



CAPAFRIC Consulting Proprietary Limited

(Registration number 2011/004052/07)

Annual Financial Statements

for the year ended 31 December 2021

Independently Reviewed

Prepared by: Rudi Yau
 Financial Controller

These financial statements have been independently reviewed in compliance with S30 of the Companies Act of South Africa.

CAPAFRIC Consulting Proprietary Limited

(Registration Number 2011/004052/07)

Annual Financial Statements

for the year ended 31 December 2021

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

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CAPAFRIC Consulting Proprietary Limited

Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the annual financial statements of CAPAFRIC Consulting Proprietary Limited, comprising the statement of financial position at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

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

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The independent reviewer is responsible for expressing a limited assurance conclusion on the financial statements based on a review conducted in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* and for concluding whether anything has come to the reviewer's attention that causes the reviewer to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of CAPAFRIC Consulting Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 8 June 2022 and are signed by:



RY Panthi
Authorised Director

CAPAFRIC Consulting Proprietary Limited

Directors' report

for the year ended 31 December 2021

The directors submit their report for the year ended 31 December 2021.

Incorporation

The company was incorporated on 16 February 2011 and obtained its certificate to commence business on the same day.

Review of activities

Main business and operations

The company is engaged in professional consulting services and operates principally in South Africa.

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

Authorised and issued share capital

There were no changes to the authorised and issued share capital during the year.

Dividends

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

Directors

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

Name	Nationality
GK James	British (resigned 19 April 2022)
M Du Bois	Belgian (resigned 19 April 2022)
RY Panthi	Indian (appointed 19 April 2022)

Secretary

A company secretary has not been appointed.

Registered address

9 Kinross Street
Germiston South
Gauteng, 1401
South Africa

Holding company

The company's holding company is The Capital Markets Company BVBA, incorporated in Belgium.

CAPAFRIC Consulting Proprietary Limited

Directors' report

for the year ended 31 December 2021 (continued)

Ultimate holding company

The company's ultimate holding company is Wipro Limited from the 29th April 2021, an entity incorporated and listed in India and on the New York Stock Exchange (previously Cardinal Holdings, LP, a limited partnership incorporated in the Cayman Islands).

Independent reviewer

KPMG Inc. will continue in office in accordance with the provisions as per the Companies Act of South Africa.

Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

Subsequent events

The directors are not aware of any material events which occurred after the reporting date and up to the date of the financial statements which requires adjustments or disclosure in the financial statements.

Going concern

The company made a loss of R227 948 for the year ended 31 December 2021 (2020 – R343 021). The company is liquid and solvent, as assets exceed liabilities by R1 214 571 (2020 – R1 442 519).

As such the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



KPMG Inc

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Web <http://www.kpmg.co.za>

Independent reviewer’s report

To the shareholder of CAPAFRIC Consulting Proprietary Limited

We have reviewed the financial statements of CAPAFRIC Consulting Proprietary Limited set out on pages 7 to 22, which comprise the statement of financial position at 31 December 2021 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Directors’ responsibility for the financial statements

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

Independent reviewer’s responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

KPMG Incorporated is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG incorporated is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chairman: Prof W Nkuhlu
Chief Executive: I Sehoole
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of CAPAFRIC Consulting Proprietary Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

The annual financial statements include the directors' report as required by the Companies Act of South Africa. The directors are responsible for directors' report. Our conclusion on the financial statements does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the directors' report and, in doing so, considered whether the directors' report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the directors' report, we will report that fact. We have nothing to report in this regard.

KPMG Inc.

A handwritten signature in black ink, appearing to be 'D Read', written in a cursive style.

Per D Read
Chartered Accountant (SA)
Registered Auditor
Independent reviewer
Director
9 June 2022

CAPAFRIC Consulting Proprietary Limited

Statement of financial position

at 31 December 2021

	<i>Note</i>	2021 R	2020 R
Assets			
Current assets			
Trade and other receivables	2	96 489	86 460
Cash and cash equivalents		1 451 843	1 754 430
Total assets		1 548 332	1 840 890
Equity and liabilities			
Equity			
Share capital	3	120	120
Retained income		1 214 411	1 442 399
Liabilities			
Current liabilities			
Trade and other payables	4	333 761	398 371
Total equity and liabilities		1 548 332	1 840 890

CAPAFRIC Consulting Proprietary Limited

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	<i>Notes</i>	2021 R	2020 R
Operating expenses		<u>(227 967)</u>	<u>(1 752 093)</u>
Operating loss	5	(227 967)	(1 752 093)
Other income		–	1 500 000
Finance income	6	13 814	43 893
Finance costs	6	<u>(13 795)</u>	<u>(37 984)</u>
Loss before taxation		(227 948)	(246 184)
Taxation	7	<u>–</u>	<u>(96 837)</u>
Loss for the year		(227 948)	(343 021)
Total comprehensive expense		<u>(227 948)</u>	<u>(343 021)</u>

CAPAFRIC Consulting Proprietary Limited

Statement of changes in equity

for the year ended 31 December 2021

	Share capital R	Retained income R	Total equity R
Balance at 31 December 2019	120	1 785 420	1 785 540
Total comprehensive expense for the year – loss for the year	–	(343 021)	(343 021)
Balance at 31 December 2020	120	1 442 399	1 442 519
Total comprehensive expense for the year – loss for the year	–	(227 948)	(227 948)
Balance at 31 December 2021	120	1 214 451	1 214 571

CAPAFRIC Consulting Proprietary Limited

Statement of cash flows

for the year ended 31 December 2021

	<i>Notes</i>	2021 R	2020 R
Cash flows from operating activities			
Cash utilised by operations	8	(302 606)	(305 679)
Finance income	6	13 814	43 893
Finance cost	6	(13 795)	(37 984)
Taxation paid	7	–	(96 837)
Net cash outflow from operating activities		(302 587)	(396 607)
Net cash movement for the year		(302 587)	(396 607)
Cash and cash equivalents at beginning of the year		1 754 430	2 151 037
Cash and cash equivalents at end of the year		1 451 843	1 754 430

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies

1.1 Presentation of financial statements

CAPAFRIC Consulting Proprietary Limited is a company domiciled in South Africa.

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 2008 of South Africa. The financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below.

1.2 Basis of preparation

The accounting policies set out below have been applied to all periods presented in these financial statements. The financial statements were authorised by the company's board of directors on 8 June 2022 and are signed by RY Panthi, an authorised director.

Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency. All financial information presented in Rand has been rounded to the nearest Rand.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised are included in notes 1.4.

Measurement of fair value

A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The company has an established control framework with respect to the measurement of fair values. This includes management that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and who reports directly to senior management.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.2 Basis of preparation (continued)

Measurement of fair value (continued)

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- financial instruments.

1.3 Share capital

Ordinary share capital

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

1.4 Financial instruments

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The company's financial assets majorly consist of amounts receivable from related parties and trade and other receivables and cash and cash equivalents.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.4 Financial instruments (continued)

Impairment of financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the company on terms that the company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The company considers a decline of 20% to be significant and a period of over a year to be prolonged.

Financial assets measured at amortised cost.

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit condition are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The application of new impairment model did not have a significant impact on company's financial statements as the company does not have any financial assets which are subject to impairment.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.5 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.6 Finance costs and finance income

Finance income comprises interest income on funds invested and foreign currency gains on financial assets and liabilities. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and foreign currency losses on financial assets and liabilities.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

1.7 Taxation

Current tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

1.7 Taxation (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

1.8 Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

	2021 R	2020 R
2. Trade and other receivables		
Intercompany trade receivables (refer to note 9)	<u>96 489</u>	<u>86 460</u>
3. Share capital		
<i>Authorised</i>		
1 000 ordinary shares of R1 each	<u>1 000</u>	<u>1 000</u>
<i>Issued</i>		
120 ordinary shares of R1 each	<u>120</u>	<u>120</u>
All shares are fully paid up.		
4. Trade and other payables		
Intercompany trade payables (refer to note 9)	152 646	142 636
Other accrued expenses	177 849	255 735
Other payables	<u>3 266</u>	<u>–</u>
	<u>333 761</u>	<u>398 371</u>
5. Operating loss		
Operating loss for the year is stated after accounting for:		
Legal expenses	<u>–</u>	<u>1 269 760</u>
6. Finance income/(costs)		
<i>Finance costs</i>		
Interest paid – related parties (refer to note 9)	(12 200)	(37 984)
Net foreign exchange loss	<u>(1 595)</u>	<u>–</u>
	<u>(13 795)</u>	<u>(37 984)</u>
<i>Finance income</i>		
Interest received – related parties (refer to note 9)	13 814	21 420
Interest received	–	1 803
Net foreign exchange gains	<u>–</u>	<u>20 670</u>
	<u>13 814</u>	<u>43 893</u>
Net finance income	<u>19</u>	<u>5 909</u>

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

	2021 R	2020 R
7. Taxation		
Withholding tax paid	–	(96 837)
Reconciliation of the tax expense	%	%
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00	28,00
Disallowed expenditure	(23,00)	(34,00)
Unrecognised tax losses	(5,00)	6,00
Withholding tax	–	39,33
	–	39,33

The company has not recognised a deferred tax asset related to computed tax losses amounting to R9 165 095 (2020 – R8 728 649) due to uncertainty regarding the company's ability to generate future taxable profits.

	2021 R	2020 R
8. Cash utilised by operations		
Loss before taxation	(227 948)	(246 184)
Adjustments for:		
Finance income	(13 814)	(43 893)
Finance costs	13 795	37 984
	(227 967)	(252 093)
Changes in working capital:		
Increase in trade and other receivables	(10 029)	(4 535)
Decrease in trade and other payables	(64 610)	(49 051)
	(302 606)	(305 679)

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

9. Related parties

Relationships

Ultimate holding company	Wipro Limited (from the 29 April 2021)
Holding company	The Capital Markets Company BVBA

Directors

Name	Nationality
GK James	British (resigned 19 April 2022)
M Du Bois	Belgian (resigned 19 April 2022)
RY Panthi	Indian (appointed 19 April 2022)

	2021 R	2020 R
Related party balances		
<i>Amounts included in trade and other receivables/(trade and other payables) in respect of related parties</i>		
The Capital Markets Company (UK) Limited	(152 646)	(142 636)
The Capital Markets Company BVBA	<u>96 489</u>	<u>86 460</u>
	(56 157)	(56 176)
Related party transactions		
Related party interest paid	(12 200)	(37 984)
Related party interest received	<u>13 814</u>	<u>21 420</u>

10. Risk management

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk – comprising financial and interest rate risks
- capital risk

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

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

10. Risk management (continued)

10.1 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the company's receivables and cash and cash equivalents.

Credit risk consists mainly of cash deposits and receivables. The company only deposits cash with major banks with high credit standing and limits exposure to any one counter party. The company is not exposed to significant credit risk from receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Financial assets exposed to credit risks at year end were as follows:

	2021 R	2020 R
Trade and other receivables	96 489	86 460
Cash and cash equivalents	1 451 843	1 754 430
	1 548 332	1 840 890

The company is not exposed to significant credit risk from receivables.

10.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. The company's risk to liquidity is as a result of the funds available to cover future commitments. This is managed through the loan account facility with the holding company and an ongoing review of future commitments and credit facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount/ fair value R	Contractual cash flows R	Less than 1 year R	No fixed terms R
At 31 December 2021				
Trade and other payables	317 313	317 313	317 313	–
At 31 December 2020				
Trade and other payables	398 371	398 371	398 371	–

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

10. Risk management (continued)

10.3 Market risk

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

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency exposure at the end of the reporting year

Amounts included in trade and other receivables/(trade and other payables) in respect of related parties

	2021	2020
EUR	7 229	7 229
GBP	(1 935)	(1 339)
Exchange rates used for conversion of foreign items were:		
EUR	18,04	17,91
GBP	21,48	20,01

The company reviews its foreign currency exposure, including commitments on an ongoing basis.

Interest rate risk

The company is exposed to interest rate risk on cash and cash equivalents and interest-bearing borrowings.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was: payable 4.79% (2020 4.79%) and receivable 4.87% (2020 4.87%)

	2021 R	2020 R
Cash and cash equivalents	1 451 843	1 754 430
Intercompany trade receivables	96 489	86 460
Intercompany trade payables	(152 646)	(142 636)

A 1 percent increase in the prime interest rate during the year would have increased equity and profit or loss after tax by R1 451 (2020 – R1 754). The analysis assumes that all other variables remain constant. A decrease of 1 percent would have an equal but opposite effect.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

10. Risk management (continued)

10.4 Capital risk

The company primarily makes use of a loan account facility with the holding company for capital management purposes.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the company's approach to capital management during the year.

	2021 R	2020 R
Financial assets	(96 489)	(86 460)
Financial liabilities	317 313	398 371
Less: Cash and cash equivalents	<u>(1 451 843)</u>	<u>(1 754 430)</u>
Net cash	(1 231 019)	(1 442 519)
Total equity	<u>1 231 019</u>	<u>1 442 519</u>
Adjusted capital	<u>–</u>	<u>–</u>

10.5 Fair value analysis

Fair values versus carrying amounts

The fair values and amortised cost of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Carrying value R	Amortised cost R
2021		
Trade and other receivables	96 489	96 489
Cash and cash equivalents	1 451 843	1 451 843
Trade and other payables	<u>(317 313)</u>	<u>(317 313)</u>
	<u>1 231 019</u>	<u>1 231 019</u>
2020		
Trade and other receivables	86 460	86 460
Cash and cash equivalents	1 754 430	1 754 430
Trade and other payables	<u>(398 371)</u>	<u>(388 216)</u>
	<u>1 442 519</u>	<u>1 452 674</u>

Fair values approximate the carrying amounts

11. Subsequent events

The directors are not aware of any material events which occurred after the reporting date and up to the date of the financial statements which requires adjustments or disclosure in the financial statements.

CAPAFRIC Consulting Proprietary Limited

Notes to the financial statements

for the year ended 31 December 2021 (continued)

12. Going concern

The company made a loss of R227 948 for the year ended 31 December 2021 (2020 – R343 021). The company is liquid and solvent, as assets exceed liabilities by R1 214 571 (2020 – R1 442 519).

As such the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

13. Standard and interpretations not yet effective

At the date of authorisation of the financial statements of CAPAFRIC Consulting Proprietary Limited for the year ended 31 December 2021, the following relevant standards and interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date: periods beginning on or after
IAS 37 amendment	<i>Onerous Contracts: Cost of Fulfilling a Contract</i>	May 2020	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	<i>Annual Improvements to IFRS Standards (2018 – 2020)</i>	May 2020	1 January 2022
IAS 16 amendment	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>	May 2020	1 January 2022
IFRS 3 amendment	<i>Reference to the Conceptual Framework</i>	May 2020	1 January 2022
IFRS 17	<i>Insurance Contracts</i>	May 2017	1 January 2023
IFRS 17 amendments	<i>Insurance Contracts</i>	June 2020	1 January 2023
IAS 1 amendment	<i>Classification of liabilities as current or non-current</i>	January 2020	1 January 2023
IAS 8 amendment	<i>Definition of Accounting Estimates</i>	February 2021	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	<i>Disclosure Initiative: Accounting Policies</i>	February 2021	1 January 2023
IAS 12 amendment	<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	May 2021	1 January 2023

Entities are required to disclose the standards and interpretations issued but not yet effective from the date these are issued by the IASB.

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

The above standards are not expected to have a material effect on the CAPAFRIC Consulting Proprietary Limited.