating income.

3.5.2 Rendering of Services

Revenue from subscriptions and training is accounted for when services are rendered.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

3.6 Dividends

Dividend income is recognised when the shareholder’s right to receive payment is established.

3.7 Interest income

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Accounting Policies

3.8 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.9 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3.10 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. Critical accounting judgements and key sources of estimation uncertainty

The company's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the consolidated annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting Policies

4.1 Critical judgements in applying the company's accounting policies

The following are critical judgements that the Board have made in the process of applying the company and the Joint Venture's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorde in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

4.1.2 Taxation

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

Accounting Policies

5. Changes in accounting policies and disclosures

5.1 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the financial period beginning 1 July 2017 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The Board anticipates that the new standards, amendments and interpretations will be adopted in the Group's consolidated financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Details of Standard / interpretation	Expected impact	Effective date: Years beginning on or after
IFRS 9 Financial Instruments (2014)	Unlikely there will be a material impact	01 January 2018
IFRS 16 Leases	Unlikely there will be a material impact	01 January 2019
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	Unlikely there will be a material impact	01 January 2018

Notes to the Financial Statements

Figures in R	2018

6. Cash and cash equivalents

Favourable cash balances

Bank: ABSA (Acc 4093245875)	3,340
Bank: ABSA (Acc 9333733789)	6,524,791
	6,528,131

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 external credit ratings (if available) or historical information about counterparty default.

Credit rating by Fitch Rating Limited (15 June 2018)

ABSA Bank Limited long term : BB+

7. Share capital

Authorised

20 000 000 Class A ordinary no par value shares
20 000 000 Class B ordinary no par value shares

Issued

66 087 Class "A" ordinary no par value shares	6,488,280
20 000 000 Class "B" ordinary no par value shares	20,000
	6,508,280

Share reconciliation - Class "A" ordinary no par value shares

Shares outstanding - beginning of the period	20,000,000
Issued	(66,087)
Shares outstanding - closing	19,933,913

Share reconciliation - Class "B" ordinary no par value shares

Shares outstanding - beginning of the period	20,000,000
Issued	(20,000,000)
Shares outstanding - closing	-

Notes to the Financial Statements

Figures in R	2018

Right and Privileges Attached to Class "A" ordinary shares

Each A Ordinary share ranks pari passu in all respects, other than specifically specified below, and entitles the holder to the right to be entered in the securities register of the Company as the registered holder of a Class A Ordinary share:

- With regard to voting, in the case of a vote by means of a show of hand or a poll, 1 (one) vote for every Class A ordinary share held by the investor shareholder;
- The Class A shareholders are entitled to 49% (forty nine percent) of the voting rights;
- The right to attend, participate in, speak at and vote on any matter to be considered at, any meeting of ordinary shareholders;
- To receive a portion of 80% (eighty percent) of the total amount of any dividend declared by the Company, if and when declared on the ordinary shares and 80% (eighty percent) of retained earnings in proportion to the investor shares held by each of them. Where a distribution consists of a return of share cpital, Class A shares are entitled to the proportion of share capital contributed by that Class of shareholders on an equal basis per share;
- The right to receive a portion of the total net assets of the Company remaining upon its liquidation; and
- Any other rights attaching to Class A ordinary share in terms of the Act of any other law.

Right and Privileges Attached to Class "B" ordinary shares

- Each B ordinary share ranks pari passu, other than specifically specified below, in all respects and entitles the holder to the right to be entered in the securities register of the Company as the registered holder of a Class B Ordinary share:
- With regard to voting, in the case of vote by mens of a show of hands or a poll, 1 (one) vote for every Class B ordinary share held by the investor shareholder.
- The Class B shareholders are entitled to 51% (fifty one percent) of the voting rights.
- The right to attend, participate in, speak at and vote on any matter to be considered at, any meeting of ordinary shareholders;
- To receive portion of 20% (twenty percent) of the total amount of any dividend declared by the Company, if and when declared on the ordinary shares and 20% (twenty percent) of retained earnings in proportion to the investor shares held by each of them. Where a distribution consists of a return of share capital, the Class B shares are entitled to the portion of share capital contributed by that Class of shareholders on an equal basis per share.
- The right to receive a portion of the total net assets of the Company remaining upon its liquidation; and
- Any other rights attaching to the Class B ordinary share in terms of the Act of any other law.

Notes to the Financial Statements

Figures in R	2018

8. Loan from shareholder

Loan: Destinata Holdings Limited	4,836

These loans are unsecured, bear interest at various rates and have no fixed terms of repayment, other than not being repayable within the next 12 months.

9. Loan from related party

Loan: Treoc (Pty) Ltd	29,515

These loans are unsecured, bear interest at various rates and have no fixed terms of repayment, other than not being repayable within the next 12 months.

10. Trade and other payables

Trade creditors	7,308

11. Revenue

An analysis of revenue is as follows:

Management fees	60,000

12. Finance income

Interest income	
Interest received	6,791

13. Finance costs

Overdue accounts	396

14. Income tax expense

No provision has been made for 2018 tax due to the loss incurred.

15. Directors' emoluments

No emoluments have been awarded to the directors for the period under review.

16. Related party transactions

Name	Relationship	Transactions	(Income) received / expenses incurred Amounts owed (to) / by the related party at year-end 2018
Treoc (Pty) Ltd	Mutually Managed Company	Management fees received	(60,000)
Treoc (Pty) Ltd	Mutually Managed Company	Loan payable	(29,515)
Destinata Holdings Limited	Shareholder	Loan payable	(4,836)

17. Financial instruments

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2018					
Current financial assets					
Cash and cash equivalents (refer note 6)	-	-	6,528,131	-	6,528,131

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2018			
Non-current financial liabilities			
Loan from shareholder (refer note 8)	-	4,836	4,836
Loan from related party (refer note 9)	-	29,515	29,515
Current financial liabilities			
Trade and other payables (refer note 10)	-	7,308	7,308

Notes to the Financial Statements

Figures in R	2018

17.1 Credit risk

The company is exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the company by letter of credit in order to minimise the company's credit risk exposure

Summary quantitative data

Cash and cash equivalents	6,528,131

17.2 Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2018				
Loan from shareholder (refer note 8)	4,836	-	-	-
Loan from related party (refer note 9)	29,515	-	-	-
Trade and other payables (refer note 10)	7,308	-	-	-

17.3 Interest rate risk

The company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as held-to-maturity investments and available-for-sale financial assets. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

18. Comparative figures

No comparative figures have been presented as these are the first financial statements of the company.

Detailed Income Statement

Figures in R	8 months 2018
Gross Revenue	
Management fees	60,000
	60,000
Other Income	
Investment income	6,791
	6,791
	66,791
Expenditure	
Accounting fees	10,249
Advertising	47,230
Bank charges	345
Entertainment	4,868
Finance costs	396
Legal expense	4,856
Printing and stationery	225
Secretarial fees	17,340
Travel - local	3,090
	88,599
Loss for the year	**(21,808)**

Income Tax Computation

Figures in R	Add Back	Deduct	8 months 2018
Loss before tax			**(21,808)**
Computed income/(loss) for the year			(21,808)
Assessed loss brought forward			-
Computed income/(loss) before capital gain/(loss)			(21,808)
Capital Gain Portion			-
Taxable income/(loss) including capital gain			(21,808)
Total per income statement			**-**
Total per balance sheet - Asset/(Liability)			**-**