Legal Shield Holdings Limited
(Registration number 2006/399)
Historic Financial Information
for the period ended 31 August 2023

Contents

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

Directors' Report

The directors have pleasure in submitting their report on the historic financial information of Legal Shield Holdings Limited and the group for the period ended 31 August 2023.

1. Nature of business

Legal Shield Holdings Limited was incorporated in Namibia with interests in the insurance and property industries. The activities of the group are undertaken through the company and its principal subsidiaries. The group operates in Namibia.

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

2. Review of financial results and activities

Thehistoric financial information have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), interpretations as issued by the IFRS Interpretations Committee (IFRIC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements (LR) of JSE Limited (JSE) and Namibia Stock Exchange (NSX) and in the manner, as required by the Companies Act of Namibia and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting policies have been applied consistently compared to the prior period.

Full details of the financial position, results of operations and cash flows of the group are set out in these historic financial information.

3. Share capital

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

4. Interests in subsidiaries

Details of material interests in subsidiary companies are:

Name of company	**2023**	**2022**	**2021**
Percentage shareholding			
Trustco Life Ltd	100%	100%	100%
Trustco Insurance Ltd	100%	100%	100%
Trustco Re-Insure Ltd	100%	100%	100%
Trustco Estate Planners and Administrators (Pty) Ltd	100%	100%	100%
Carrying amount			
Trustco Life Ltd	2 602 804	2 602 804	2 602 804
Trustco Insurance Ltd	27 510	27 510	27 510
Trustco Re-Insure Ltd^	10 000	-	-
Trustco Estate Planners and Administrators (Pty) Ltd*	-	-	-
	2 640 314	**2 630 314**	**2 630 314**

^Carrying amounts of investment in the 2022 and 2021 financial periods were NAD 100.

**Carrying amount of investment was NAD 100.*

There were no significant acquisitions or divestitures during the period ended 31 August 2023.

5. Dividends

The board of directors do not recommend the declaration of a dividend for the period and no dividends were paid.

Directors' Report

6. Directorate

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

Directors	Designation	Nationality
F J Abrahams	Executive	Namibian
Q van Rooyen	Executive	Namibian
Q Z van Rooyen	Executive	Namibian
W Geyser	Non-executive Independent	Namibian
J van den Heever	Non-executive Independent	Namibian
R J Taljaard	Non-executive Independent	Namibian

There have been no changes to the directorate for the period under review.

7. Holding company

The group's holding company is Trustco Group Holdings Ltd which holds 80% (2022: 80% ; 2021: 80%) of the group's equity. Trustco Group Holdings Ltd is incorporated in Namibia.

8. Events after the reporting period

On 23 April 2024, the Trustco Group Holdings Ltd entered into an agreement with Riskowitz Value Fund to purchase 1 135 shares of Legal Shield Holdings for N$ 468 million. The transaction is subject to shareholders approval.

On 20 June 2024, the Trustco Group Holdings Ltd entered into an agreement with University of Notre Dame du Lac to purchase 865 shares of Legal Shield Holdings for USD 5 million. The transaction is subject to shareholders approval.

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

9. Going concern

The financial results have been prepared on the going concern basis which considers the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. The board of directors, as part of their responsibilities, annually assesses the going concern of the group. As part of their assessment, the board of directors considered working capital requirements, availability of resources and reserves either from existing investing activities or further borrowings, available information about the future, financial impact of ongoing litigation, the possible outcomes of planned events and the responses to such events and conditions that would be available to the board.

The board of directors has, *inter alia*, considered the following specific factors in determining whether the company and group is a going concern for the foreseeable future:

- Cash utilised from operating activities by the group for the year ended 31 August 2023 amounting to NAD 10 million;
- Current liabilities of the group exceed current assets as at 31 August 2023 by NAD 803 million;
- Total liabilities of the group exceed total assets as at 31 August 2023 by NAD 73 million:
- Whether the group has sufficient cash resources from investing activities which is readily available, in order to settle its creditors and maturing liabilities as and when they fall due in the foreseeable future, whilst continuing to maintain its operating abilities for the foreseeable financial period;
- Whether there is any significant pending litigation that will threaten the going concern status of the group;
- Assessment of the existing economic conditions related to the various investees and whether the possibility exists to sufficiently scale said operations in the foreseeable future to provide additional cash resources; and
- Assessment of the solvency and liquidity position of the company in accordance with the Companies Act.

Following the above assessment, the board of directors believe that the above factors, coupled with prevailing economic conditions and forecast economic outlook presents some challenges for the foreseeable future. In response to the above factors, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with the implementation thereof regularly monitored.

These conditions are considered to indicate that a material uncertainty exists which may cast significant doubt on the ability of the group and the Trustco Group Holdings (TGH) group to continue as a going concern in the foreseeable future. This is largely attributable to the short-term liquidity position of the group and the TGH group. Therefore, the ability of the group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the group and the TGH group faces on an ongoing basis:

Directors' Report

9. Going concern (continued)

- achieving of various technical, geological and financial milestones by the mining portfolio related to the mining operations in Sierra Leone;
- raising the final USD 25 million in borrowings required to bring the mining operations of Meya Mining into steady state commercial production within the next 12-18 months;
- the mining operations in Sierra Leone to adequately scale production of its flagship asset, which will enable the group to recover its net debt and equity investment in the mining investee in the foreseeable future;
- recovery of USD 45 million in interest bearing debt from its mining investee, once Meya Mining achieves the above stated production targets, which will assist with the liquidity requirements of the group and assist with repayment of borrowings;
- continued conditional subordination of debt owing to related party investors of the group for the foreseeable future;
- successful negotiations with international lenders in order to agree revised repayments terms associated with borrowings due and payable in the foreseeable future;
- successful resolution of various ongoing legal matters in order to mitigate the potential liquidity impact thereof;
- successful conclusion of planned equity investments to increase liquidity and realise growth opportunities across the group and its investees; and
- successful conversion of related party debt into equity.

The board of directors have evaluated the plans noted above to address the material uncertainty related to the going concern assumption of the group and note these plans will alleviate the group’s liquidity position should they be executed successfully.

The board of directors have evaluated the group’s liquidity requirements to confirm whether the group has access to sufficient resources to continue as a going concern in the foreseeable future, considering the above factors and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the group would be able to continue its operations as a going concern. The directors are not aware of any other matters that may impact the group. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group. Following the above assessment, the board of directors continue to adopt the going concern basis of accounting in preparing the financial statements.

10. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

Trustco Life Ltd and Trustco Insurance Ltd (subsidiaries) were involved in an industry class action against the implementation of the Act of Parliament, Namibia National Reinsurance Corporation Act (Act 22 of 1998). The industry class action against the implementation of the Act of Parliament, Namibia National Reinsurance Corporation Act (Act 22 of 1998) was finalised on 14 March 2023 with the judgement in favour of Trustco Life Ltd and Trustco Insurance Ltd.

The group is involved in an ongoing legal dispute with Constantia Risk and Insurance (Pty) Ltd (CRIH) regarding a N$50 million deposit paid under a Share Sale and Subscription Agreement (SSA). CRIH claims the SSA lapsed due to unfulfilled conditions precedent and seeks the return of the deposit. The group contends that the conditions were either met or should be deemed fulfilled due to CRIH's conduct.

An arbitrator initially ruled in favour of CRIH. The group is currently preparing a review application against this ruling. The outcome and potential financial implications of this case remain uncertain.

Save as recorded above, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened that may have a material effect on the financial position of the company.

11. Secretary

The company secretary is Komada Holdings (Pty) Ltd.

Postal address:	PO Box 11363 Windhoek Namibia
Business address:	Trustco House 2 Keller Street Windhoek Namibia

Directors' Report

12. Auditors

SML Namibia continued in office as auditor for the company and it's subsidiaries for 2023.

13. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the group.

Legal Shield Holdings Limited
(Registration number 2006/399)
Historic Financial Information for the period ended 31 August 2023

Statement of Financial Position as at 31 August 2023

		Group		
Figures in Namibia Dollar thousand	Note(s)	31 August 2023	31 August 2022	31 August 2021
Assets				
Non-Current Assets				
Property, plant and equipment	3	4 270	36 453	41 497
Investment property	5	878 338	918 349	1 638 815
Intangible assets	6	25 239	21 803	23 787
Amounts due from related parties	7	120 000	120 010	544 167
		1 027 847	**1 096 615**	**2 248 266**
Current Assets				
Inventories	10	622 614	659 726	458 447
Amounts due from related parties	7	110 280	56 137	103 207
Trade and other receivables	8	40 714	39 826	84 779
Investments at fair value	9	39 115	38 304	92 414
Current tax receivable		2 250	1 360	1 360
Cash and cash equivalents	11	10 401	5 769	8 770
		825 374	**801 122**	**748 977**
Total Assets		**1 853 221**	**1 897 737**	**2 997 243**
Equity and Liabilities				
Equity				
Share capital	12	-	-	-
Contingency reserve	13	8 390	3 995	4 580
Retained income		(81 598)	(81 396)	567 168
		(73 208)	**(77 401)**	**571 748**
Liabilities				
Non-Current Liabilities				
Amounts due to related parties	14	120 340	-	25 885
Borrowings	15	87 286	124 739	123 966
Deferred tax		27 374	19 371	23 179
Policy holders' liability under insurance contracts	17	34 279	37 510	34 397
Fixed term investment contracts	18	28 447	13 614	-
		297 726	**195 234**	**207 427**
Current Liabilities				
Trade and other payables	19	192 752	219 861	232 408
Amounts due to related parties	14	1 406 420	1 526 592	1 951 082
Borrowings	15	37	37	2 738
Current tax payable		979	3 022	2 272
Insurance liabilities	16	14 357	14 958	16 221
Policy holders' liability under insurance contracts	17	8 271	11 956	13 347
Fixed term investment contracts	18	5 887	3 478	-
		1 628 703	**1 779 904**	**2 218 068**
Total Liabilities		**1 926 429**	**1 975 138**	**2 425 495**
Total Equity and Liabilities		**1 853 221**	**1 897 737**	**2 997 243**

Legal Shield Holdings Limited
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Statement of Profit or Loss and Other Comprehensive Income

		Group		
Figures in Namibia Dollar thousand	Note(s)	12 months ended 31 August 2023	12 months ended 31 August 2022	11 months ended 31 August 2021
Revenue	20	184 961	136 367	234 876
Cost of sales	21	(50 535)	(103 865)	(93 474)
Gross profit		**134 426**	**32 502**	**141 402**
Other operating gains (losses)	22	(26 204)	(527 198)	3 946
Other operating expenses	23	(93 177)	(136 523)	(125 314)
Operating profit (loss)	23	**15 045**	**(631 219)**	**20 034**
Investment income	24	26 274	4 296	241
Finance costs	25	(31 351)	(25 285)	(127 480)
Profit (loss) before taxation		**9 968**	**(652 208)**	**(107 205)**
Taxation	26	(5 774)	3 059	1 566
Total comprehensive income (loss) for the period		**4 194**	**(649 149)**	**(105 639)**

Earnings per share

Per share information				
Basic earnings (loss) per share (c)	27	419.40	(64 914.90)	(10 563.90)
Headline earnings (loss) per share (c)	27	119.70	(64 740.30)	(10 934.40)

Statement of Changes in Equity

Figures in Namibia Dollar thousand	Contingency reserve	Retained income	Total equity
Group			
Balance at 1 September 2021	**4 580**	**567 168**	**571 748**
Total comprehensive Loss for the period	**-**	**(649 149)**	**(649 149)**
Transfer between reserves	(585)	585	-
Total contributions by and distributions to owners of company recognised directly in equity	**(585)**	**585**	**-**
Balance at 1 September 2022	**3 995**	**(81 397)**	**(77 402)**
Total comprehensive income for the period	**-**	**4 194**	**4 194**
Transfer between reserves	4 395	(4 395)	-
Total contributions by and distributions to owners of company recognised directly in equity	**4 395**	**(4 395)**	**-**
Balance at 31 August 2023	**8 390**	**(81 598)**	**(73 208)**
Note(s)	13		

Legal Shield Holdings Limited
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Statement of Cash Flows

		Group		
Figures in Namibia Dollar thousand	Note(s)	12 months ended 31 August 2023	12 months ended 31 August 2022	11 months ended 31 August 2021
Cash flows from operating activities				
Cash generated from/(used in) operations	28	(2 941)	29 138	70 163
Interest income	24	2 809	2 311	-
Finance costs	25	(4 237)	(7 067)	(5 377)
Tax paid	29	(1 102)	-	-
Net cash from operating activities		**(5 471)**	**24 382**	**64 786**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	3	9 467	4 228	234
Proceeds from sales of investment property	5	-	1 500	-
Purchases of intangible assets	6	(7 302)	(7 038)	(7 897)
Cash advanced in loans to related parties	7	(6 704)	(35 764)	(37 579)
Purchases of investments at fair value	9	-	-	(20 000)
Proceeds from sales of investments at fair value	9	1 834	3 391	-
Net cash from investing activities		**(2 705)**	**(33 683)**	**(65 242)**
Cash flows from financing activities				
Repayments of borrowings	15	(2 862)	(10 792)	(11 022)
Cash received on fixed term investment contracts	18	15 670	17 092	-
Net cash from financing activities		**12 808**	**6 300**	**(11 022)**
Total cash movement for the period		**4 632**	**(3 001)**	**(11 478)**
Cash and cash equivalents at the beginning of the period		5 769	8 770	20 248
Cash and cash equivalents at the end of the period	11	**10 401**	**5 769**	**8 770**

Accounting Policies

1. Material accounting policies

The principal accounting policies applied in the preparation of these historic financial information are set out below.

1.1 Basis of preparation

The historic financial information (financial statements) has been prepared in accordance with all applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements of the JSE and the Namibian Stock Exchange and in the manner as required by the Companies Act of Namibia and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment and investment properties at fair value and incorporate the principal accounting policies set out below. The accounting policies are consistent with those of financial statements for the previous period.

The financial statements are presented in Namibia Dollar, which is the group’s functional and presentation currency and amounts are rounded to the nearest thousand unless otherwise stated.

1.2 Consolidation

Basis of consolidation

The consolidated historic financial information incorporate the historic financial information of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The results of subsidiaries are included in the consolidated historic financial information from the date of obtaining control until the date that control is lost.

The accounting policies of all subsidiaries are the same as those of the parent.

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.

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.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at acquisition date.

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.

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. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

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.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of historic financial information 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.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

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.

Impairment testing of non financial assets

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. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Management undertook an annual impairment test for intangible assets with an indefinite useful life. For assets with finite useful lives, impairment testing was performed if events or changes in circumstances indicated that the carrying amount of an asset might not be recoverable.

Impairment testing was an area involving significant estimation and assumption, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

Value in use was calculated as the net present value of future cash flows derived from assets using cash flow projections that have been discounted at appropriate discount rates.

Fair value determination - Land and buildings and Investment property

The group measures and recognises land and buildings and investment property initially at cost and subsequently at fair value. The fair value estimate is determined using directors’ valuations with independent external valuations obtained every three years. Fair value is determined as follows:

- land and buildings - valued using the income capitalisation method;
- completed developments – completed developments valued using the discounted cash flow of future rental income adjusted by the value of the straight-lining lease debtor; and
- developments under construction – an adjustment to the present value of the difference between the estimated fair value of the investment property at completion and the total estimated development cost.

Under current market conditions, the above adjustments are made to reflect the fair value at which the asset could be exchanged between market participants at the reporting date.

There is significant judgement involved in determining the fair value of land and buildings and investment property. The significant unobservable inputs into the valuations of land and buildings and investment property are capitalisation rates, discount rates, inflationary increases in rental and cost, development cost and market rental assumptions.

Refer to notes 5 and 31 for detail relating to the unobservable inputs and the sensitivity thereof to changes therein.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Insurance liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the insurance company’s financial statements, principally in respect of the company’s insurance liabilities. Insurance liabilities include liabilities for unearned premiums, claims incurred and incurred but not reported (IBNR) claims.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account. Refer to note 17 for the details relating to the significant unobservable inputs.

Tax

Judgement is required in determining the accrual for income taxes due to the complexity of the legislation. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the initially recognised amounts, such differences will impact the income tax and deferred tax provisions.

The group recognises the net future tax benefit related to deferred tax assets to the extent that the temporary deductible differences will temporarily reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future 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 group to realise the net deferred tax assets recognised at each reporting date could be impacted.

The group carries significant deferred tax assets and has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The group expects to generate a taxable income from the 2024 financial period onwards. The losses can be carried forward indefinitely and have no expiry date.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.5 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of **property, plant and equipment** have been assessed as follows:

Item	Depreciation method	Average useful life
Machinery and equipment	Straight line	6 - 15 years
Motor vehicles	Straight line	8 years
Furniture and fittings	Straight line	6 - 8 years
Computer equipment	Straight line	3 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight line	10 - 25 years
Computer software	Straight line	2 - 10 years

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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).

Accounting Policies

1.7 Financial instruments (continued)

Note 31 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Loans receivable at amortised cost

Classification

Amounts due from related parties (note 7) 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 24).

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.

1.7 Financial instruments (continued)

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.

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.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 31).

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 8).

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.

Accounting Policies

1.7 Financial instruments (continued)

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 24).

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.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of 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 23).

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 8) and the financial instruments and risk management note (note 31).

Accounting Policies

1.7 Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 9. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification. Details of the valuation policies and processes are presented in note 9.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses) (note 22).

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 24).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Borrowings and loans from related parties

Classification

Loans from group companies (note 7) and borrowings (note 15) 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 finance costs (note 25.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Accounting Policies

1.7 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 19), 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 finance costs (note 25).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Cash and cash equivalents

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Accounting Policies

1.7 Financial instruments (continued)

Financial liabilities

Financial liabilities are not reclassified.

1.8 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 and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Accounting Policies

1.9 Leases (continued)

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 23) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented within borrowings on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 25).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Accounting Policies

1.9 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in revenue (note 20).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

Inventories includes a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.11 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:
- 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.

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.

1.12 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.

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

Accounting Policies

1.14 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.

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.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:
- Property sales revenue; and
- Insurance premium revenue (disclosed in accounting policy 1.17).

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Property sales

The group sell serviced and unserviced land to customers. The sale of serviced land involves the following performance obligations:
- sale of land; and
- provision of bulk services.

The transaction prices for the sale of serviced land is allocated to the performance obligations based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is recognised when control of the serviced land has been transferred to the customer on the date upon which the purchaser had the ability to unilaterally affect changes to the asset. The date at which control transfers is when the earliest of the following occurs:
- the necessary bulk services have been installed and are available and ready for use; and
- the purchaser has accepted the asset and has the right of use and control over the property.

Accounting Policies

1.15 Revenue from contracts with customers (continued)

Payment of the transaction price is due immediately at the point at which control transfers. Where the sale is relates to serviced land, these indicators are present for both the sale of the land and the services when the installation of services is complete. Therefore the installation of bulk services gives rise to point-in-time revenue recognition.

1.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Insurance contracts

a) Classification of contracts

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. Such contracts may also transfer financial risk. Trustco defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is significantly more than the benefits payable if the insured event did not occur.

Financial risk is the risk of a possible future change in the value of an asset or financial instrument due to a change in the interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other measurable variables.

The following typical types of contracts issued by the group are classified as insurance contracts:

- policies that provide legal cover in the event of litigation against or in favour of policyholders
- policies providing lump-sum benefits and cost recoveries for death
- policies that provide salary cover
- policies that provide short-term cover relating to property, accident and personal accident
- policies that provide medical insurance coverage and
- policies that provide all or a combination of the above covers.

i) Long-term insurance operations

These contracts are valued in terms of the financial soundness valuation (FSV) basis contained in NSAP 104 (a mandatory guidance note issued by the Namibian Society of Actuaries that gives guidance on IFRS making specific reference to the Namibian environment). The statutory actuary reviews the calculation of the liabilities under long-term insurance contracts and investment contracts annually at the reporting date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in Namibia and IFRS as appropriate. The transfers to or from insurance liabilities are accounted for in profit or loss and represent the increase or decrease in contract liabilities, including all necessary provisions and reserves.

The liabilities for insurance contracts are set equal to the accumulated fair value of the underlying assets plus a non-unit reserve calculated in accordance with NSAP 104. Any deficiency is immediately recognised in profit or loss and a provision is recognised for losses from the liability adequacy tests.

Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being recognised in profit or loss. The premiums, benefit payments and investment earnings relating to these investment contracts have been excluded from profit or loss and accounted for directly as movements in the liability.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant, although this generally does not occur with the current investment contracts being written.

ii) Short-term insurance operations

Contracts under which the short-term insurance operations accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiaries if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiaries, are classified as insurance contracts.

Accounting Policies

1.17 Insurance contracts (continued)

b) Insurance results

The underwriting results are determined after recognising liabilities for unearned premiums, claims incurred, incurred but not reported claims and such additional provisions as are considered necessary. The methods used to determine these liabilities are as follows:

i) Premiums

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current period which relate to risks that have not expired by reporting date, are calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

ii) Claims

Claims incurred consist of claims and claims handling expenses paid during the reporting period together with the movement in the claims incurred liability. Claims outstanding comprise an obligation for the estimate of the ultimate cost of settling all claims incurred but unpaid at reporting date whether reported or not and an appropriate risk margin.

Adjustments to the amounts of claims obligations established in prior periods, as a result of changes in estimates, are reflected in the period in which the adjustments are made and disclosed separately if material.

iii) Liability adequacy test

At each reporting date, liability adequacy tests are required to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future premiums, claims and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Since the insurance policy liabilities are calculated in terms of the FSV basis as described in NSAP 104, which meets the minimum requirements of the liability adequacy test, it is not necessary to perform an additional liability adequacy test.

iv) Incurred but not reported claims (short-term business) (IBNR)

IBNR reflects the total amount owed by the insurer to all valid claimants who have a covered loss but not yet reported this to the insurer. Claims are calculated as a percentage of claims. Different percentages are applied by class of business.

v) Policyholders' liability under insurance contract (long-term business)

The liabilities under life insurance contracts are valued in terms of the FSV basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by NSAP 104. The operating surpluses or losses arising from life insurance contracts are determined by the annual valuation and are included in 'insurance liabilities'. These surpluses or losses are determined after taking into account the movement within the policyholder's liabilities.

vi) Unearned premium reserve

A provision in respect of premiums written in the current period relating to future periods is determined for all business on actual monies received in advance. This is calculated by multiplying the premium by the ratio of the outstanding term to the original term of the policies in force.

c) Revenue recognition

i) Long-term insurance operations

Premiums and annuity considerations on insurance contracts are recognised when due in terms of the contract, other than group schemes. Premiums receivable in respect of group schemes that are due after the reporting date are ignored. However, where the operating ratios exceed 100%, a deficiency reserve is established to offset any expected losses up until the next renewal date.

Premiums are shown before deduction of commission. Premium income received in advance is included in insurance contract liabilities. Amounts received under investment contracts are recognised as deposits to investment contract liabilities.

Accounting Policies

1.17 Insurance contracts (continued)

ii) Short-term insurance operations

Gross written premiums comprise the premiums on insurance contracts entered into during the period, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude value-added tax. Premiums written include adjustments to premiums written in the prior reporting periods. The earned portion of the premium received is recognised as revenue.

Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

d) Solvency margin

The solvency margin is a measurement of the financial strength of a short-term insurer. It represents the shareholders' funds, expressed as a percentage of net premium income. This method of measurement is done in accordance with Section 20 of the Namibian Short- term Insurance Act of 1998.

e) Contingency reserve

The group's short-term insurance business raises contingency reserve of 10% of written premiums in accordance with the generally accepted insurance industry practice. The contingency reserve is transferred directly from/(to) retained earnings to/(from) contingency reserves, and is reflected as a movement in the statement of changes in equity.

Notes to the Historic Financial Information

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current period

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	The impact of the amendments is not material.
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	The impact of the amendments is not material.

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 1 September 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Non-current liabilities with covenants - amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact
• International tax reform - Pillar two model rules - amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Initial application of IFRS 17 and IFRS 9 - Comparative information	1 January 2023	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	1 January 2023	Impact is currently being assessed

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand	2023	2022	2021	2023

3. Property, plant and equipment

Group	2023			2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	2 620	(1 875)	745	42 488	(11 687)	30 801	42 488	(11 495)	30 993
Machinery and equipment	7 959	(7 934)	25	18 070	(17 873)	197	28 908	(27 925)	983
Furniture and fixtures	9 780	(7 763)	2 017	9 850	(7 613)	2 237	10 037	(7 452)	2 585
Motor vehicles	477	(7)	470	17 308	(15 103)	2 205	23 031	(17 109)	5 922
Computer equipment	21 012	(19 999)	1 013	21 012	(19 999)	1 013	21 012	(19 998)	1 014
Total	**41 848**	**(37 578)**	**4 270**	**108 728**	**(72 275)**	**36 453**	**125 476**	**(83 979)**	**41 497**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Disposals	Depreciation	Total
Land and buildings	30 801	(29 901)	(155)	745
Machinery and equipment	197	-	(172)	25
Furniture and fixtures	2 237	-	(220)	2 017
Motor vehicles	2 205	(1 302)	(433)	470
Computer equipment	1 013	-	-	1 013
	36 453	**(31 203)**	**(980)**	**4 270**

Figures in Namibia Dollar thousand

Notes to the Historic Financial Information

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Disposals	Depreciation	Total
Land and buildings	30 993	-	(192)	30 801
Machinery and equipment	983	(82)	(704)	197
Furniture and fixtures	2 585	-	(348)	2 237
Motor vehicles	5 922	(673)	(3 044)	2 205
Computer equipment	1 014	-	(1)	1 013
	41 497	**(755)**	**(4 289)**	**36 453**

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Disposals	Depreciation	Total
Land and buildings	30 359	-	634	30 993
Machinery and equipment	1 619	-	(636)	983
Furniture and fixtures	2 193	(91)	483	2 585
Motor vehicles	7 234	-	(1 312)	5 922
Computer equipment	1 014	-	-	1 014
	42 419	**(91)**	**(831)**	**41 497**

4. Leases (group as lessee)

The group leased land. The average lease period for land was 72 months. The average borrowing rate was 7.85% and an annual repayment of NAD 5.4 million. The lease did not impose any covenants other than the security interest in the lease assets that were held by the lessor.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Group	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	-	-	-	39 868	(9 967)	29 901

Group	2021		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	39 868	(9 967)	29 901

Other disclosures

Expenses on short-term leases included in operating expenses	3 240	3 104	5 839

Figures in Namibia Dollar thousand

Notes to the Historic Financial Information

4. Leases (group as lessee) (continued)

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position. Refer to note 15 Borrowings.

Exposure to liquidity risk

Refer to note 31 Financial instruments and risk management for the details of liquidity risk exposure and management.

5. Investment property

Group	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	878 338	-	878 338	918 349	-	918 349

Group	2021		
	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 638 815	-	1 638 815

Reconciliation of investment property - Group - 2023

	Opening balance	Fair value adjustments	Total
Investment property	918 349	(40 011)	878 338

Reconciliation of investment property - Group - 2022

	Opening balance	Disposals	Transfer to inventory	Fair value adjustments	Total
Investment property	1 638 815	(1 499)	(240 761)	(478 206)	918 349

Reconciliation of investment property - Group - 2021

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1 168 216	404 541	66 058	1 638 815

The valuations were based on the assessment by management. Investment property was measured using the fair value model in terms of IFRS 13: Fair Value Measurement. The group measured investment property at fair value, which was previously determined with reference to a combination of comparable sales values and the residual land valuation techniques, depending on the property's condition, which was dependent upon several inputs and underlying assumptions.

Investment properties were classified in level 3 of the fair value hierarchy.

5. Investment property (continued)

Valuation of investment property

Figures in Namibia Dollar million	FY2023	FY2022	FY2021
Lafrenz development	306	319	695
Elisenheim	185	141	417
Ondangwa development	1	3	18
Herboths property development	223	311	369
Developed rental properties	151	132	134
Kuiseb country estate	12	12	6
Carrying amount	**878**	**918**	**1 639**

Key variables

	Elisenheim Nature Estate	Lafrenz Industrial Park	Farm Herboths
Estimated sellable land (square metres)	**1 810 500**	**1 592 358**	**15 175 104**
Residential erven	1 810 500	-	10 782 004
Business erven	-	-	312 800
Industrial - serviced	-	1 592 358	-
Plots	-	-	310 000
Sellable land rate per square metre (NAD)			
Residential erven	1 500	-	1 150
Business erven	-	-	1 150
Industrial - serviced	-	1 950	1 500
Plots	-	-	35
Construction costs per square metre (NAD)	500	450	600
Development period to start (years)			
Residential Erven	9	-	5
Business Erven	-	-	5
Industrial - Serviced	-	1	5
Plots	-	-	5

Figures in Namibia Dollar thousand

5. Investment property (continued)

	Elisenheim Nature Estate	Lafrenz Industrial Park	Herboths Development
Development period to end (years)			
Residential erven	24	-	26
Business erven	-	-	26
Industrial	-	13	26
Plots	-	-	26
Sales period start (years)			
Residential erven	10	-	6
Business erven	-	-	6
Industrial	-	2	
Plots	-	-	6
Sales period end (years)			
Residential erven	25	2	7
Business erven	-	-	27
Industrial	-	14	27
Plots	-	-	27
Rates			
Financing cost on project funding requirement	12%	10%	12%
Marketing & legal fees rate on gross development value	2.00%	2.00%	2.00%
Agent commission on gross development value	2.00%	2.00%	2.00%
Developer’s profit on gross development value	10.00%	10.00%	10.00%
Selling price inflation rate	4.50%	4.50%	4.50%
Cost price inflation rate	4.50%	4.50%	4.50%
Discount rate	12.58%	12.53%	14.60%

Sensitivity analysis

A change in key unobservable variables in prior period would have affected the value of investment properties as follows:

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand

5. Investment property (continued)

Figures in Namibia Dollar million	**Elisenheim Nature Estate**	**Lafrenz Industrial Park**	**Herboths Development**
1 Year project acceleration	14	26	19
1 Year project delay	(21)	(28)	(21)
5% Reduction in selling price	(19)	(51)	(176)
5% Increase in selling price	25	51	176
5% Reduction in development cost	14	17	150
5% Increase in development cost	(8)	(17)	(160)
1% Reduction in financing cost	34	59	2
1% Increase in financing costs	(34)	(66)	(2)
1% Reduction in marketing & legal fees rate	8	12	1
1% Increase in marketing & legal fees rate	(2)	(12)	(1)
1% Reduction in agent commission rate	8	12	1
1% Increase in agent commission rate	(2)	(12)	(1)
1% Reduction in developer's profit	8	12	4
1% Increase in developer's profit	(2)	(12)	(4)
1% Reduction in inflation rate	2	2	4
1% Increase in inflation rate	(2)	(2)	(4)
1% Reduction in discount rate	34	52	12

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

6. Intangible assets

Group	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	261	(261)	-	261	(261)	-
Computer software	91 874	(66 635)	25 239	84 572	(62 769)	21 803
Total	**92 135**	**(66 896)**	**25 239**	**84 833**	**(63 030)**	**21 803**

Group	2021		
	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	261	(261)	-
Computer software	77 534	(53 747)	23 787
Total	**77 795**	**(54 008)**	**23 787**

	Group		
Figures in Namibia Dollar thousand	31 August 2023	31 August 2022	31 August 2021

6. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	21 803	7 302	(3 866)	25 239

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	23 787	7 038	(9 022)	21 803

Reconciliation of intangible assets - Group - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	35 300	7 897	(19 410)	23 787

Notes to the Historic Financial Information

	Group		
Figures in Namibia Dollar thousand	31 August 2023	31 August 2022	31 August 2021

7. Amounts due from related parties

Entities controlled by board member			
Next Capital (Pty) Ltd	-	10	2 172
Holding company			
Trustco Group Holdings Limited	-	-	532 287
Fellow subsidiaries			
Trustco Finance (Pty) Ltd	67 894	16 119	64 852
TBN Holdings Ltd	-	-	3 475
Trustco Business Developments (Pty) Ltd	120 000	120 000	3 160
Trustco Media (Pty) Ltd	-	-	2 131
Trustco Mobile Mauritius	42 386	40 018	38 355
Trustco Resources (Pty) Ltd	-	-	942
	230 280	**176 137**	**112 915**

Split between non-current and current portions

Non-current assets	120 000	120 010	544 167
Current assets	110 280	56 137	103 207
	230 280	**176 147**	**647 374**

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.

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts.

Notes to the Historic Financial Information

	Group		
Figures in Namibia Dollar thousand	31 August 2023	31 August 2022	31 August 2021

8. Trade and other receivables

Financial instruments:			
Trade receivables	9 220	7 831	2 287
Trade receivables - related parties	14 016	4 902	6 711
Property debtors	11 844	15 552	48 960
Trade receivables at amortised cost	35 080	28 285	57 958
Deposits	38	38	89
Other receivable	2 047	2 795	4 152
Non-financial instruments:			
VAT	1 568	1 703	15 370
Prepayments	1 981	7 005	7 210
Total trade and other receivables	**40 714**	**39 826**	**84 779**

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	37 165	31 118	62 199
Non-financial instruments	3 549	8 708	22 580
	40 714	**39 826**	**84 779**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

9. Investments at fair value

Investments held by the group which are measured at fair value, are as follows:

Equity investments at fair value through profit or loss	24 680	22 036	72 157
Debt investments at fair value through profit or loss	14 435	16 268	20 257
	39 115	**38 304**	**92 414**
Designated at fair value through profit or loss:			
Bonds	14 149	16 000	20 000
Other financial asset	286	268	257
Mandatorily at fair value through profit or loss:			
Listed shares	24 680	22 036	72 157
	39 115	**38 304**	**92 414**

Split between non-current and current portions

Current assets	39 115	38 304	92 414

Fair value information

The fair value of listed investments is based on quoted market price.

Risk exposure

The investments held by the group expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 31 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Notes to the Historic Financial Information

	Group		
Figures in Namibia Dollar thousand	31 August 2023	31 August 2022	31 August 2021

10. Inventories

Work in progress	622 612	659 724	458 447
Finished goods	2	2	-
	622 614	**659 726**	**458 447**

Work in progress relates to land under development. No inventory was written down to net realisable value during the reporting period.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	118	79	711
Bank balances	10 283	990	8 059
Short-term deposits	-	4 700	-
	10 401	**5 769**	**8 770**

The fair value of cash and cash equivalents approximates their carrying amounts.

12. Share capital

Authorised			
400 000 Ordinary shares of N$0.01 each	4 000	4 000	4 000
Issued			
10 000 Ordinary shares of N$0.01 each	-	-	-

13. Contingency reserve

Trustco Insurance Limited (a subsidiary) raises contingency reserve of 10% of written premiums in accordance with the generally accepted insurance industry practice. The contingency reserve is transferred directly from/(to) retained earnings to/(from) contingency reserves, and is reflected as a movement in the statement of changes in equity.

Opening balance	3 995	4 580	4 553
Transfer to/(from) retained income	4 395	(585)	27
	8 390	**3 995**	**4 580**

14. Amounts due to related parties

Entities controlled by board member			
Next Capital (Pty) Ltd	340	-	-
Holding company			
Trustco Group Holdings Limited	966 189	1 083 172	239 305

Notes to the Historic Financial Information

	Group		
Figures in Namibia Dollar thousand	31 August 2023	31 August 2022	31 August 2021

14. Amounts due to related parties (continued)

Fellow subsidiaries

Trustco Finance (Pty) Ltd	-	-	129 376
Trustco Capital (Pty) Ltd	421 232	421 232	1 536 442
Trustco Newspapers (Pty) Ltd	-	-	60
Trustco Business Developments (Pty) Ltd	120 000	-	25 885
Trustco Corporate Management Services (Pty) Ltd	-	-	10 572
Trustco Administrative Support Services (Pty) Ltd	1 370	-	19 980
Trustco Mobile Mauritius	17 121	21 680	14 839
Trustco Staff Share Incentive Scheme Trust	508	508	508
	560 231	**443 420**	**1 737 662**

Split between non-current and current portions

Non-current liabilities	120 340	-	25 885
Current liabilities	1 406 420	1 526 592	1 951 082
	1 526 760	**1 526 592**	**1 976 967**

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

15. Borrowings

Held at amortised cost			
Bank loan	591	5 628	9 854
Development Bank of Namibia	86 343	76 311	70 880
Mortgage bonds	389	770	1 505
Instalment sale agreements	-	-	2 398
Finance lease liabilities	-	42 067	42 067
	87 323	**124 776**	**126 704**

Split between non-current and current portions

Non-current liabilities	87 286	124 739	123 966
Current liabilities	37	37	2 738
	87 323	**124 776**	**126 704**

The Development Bank of Namibia loan bears interest at prime lending rate plus a margin of 2% per annum. Repayable over 84 months with quarterly interest payments and semi-annual capital payments equalling 12.5% of the outstanding balance. The loan is secured by a first continuing covering mortgage bond of N$130 million over portion of 133 of Farm Nubuamis No. 37, Lafrenz Industrial Area and an unlimited suretyship by Trustco Group Holdings Limited.

Finance lease agreement is secured by land and buildings.

Figures in Namibia Dollar thousand

16. Insurance liabilities

Reconciliation of insurance liabilities - Group - 2023

	Opening balance	Additions	Utilised during the year	Total
IBNR	1 598	-	(117)	1 481
Outstanding claims	6 327	107	-	6 434
Unearned premiums	7 033	-	(591)	6 442
	14 958	**107**	**(708)**	**14 357**

Reconciliation of insurance liabilities - Group - 2022

	Opening balance	Utilised during the year	Total
IBNR	1 832	(234)	1 598
Outstanding claims	7 062	(735)	6 327
Unearned premiums	7 327	(294)	7 033
	16 221	**(1 263)**	**14 958**

Reconciliation of insurance liabilities - Group - 2021

	Opening balance	Additions	Utilised during the year	Total
IBNR	1 821	11	-	1 832
Outstanding claims	5 995	1 067	-	7 062
Unearned premiums	8 229	-	(902)	7 327
	16 045	**1 078**	**(902)**	**16 221**

17. Policy holders' liability under insurance contracts

Policy holders' liability - Current portion	8 271	11 956	13 347
Policy holders' liability - Non-current portion	34 279	37 510	34 397
	42 550	**49 466**	**47 744**

The reserving method is split into two methodologies namely: Prospective valuation and Retrospective valuation. Prospective valuation is used to compute the basic reserve and retrospective reserve calculation is used to compute claims Incurred But Not Reported ("IBNR").

Process used to decide on assumptions is as follow:

The business was divided up into homogeneous groupings and then each grouping was analysed. Best estimate assumptions were then derived based on these experience investigations. Where data was limited, industry information was used. Recent trends evident in the data were allowed for.

The value of insurance liabilities is based on best estimate assumptions of future experience plus compulsory margins as required in terms of NSAP104, plus additional discretionary margins determined by the statutory actuary.

Assumptions used in the valuation of policyholders' liabilities are set by reference to local guidelines and where applicable to the ASSA guidance.

The compulsory margins are summarised as follows:

Figures in Namibia Dollar thousand

17. Policy holders' liability under insurance contracts (continued)

	Additional variables	Compulsory margin
Investment earnings	0.5% per annum (2022: 0.4%, 2021: 2.8%)	Investment earnings assumption was increased or decreased by 0.25% depending on which gives the higher liability.
Expense Inflation	Expected inflation 4.7% (2022: 7.1%, 2021: 4.6%)	10% loading on the expense inflation assumption.
Mortality annuities	Assumptions for HIV related mortality	Mortality was allowed for based on a percentage of SA 85/90 plus an allowance for AIDS of 7.5% margin.
Lapses	As per actual incidents	Lapse rate assumptions were increased or decreased by 25% depending on which gives the higher liability.
Surrenders	As per actual incidents	Surrender rate assumptions were increased or decreased by 10% depending on which gives the higher liability.
Expenses	Life business has an additional 10% discretionary margin	Not applicable.
Mortality due to AIDS	Assumptions remained consistent	Assumptions remained consistent

Negative reserves were eliminated on a policy-by-policy basis for all policies that had three or more premiums in arrears.

The business was divided up into homogeneous groupings and then each grouping was analysed. Best estimate assumptions were then derived based on these experience investigations. Where data was limited, industry information was used. Recent trends evident in the data were allowed for.

The assumptions used for insurance contracts are as follows:

All the assumptions below are based on the most recent experience investigations in each country modified for expected trends. Generally experience investigations are carried out for all assumptions every year:

- Mortality: Adjusted standard assured lives and annuity tables were used to reflect the company's recent claims experience.
- Morbidity: Disability and dread rates are based on standard morbidity tables and critical illness tables and where appropriate, adjusted to reflect the group's recent claims experience.
- Medical and retrenchment: The incidence of medical and retrenchment claims is derived from the risk premium rates determined from annual investigations. The adjusted rates are intended to reflect future expected experience.
- Withdrawal: The withdrawal assumptions are based on the most recent withdrawal investigations taking into account past as well as expected future trends. The withdrawal rates are calculated every year for each company/country, and by class and policy duration. Typically the rates are higher at early durations.
- Renewal expenses and inflation: A detailed expense investigation for each company/country was undertaken and the expenses were split by line of business and between new business and maintenance expenses. The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next year to derive a per policy expense for each class. The expenses allocated to new business are expected to be covered by future new business written.
- Tax: The interest and expense assumptions are net of any taxation payable based on the tax environment for each country and the tax position of the company.

The reserving method is split into two methodologies namely prospective valuation and retrospective valuation. Prospective valuation is used to compute the basic reserve and retrospective reserve calculation is used to compute claims Incurred But Not Reported (IBNR).

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand	Group 31 August 2023	Group 31 August 2022	Group 31 August 2021

17. Policy holders' liability under insurance contracts (continued)

Process used to decide on assumptions

Assumptions used in the valuation of policyholders' liabilities are set by reference to local guidelines and where applicable to the SAN* guidelines.

Economic assumptions are set by reference to local economic conditions at the valuation date.

Changes in assumptions

The valuation basis was changed based on the most recent experience.
- Interest was increased from 0.4% p.a. to 0.5% p.a.
- Inflation was decreased from 7.1% p.a. to 4.7% p.a.
- The allowance for expenses was increased from 32.2% to 35.7% of premium.

Overall, these changes resulted in an increase in the actuarial liabilities of N$0.82 million.

Capital adequacy for Life business

The solvency position determined in accordance with the Namibian Long Term Insurance Act, 1998, is summarised below:

	2023	**2022**	**2021**
Excess assets over liabilities	950 067	915 062	1 059 251
Minimum statutory requirement	4 000	400	4 000
SAN Capital adequacy benchmark*	57 937	40 418	31 006
CAR Ratio*	1 662 %	2 264 %	3 416 %
(the numbers disclosed above are only for Trustco Life Ltd)			

* Note that the Namibian Society of Actuaries (SAN) CAR is not a requirement of the Act, it is based on SAN's NSAP104. The CAR is a more onerous measure of solvency in line with international requirements.

18. Fixed term investment contracts

	2023	2022	2021
Trustco Domestic Investment Program 6A.22	23 594	16 170	-
Trustco Domestic Investment Program 8B.22	9 262	-	-
Premium Save	1 478	922	-
	34 334	**17 092**	**-**
Non-current portion of fixed term investment contracts	28 447	13 614	-
Current portion of fixed term investment contracts	5 887	3 478	-
	34 334	**17 092**	**-**

These liabilities have a contractual maturity, and the holders can withdraw their funds at a given time. The fair value of these liabilities is the amount payable at maturity date due to the market related interest rate charged, and changes in the credit risk of these liabilities have not had significant impact on their fair value.

Notes to the Historic Financial Information

		Group		
Figures in Namibia Dollar thousand		31 August 2023	31 August 2022	31 August 2021

19. Trade and other payables

Financial instruments:				
Trade payables		38 123	51 426	47 220
Trade payables - related parties		19 373	6 380	19 552
Employee fund		9 184	9 648	11 915
Accrued leave pay		385	406	639
Accrued bonus		370	424	6 762
Accrued expenses		40 647	38 266	35 475
Deposits received		58 450	58 450	58 438
Other payables		49	1 258	3 425
Non-financial instruments:				
Amounts received in advance		-	29 901	29 901
VAT		26 171	23 702	19 081
		192 752	**219 861**	**232 408**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost		166 581	166 258	183 426
Non-financial instruments		26 171	53 603	48 982
		192 752	**219 861**	**232 408**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

20. Revenue

Revenue from contracts with customers				
Property sales		89 160	30 102	92 082
Insurance premium revenue		74 945	80 805	113 211
Other revenue		1 799	1 246	2 701
		165 904	**112 153**	**207 994**
Revenue other than from contracts with customers				
Rental Income		19 057	24 214	26 882
		184 961	**136 367**	**234 876**

21. Cost of sales

Property development costs		39 895	49 193	66 700
Cost of services rendered		10 640	54 672	26 774
		50 535	**103 865**	**93 474**

22. Other operating gains (losses)

Gains (losses) on disposals				
Investment property	5	-	(400)	-
Property, plant and equipment	3	8 165	3 873	141
		8 165	**3 473**	**141**

Notes to the Historic Financial Information

		Group		
Figures in Namibia Dollar thousand		12 months ended 31 August 2023	12 months ended 31 August 2022	11 months ended 31 August 2021

22. Other operating gains (losses) (continued)

Foreign exchange gains (losses)				
Net foreign exchange gains (losses)		2 997	(1 746)	3 705
Fair value gains (losses)				
Investment property	5	(40 011)	(478 206)	66 058
Financial assets mandatorily at fair value through profit or loss		2 645	(50 719)	(65 958)
		(37 366)	**(528 925)**	**100**
Total other operating gains (losses)		**(26 204)**	**(527 198)**	**3 946**

23. Operating profit (loss)

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

Auditor's remuneration - external			
Audit fees	2 017	1 528	1 491
Employee costs			
Salaries, wages, bonuses and other benefits	17 732	26 829	24 261
Short-term benefits	752	894	1 935
Total employee costs	**18 484**	**27 723**	**26 196**
Leases			
Short-term leases	3 240	3 104	5 839
Total lease expenses	**3 240**	**3 104**	**5 839**
Depreciation and amortisation			
Depreciation of property, plant and equipment	980	4 289	831
Amortisation of intangible assets	3 866	9 022	19 410
Total depreciation and amortisation	**4 846**	**13 311**	**20 241**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Cost of sales	50 535	103 865	93 474
Employee costs	18 484	27 723	26 196
Lease expenses	3 240	3 104	5 839
Depreciation, amortisation and impairment	4 846	13 311	20 241
Other expenses	66 607	92 385	73 038
	143 712	**240 388**	**218 788**

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand	Group 12 months ended 31 August 2023	Group 12 months ended 31 August 2022	Group 11 months ended 31 August 2021

24. Investment income

Interest income			
Investments in financial assets:			
Bank and other cash	303	20	209
Trade and other receivables	89	32	-
Other financial assets	2 417	2 259	32
Fellow subsidiaries	23 465	1 985	-
Total interest income	**26 274**	**4 296**	**241**

25. Finance costs

Group loans	15 113	-	103 125
Non-current borrowings	10 473	7 893	9 103
Trade and other payables	494	615	17
Other interest paid	543	12 091	13 553
Fixed term investment contracts	4 728	4 686	1 682
Total finance costs	**31 351**	**25 285**	**127 480**

26. Taxation

Major components of the tax expense (income)

Current			
Local income tax - current period	(1 831)	750	1 249
Deferred			
Originating and reversing temporary differences	7 605	(3 809)	(2 815)
	5 774	**(3 059)**	**(1 566)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	9 968	(652 208)	(107 205)
Tax at the applicable tax rate of 32% (2022: 32%, 2021: 32%)	3 190	(208 707)	(34 306)
Tax effect of adjustments on taxable income			
Fair value adjustments on investment properties	11 957	169 256	(32)
Unrealised foreign exchange differences	(959)	559	(1 186)
Gain on settlement of leaseback liability	(3 012)	-	-
Tax losses carried forward	(5 402)	35 833	33 958
	5 774	**(3 059)**	**(1 566)**

27. Earnings per share

Basic and diluted earnings (loss) per share			
From continuing operations (c per share)	419.40	(64 914.90)	(10 563.90)

Notes to the Historic Financial Information

	Group		
Figures in Namibia Dollar thousand	12 months ended 31 August 2023	12 months ended 31 August 2022	11 months ended 31 August 2021

27. Earnings per share (continued)

Basic and diluted earnings per share was based on earnings (loss) of N$ 419 (2022: N$ (64 915) ; 2021: N$ (10 564)) and a weighted average number of ordinary shares of 10 000 (2022: 10 000 ; 2021: 10 000).

	2023	2022	2021
Reconciliation of profit (loss) for the period to basic earnings			
Profit (loss) for the period attributable to equity holders of the parent	4 194	(649 149)	(105 639)

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

Headline earnings and diluted headline earnings per share

	2023	2022	2021
Headline earnings (loss) per share (c)	119.70	(64 740.30)	(10 934.40)
Diluted headline earnings (loss) per share (c)	119.70	(64 740.30)	(10 934.40)
Weighted average number of ordinary shares	10 000	10 000	10 000

	2023	2022	2021
Reconciliation between profit (loss) attributable to equity holders of the parent and headline earnings (loss) - Group			
Profit (loss) for the period attributable to equity holders of the parent	4 194	(649 149)	(105 639)
Basic earnings (loss)	4 194	(649 149)	(105 639)
Adjusted for:			
Gains on sale of assets	(2 997)	1 746	(3 705)
	1 197	**(647 403)**	**(109 344)**

	2023	2022	2021
Reconciliation between headline earnings (loss) and diluted headline earnings (loss)			
Headline earnings (loss)	1 197	(647 403)	(109 344)

28. Cash generated from/(used in) operations

	2023	2022	2021
Profit (loss) before taxation	9 968	(652 208)	(107 309)
Adjustments for non-cash items:			
Depreciation and amortisation	4 846	13 311	20 241
Gains on sale of assets	(8 165)	(3 473)	(141)
(Gains) losses on exchange differences	(2 997)	1 746	(3 705)
Fair value losses (gains)	37 366	528 925	(100)
Movements in insurance liabilities	(601)	(1 263)	176
Increase in policyholders' liability - insurance contracts	(6 916)	1 722	12 238
Gain on settlement of Oryx liability	(9 414)	-	-
Non-cash intercompany transactions	(71 121)	58 601	28 606
Adjust for items which are presented separately:			
Interest income	(26 274)	(4 296)	-
Finance costs	31 351	25 285	127 480
Changes in working capital:			
(Increase) decrease in inventories	37 112	39 482	57
(Increase) decrease in trade and other receivables	(888)	44 953	22 716
Increase (decrease) in trade and other payables	2 792	(23 647)	(30 096)
	(2 941)	**29 138**	**70 163**

Figures in Namibia Dollar thousand	Group 12 months ended 31 August 2023	Group 12 months ended 31 August 2022	Group 11 months ended 31 August 2021

29. Tax paid

Balance at beginning of the period	(1 662)	(912)	337
Current tax recognised in profit or loss	1 831	(750)	(1 249)
Balance at end of the period	(1 271)	1 662	912
	(1 102)	**-**	**-**

30. Related parties

Relationships

Holding company	Trustco Group Holdings Ltd
Subsidiaries	Trustco Life Ltd Trustco Insurance Ltd Trustco Re-Insure Ltd Trustco Estate Planners and Administrators (Pty) Ltd
Indirectly held subsidiaries	Agricultural Export Company (Pty) Ltd Cumbrae Island Investments (Pty) Ltd Discus Properties (Pty) Ltd Elisenheim Estate Property Number One Hundred (Pty) Ltd Elisenheim Estate Property Number One Hundred and One (Pty) Ltd Elisenheim Estate Property Number One Hundred and Two (Pty) Ltd Elisenheim Property Development Company Ltd Erf 7179 (Pty) Ltd Herboths Property Development (Pty) Ltd Kuiseb Country Estate (Pty) Ltd November Properties (Pty) Ltd Trustco Construction Services (Pty) Ltd Trustco Group International (Pty) Ltd Trustco Mobile (Pty) Ltd Trustco Property Holdings (Pty) Ltd
Fellow subsidiaries	Huso Investments (Pty) Ltd ICE Insurance Claims Exchange (Pty) Ltd* Institute for Open Learning (Pty) Ltd Institute of Open Learning VTC (Pty) Ltd Komada Holdings (Pty) Ltd Meya Mining Limited** Morse Investments (Pty) Ltd Northern Namibia Development Company (Pty) Ltd Printas (Pty) Ltd TBN Holdings Ltd Trustco Administrative Support Services (Pty) Ltd Trustco Bank Namibia Limited Trustco Business Developments (Pty) Ltd

30. Related parties (continued)

Fellow subsidiaries (continued)	Trustco Capital (Pty) Ltd Trustco Corporate Management Services (Pty) Ltd Trustco Estate Planners and Administrators (Pty) Ltd Trustco Finance (Pty) Ltd Trustco Financial Services (Pty) Ltd* Trustco Fleet Management Services (Pty) Ltd Trustco Group International (Pty) Ltd* Trustco Informatix (Pty) Ltd* Trustco Intermediary Solutions (Pty) Ltd* Trustco Media (Pty) Ltd Trustco Mixed Marketing (Pty) Ltd Trustco Mobile Mauritius** Trustco Newspapers (Pty) Ltd Trustco Re-insure Limited Trustco Resources (Pty) Ltd Trustco Resources Mauritius** Trustco Unit Trust Management Company Ltd
Entities controlled by board member(s)	Arru Island Investments (Pty) Ltd Bellissima Investments (Pty) Ltd Dolphin View 50 Langstrand (Pty) Ltd Foxtrot Properties (Pty) Ltd Golf Properties (Pty) Ltd Le-Hugo's Investments** Namibia Medical Investments (Pty) Ltd Next Capital Ltd Othinge Investments (Pty) Ltd Portsmut Eco Safaris (Pty) Ltd Shad Investments (Pty) Ltd Sunda Island Investments (Pty) Ltd Sweep Investments (Pty) Ltd Thera Island Investments (Pty) Ltd Next Air Services (Pty) Ltd Next Tourism Holdings (Pty) Ltd
Other related parties	Germinate SL Ltd*** Riskowitz Value Fund**** Trustco Senior Employees Trust Trustco Staff Share Incentive Scheme Trust Trustco Unit Trust Scheme (Trustco Balanced Fund)

*Incorporated in the Republic of South Africa
**Incorporated in the Republic of Mauritius
***Incorporated in the Republic of Sierra Leone
****Incorporated in United States of America

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand	Group 31 August 2023	Group 31 August 2022	Group 31 August 2021
30. Related parties (continued)			
Related party balances			
Amounts due (to)/by related parties			
Refer to notes 7 and 14 for disclosure of the balances.			
Amounts included in bank and cash regarding related parties			
Trustco Bank Namibia Limited	8 192	143	2 451
Amounts included in investments at fair value (corporate bonds) regarding related parties			
Institute for Open Learning (Pty) Ltd	3 537	4 000	5 000
Trustco Mixed Marketing (Pty) Ltd	3 537	4 000	5 000
Trustco Administrative Support Services (Pty) Ltd	3 537	4 000	5 000
Trustco Capital (Pty) Ltd	3 537	4 000	5 000
Amounts included in trade payables regarding related parties			
Institute for Open Learning (Pty) Ltd	(69)	(72)	-
Trustco Administrative Support Services (Pty) Ltd	(9 518)	(3 119)	(11 823)
Trustco Bank Namibia Limited	25	25	-
Trustco Capital (Pty) Ltd	(2 977)	(258)	(2 068)
Trustco Finance (Pty) Ltd	(392)	(310)	(282)
Trustco Fleet Management Services (Pty) Ltd	(2 539)	(66)	(703)
Trustco Group Holdings Ltd	(1 566)	(107)	(2)
Trustco Intermediary Solutions (Pty) Ltd	-	(546)	-
Trustco Mixed Marketing (Pty) Ltd	(1 645)	(1 185)	(801)
Trustco Newspapers (Pty) Ltd	(56)	-	-
Amounts included in trade receivables regarding related parties			
Institute for Open Learning (Pty) Ltd	1 937	1 582	-
Next Air Services (Pty) Ltd	1	5	87
Next Capital (Pty) Ltd	5 745	194	1
Northern Namibia Development Company (Pty) Ltd	-	1 018	85
Portsmut Eco Safaris (Pty) Ltd	-	26	-
Trustco Administrative Support Services (Pty) Ltd	3 070	127	-
Trustco Bank Namibia Limited	(219)	(21)	101
Trustco Capital (Pty) Ltd	15	30	-
Trustco Finance (Pty) Ltd	(4)	873	1 994
Trustco Fleet Management Services (Pty) Ltd	242	-	-
Trustco Group Holdings Ltd	224	-	-
Trustco Mixed Marketing (Pty) Ltd	958	247	-
Trustco Newspapers (Pty) Ltd	415	71	-
Trustco Resources (Pty) Ltd	(34)	25	303
Trustco Unit Trust Management Company Ltd	10	-	-
Amounts included in investments at fair value (listed shares) regarding related parties			
Trustco Group Holdings Ltd	24 680	20 665	67 633

Notes to the Historic Financial Information

Figures in Namibia Dollar thousand	Group 31 August 2023	Group 31 August 2022	Group 31 August 2021

30. Related parties (continued)

Related party transactions

Equipment rent received from related parties			
Institute for Open Learning (Pty) Ltd	-	-	(8)
Next Capital Ltd	-	(168)	(562)
Property rent received from related parties			
Institute for Open Learning (Pty) Ltd	(3 976)	(3 933)	(4 634)
Next Air Services (Pty) Ltd	-	-	(10)
Northern Namibia Development Company (Pty) Ltd	(581)	(670)	(369)
Trustco Administrative Support Services (Pty) Ltd	(3 370)	(4 413)	(4 126)
Trustco Bank Namibia Limited	(1 147)	-	-
Trustco Capital (Pty) Ltd	(34)	(26)	(38)
Trustco Finance (Pty) Ltd	(1 048)	(1 069)	(1 563)
Trustco Fleet Management Services (Pty) Ltd	(224)	(352)	(363)
Trustco Group Holdings Ltd	(788)	(2 011)	(1 626)
Trustco Mixed Marketing (Pty) Ltd	(815)	(1 396)	(1 351)
Trustco Newspapers (Pty) Ltd	(331)	(427)	(608)
Trustco Resources (Pty) Ltd	(282)	(292)	(310)
Trustco Unit Trust Management Company Ltd	(9)	(21)	-
Support fees paid to related parties			
Trustco Administrative Support Services (Pty) Ltd	20 499	20 131	18 781
Trustco Group Holdings Ltd	261	-	546
Trustco Mixed Marketing (Pty) Ltd	2 810	2 261	2 461
Trustco Newspapers (Pty) Ltd	46	-	-
Royalties paid to related party			
Trustco Capital (Pty) Ltd	4 099	4 801	4 401
Equipment rent paid to related parties			
Trustco Fleet Management Services (Pty) Ltd	2 887	4 265	5 730
Surety fee paid to related party			
Trustco Group Holdings Ltd	261	440	2 406
License fees paid to related party			
Trustco Intermediary Solutions (Pty) Ltd	4 200	2 185	1 821
Compensation to directors and other key management			
Short-term employee benefits	689	1 171	1 606

Figures in Namibia Dollar thousand

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2023

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Amounts due from related	7	-	-	230 280	230 280	-
Investments at fair value	9	24 680	14 435	-	39 115	39 115
Trade and other receivables	8	-	-	37 165	37 165	-
Cash and cash equivalents	11	-	-	10 401	10 401	-
		24 680	**14 435**	**277 846**	**316 961**	**39 115**

Group - 2022

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Amounts due from related	7	-	-	176 147	176 147	-
Investments at fair value	9	22 036	16 268	-	38 304	38 304
Trade and other receivables	8	-	-	31 118	31 118	-
Cash and cash equivalents	11	-	-	5 769	5 769	-
		22 036	**16 268**	**213 034**	**251 338**	**38 304**

Group - 2021

	Note(s)	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Amounts due from related	7	-	-	647 374	647 374	-
Investments at fair value	9	72 157	20 257	-	92 414	92 414
Trade and other receivables	8	-	-	62 199	62 199	-
Cash and cash equivalents	11	-	-	8 770	8 770	-
		72 157	**20 257**	**718 343**	**810 757**	**92 414**

Figures in Namibia Dollar thousand

31. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	166 581	166 581	-
Amounts due to related parties	14	1 526 760	1 526 760	-
Borrowings	15	87 323	87 323	-
		1 780 664	**1 780 664**	**-**

Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	166 258	166 258	-
Amounts due to related parties	14	1 526 592	1 526 592	-
Borrowings	15	124 776	124 776	-
		1 817 626	**1 817 626**	**-**

Group - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	183 426	183 426	-
Amounts due to related parties	14	1 976 967	1 976 967	-
Borrowings	15	126 704	126 704	-
		2 287 097	**2 287 097**	**-**

Capital risk management

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

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

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.

Figures in Namibia Dollar thousand

31. Financial instruments and risk management (continued)

The group is exposed to credit risk on loans receivable (at amortised cost), trade and other receivables, investments at fair value and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

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

Group		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Amounts due from related parties	7	230 280	-	230 280	176 147	-	176 147
Investments at fair value through profit or loss	9	14 435	-	14 435	16 268	-	16 268
Trade and other receivables	8	40 714	-	40 714	39 826	-	39 826
Cash and cash equivalents	11	10 401	-	10 401	5 769	-	5 769
		295 830	**-**	**295 830**	**238 010**	**-**	**238 010**

Group		2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Amounts due from related parties	7	647 374	-	647 374
Investments at fair value through profit or loss	9	20 257	-	20 257
Trade and other receivables	8	84 779	-	84 779
Cash and cash equivalents	11	8 770	-	8 770
		761 180	**-**	**761 180**

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

Figures in Namibia Dollar thousand

31. Financial instruments and risk management (continued)

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.

Group - 2023

		Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Amounts due to related parties	14	-	120 340	120 340	120 340
Borrowings	15	-	87 286	87 286	87 286
Current liabilities					
Trade and other payables	19	166 581	-	166 581	166 581
Amounts due to related parties	14	1 406 420	-	1 406 420	1 406 420
Borrowings	15	37	-	37	37
		1 573 038	**207 626**	**1 780 664**	**1 780 664**

Group - 2022

		Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	15	-	124 739	124 739	124 739
Current liabilities					
Trade and other payables	19	166 258	-	166 258	166 258
Amounts due to related parties	14	1 526 592	-	1 526 592	1 526 592
Borrowings	15	37	-	37	37
		1 692 887	**124 739**	**1 817 626**	**1 817 626**

Group - 2021

		Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Amounts due to related parties	14	-	25 885	25 885	25 885
Borrowings	15	-	123 966	123 966	123 966
Current liabilities					
Trade and other payables	19	183 426	-	183 426	183 426
Amounts due to related parties	14	1 951 082	-	1 951 082	1 951 082
Borrowings	15	2 738	-	2 738	2 738
		2 137 246	**149 851**	**2 287 097**	**2 287 097**

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. There was no significant exposure to foreign currency at the reporting date.

Figures in Namibia Dollar thousand

Notes to the Historic Financial Information

31. Financial instruments and risk management (continued)

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Price risk

The group is exposed to price risk because of its investments in equity instruments which are measured at fair value.

The group is not exposed to commodity price risk.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2023	2023	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
1% movement in listed shares	247	247	220	220	722	722

32. Going concern

The financial results have been prepared on the going concern basis which considers the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. The board of directors, as part of their responsibilities, annually assesses the going concern of the group. As part of their assessment, the board of directors considered working capital requirements, availability of resources and reserves either from existing investing activities or further borrowings, available information about the future, financial impact of ongoing litigation, the possible outcomes of planned events and the responses to such events and conditions that would be available to the board.

The board of directors has, *inter alia*, considered the following specific factors in determining whether the company and group is a going concern for the foreseeable future:

- Cash utilised from operating activities by the group for the year ended 31 August 2023 amounting to NAD 10 million;
- Current liabilities of the group exceed current assets as at 31 August 2023 by NAD 803 million;
- Total liabilities of the group exceed total assets as at 31 August 2023 by NAD 73 million:
- Whether the group has sufficient cash resources from investing activities which is readily available, in order to settle its creditors and maturing liabilities as and when they fall due in the foreseeable future, whilst continuing to maintain its operating abilities for the foreseeable financial period;
- Whether there is any significant pending litigation that will threaten the going concern status of the group;
- Assessment of the existing economic conditions related to the various investees and whether the possibility exists to sufficiently scale said operations in the foreseeable future to provide additional cash resources; and
- Assessment of the solvency and liquidity position of the company in accordance with the Companies Act.

Following the above assessment, the board of directors believe that the above factors, coupled with prevailing economic conditions and forecast economic outlook presents some challenges for the foreseeable future. In response to the above factors, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with the implementation thereof regularly monitored.

32. Going concern (continued)

These conditions are considered to indicate that a material uncertainty exists which may cast significant doubt on the ability of the group and the Trustco Group Holdings (TGH) group to continue as a going concern in the foreseeable future. This is largely attributable to the short-term liquidity position of the group and the TGH group. Therefore, the ability of the group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the group and the TGH group faces on an ongoing basis:

- achieving of various technical, geological and financial milestones by the mining portfolio related to the mining operations in Sierra Leone;
- raising the final USD 25 million in borrowings required to bring the mining operations of Meya Mining into steady state commercial production within the next 12-18 months;
- the mining operations in Sierra Leone to adequately scale production of its flagship asset, which will enable the group to recover its net debt and equity investment in the mining investee in the foreseeable future;
- recovery of USD 45 million in interest bearing debt from its mining investee, once Meya Mining achieves the above stated production targets, which will assist with the liquidity requirements of the group and assist with repayment of borrowings;
- continued conditional subordination of debt owing to related party investors of the group for the foreseeable future;
- successful negotiations with international lenders in order to agree revised repayments terms associated with borrowings due and payable in the foreseeable future;
- successful resolution of various ongoing legal matters in order to mitigate the potential liquidity impact thereof;
- successful conclusion of planned equity investments to increase liquidity and realise growth opportunities across the group and its investees; and
- successful conversion of related party debt into equity.

The board of directors have evaluated the plans noted above to address the material uncertainty related to the going concern assumption of the group and note these plans will alleviate the group’s liquidity position should they be executed successfully.

The board of directors have evaluated the group’s liquidity requirements to confirm whether the group has access to sufficient resources to continue as a going concern in the foreseeable future, considering the above factors and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the group would be able to continue its operations as a going concern. The directors are not aware of any other matters that may impact the group. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group. Following the above assessment, the board of directors continue to adopt the going concern basis of accounting in preparing the financial statements.

33. Events after the reporting period

On 23 April 2024, the Trustco Group Holdings Ltd entered into an agreement with Riskowitz Value Fund to purchase 1 135 shares of Legal Shield Holdings for N$ 468 million. The transaction is subject to shareholders approval.

On 20 June 2024, the Trustco Group Holdings Ltd entered into an agreement with University of Notre Dame du Lac to purchase 865 shares of Legal Shield Holdings USD 5 million. The transaction is subject to shareholders approval.

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