Integrated Annual Report 2022

BUSINESS/PARTNERS

For more than **41 years** Business Partners Limited has empowered entrepreneurs, providing specialist financing coupled with mentorship, technical assistance and affordable business premises that unlock the potential of small and medium enterprises (SMEs).

Our purpose

We empower entrepreneurs to build sustainable businesses contributing to an inclusive and equitable society.

Unpacking our purpose

Empower
We understand that SMEs require 'more than just money'.

Entrepreneurs
We partner with individuals who are creative, resilient, determined and intrinsically motivated.

Sustainable businesses
- We help develop assets that can benefit future generations and create intergenerational wealth
- We invest in businesses that show economic merit, operate under free-market principles, engage in healthy competition, add value and create employment and wealth.

Inclusive and equitable society
We act on an obligation to help eradicate poverty, decrease unemployment and address the structural inequalities in our society.

Our mission

Our mission is to invest capital, skill and knowledge into viable entrepreneurial enterprises in South Africa, and markets in Africa where we have a presence.

Our vision

Our vision is to be the premier business partner for SMEs, supporting growth and development, facilitating entrepreneurial wealth formation and stimulating job creation.

Our goal

Our goal is to be an internationally respected, successful and profitable business partner for SMEs.

Business Partners Limited company registration number: 1981/000918/06

Registered office:
37 West Street
Houghton Estate
Johannesburg 2198
South Africa

PO Box 7780
Johannesburg 2000

+27 (0)11 713 6600

enquiries@businesspartners.co.za

businesspartners.co.za

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About this report

Business Partners Limited (Business Partners Limited or the company) is pleased to present our 2022 integrated annual report (IAR) to our stakeholders.

This is our primary report to our shareholders, funders and other stakeholders. It outlines how Business Partners Limited creates value over the short, medium and long term – as a provider of financial services, an investor, a taxpayer and an employer.

Reporting scope and boundary

The report provides an overview of the material aspects and activities of the company for the period 1 April 2021 to 31 March 2022. The content includes an overview of our business, key risks and opportunities, performance, and how our strategy and governance enable us to create long-term value for our stakeholders.

Our reporting boundary incorporates material content from our three divisions – business investments, property and asset management and Business Partners International.

Report preparation and frameworks

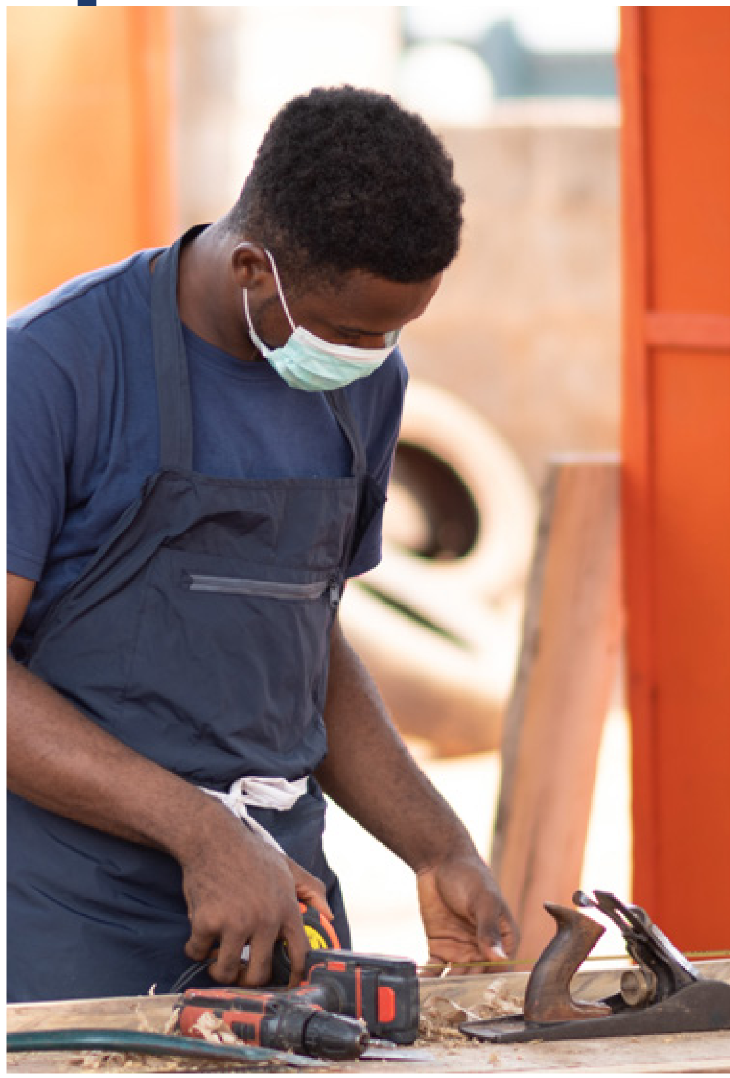
Business Partners Limited is committed to continually enhancing its reporting. In preparing this report the company conducted a gap analysis of our disclosure against the principles and elements of the International Integrated Reporting Council's Integrated Reporting Framework (<IR> Framework) and is progressing to full adoption of these guidelines.

The following frameworks further informed the preparation of this report:

- Companies Act, 71 of 2008, as amended (the Companies Act)
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]
- International Financial Reporting Standards (IFRS)

Forward-looking statements

This IAR contains forward-looking statements that are based on management's expectations of future economic conditions, both globally and domestically, and the impact on the company's strategy, performance and operations. These forward-looking statements should be evaluated in the context of the many uncertainties that affect Business Partners Limited and the SMEs the company serves.



Directors' statement of responsibility

The board of directors (the board), assisted by the audit and risk committee, is responsible for overseeing the integrity, completeness and relevance of this IAR. The board has reviewed this report and believes it provides a fair and balanced representation of the company's performance within the context of its risks and opportunities.

The board approved this IAR on 1 June 2022.

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting. Please contact us at companysecretary@businesspartners.co.za.

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Understanding Business Partners Limited

Who we are

Business Partners Limited is a specialist risk finance company for SMEs operating in South Africa and selected African countries. We actively support entrepreneurial growth by providing financing, specialist sectoral knowledge and added-value services for viable small and medium businesses.

Our client-centric focus has honed our business practices and amassed an unmatched wealth of experience in the sector. We offer our clients more than money. Our relationships with our clients are the foundation of our value proposition. We cultivate long-term enabling relationships that enhance our clients' capacity for success. Our offering combines innovative risk finance instruments with value-adding interventions and active portfolio management to maximise financial and social returns.

We are deeply entrenched in the SME ecosystem, trusted by our shareholders and capital providers to deliver both financial returns and tangible social and developmental impact; enduring partners to our clients; and affiliates to government and regulators. Building on decades of success in South Africa, in 2004 we extended our footprint into other parts of Africa.

We partner with entrepreneurs to build growing, resilient small to medium businesses that create jobs and contribute to socioeconomic growth.

Where we operate

South Africa, Kenya, Malawi, Namibia, Rwanda and Uganda.

What we do

Our overarching objective is to support business growth, create and sustain jobs, and contribute to developing the communities in which the SMEs operate.

Business investments

SME financing solutions
Tailored finance solutions and support for established entrepreneurs with viable formal businesses.

Property finance
Property finance solutions for entrepreneurs through a selection of customised funds and programmes including our property fund, our property joint venture fund, and our Green Buildings Finance Programme.

Mentorship and technical assistance
We provide technical assistance and mentorship support services to our clients to assist in navigating the challenges they face and close the skills gap that may exist within a business.

Fund management
Business Partners Limited is the appointed administrator of the South African SME Relief Trust. The trust is a small business funding entity which provides support to small, micro and medium enterprises (SMMEs). A vital programme of the trust was the Sukuma relief programme which provided financial relief to businesses impacted by Covid-19.

Business partners international

Business Partners International co-invests with international investors and manages SME investment funds in Kenya, Malawi, Namibia, Rwanda and Uganda.

Property and asset management

Property portfolio
Our investment property portfolio comprises over 160 buildings across South Africa. The portfolio consists of industrial, retail and commercial properties.

Property management
Our inhouse property management team manages our property portfolio and offers property management services to other property owners.

How we do it

Our values guide our approach

Economic merit

Economic merit underpins all our finance and investment decisions, ensuring that access to business finance and added-value services for entrepreneurs is consistent, sustainable, and inclusive – so that we may serve all communities and groups of entrepreneurs. It is also the foundation of our operational decisions, ensuring long-term sustainability and the ability to deliver optimum value for clients and shareholders alike.

Integrity

Both our business and personal conduct are imbued with honesty, respect for human dignity and the highest levels of ethical business practices.

Service excellence

We exist for our clients. We enjoy serving them. We continuously strive to exceed their expectations with our products, innovative solutions and the quality of our service.

Entrepreneurial spirit

Our people are both entrepreneurial and passionate about entrepreneurs. We invest where we see an opportunity, driven by the conviction that SMEs generate wealth and economic growth. Our entrepreneurial approach and passion for doing business enable us to partner with our clients in the success of their businesses.

Our offering combines innovative risk finance instruments with value-adding interventions and active portfolio management to maximise financial and social returns.

Understanding Business Partners Limited

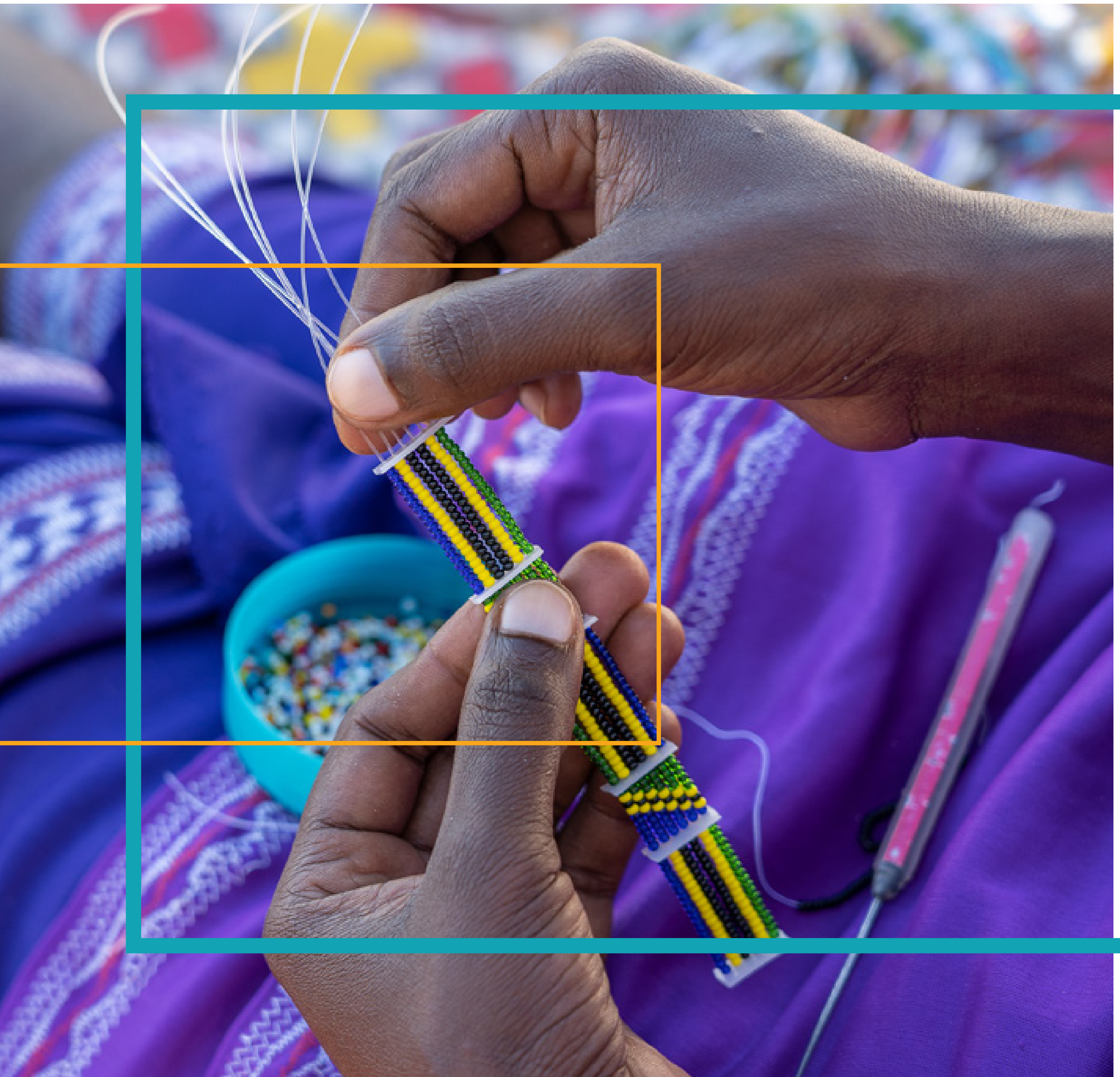
Our investment impact

Our investment case / What sets us apart:

- Delivered profits to our shareholders every year since our inception
- A strong balance sheet underpinning the investment activities
- Long-established relationships with funders enhance access to capital
- Solid reputation and legacy in the market augment access to deal flow
- The investment model that is acknowledged internationally as one of the most successful in delivering risk finance to SMEs in the developing world
- Robust governance framework

Our cumulative development impact:

- R21 billion rand in tailor-made finance to small and medium businesses.
- Facilitated over 658 000 jobs and counting.
- Approved over 72 000 business finance transactions.
- Over 40 percent of our business each year is with existing clients.
- Assisted business owners to rebuild and sustain their businesses during the Covid-19 pandemic.



Our year in review

Profitability
171,7% ▲
R260,0m
(2021: R95,7m)

Headline earnings per share
202,3% ▲
91,3c
(2021: 30,2c)

R1,1 billion **in funding secured**
-5,9% ▼
(2021: R1,2bn)

Value of Technical assistance programme disbursed
R5,0m
(2021: R5,0m)

Value of transactions approved
38,4% ▲
R1 030,5m
(2021: R744,3m)

Value of transactions disbursed
50,1% ▲
R856,4m
(2021: R570,6m)

Value of property portfolio
4,0% ▲
R1,74bn
(2021: R1,67bn)

Transactions disbursed to **black-owned businesses**
38,8% ▼
(2021: 39,9%)

Transactions disbursed to **women-owned businesses**
24,8% ▼
(2021: 35,7%)

Income from property portfolio
R152,3m ▲
(2021: R130,8m)

Jobs facilitated
9 730 ▼
(2021: 10 515)

Number of transactions disbursed
-15,4% ▼
192
(2021: 227)

Number of transactions approved
-21,1% ▼
225
(2021: 285)

Understanding Business Partners Limited

Our growing impact

1981

April 1981 – March 1986
- 6 462 loans valued at R170,2 million approved
- 74 109 jobs facilitated
- 373 834 m² in lettable area

Introduced the innovative industrial hive concept, which functioned much like modern day business incubators.

1986

April 1986 – March 1991
- 29 946 loans valued at R1035,4 million approved
- 209 841 jobs facilitated
- 681 000 m² in lettable area

1988: Launched the annual Small Business Week.
Created the Business Property Ownership Foundation to encourage entrepreneurs to own their business premises.

1991

April 1991 – March 1996
- 58 888 loans valued at R2 574,9 million approved
- 371 738 jobs facilitated
- 700 000 m² in lettable area

Developed term and equity loans to provide investment capital to viable SMEs that did not have access to the capital markets.

1996

April 1996 – March 2001
- 63 252 loans valued at R4 612,7 million approved
- 437 996 jobs facilitated
- 672 000 m² in lettable area

SBDC restructured and honed focus and market segment to SMEs only.
1998: Changed name to Business Partners Limited and innovative financing and investment products for SMEs were developed. Property portfolio restructured to focus on SMEs.
1998: Led the establishment of the South African Private Equity and Venture Capital Association (SAVCA).

2001

April 2001 – March 2006
- 66 077 loans valued at R7 292,3 million approved
- 477 909 jobs facilitated
- 675 000 m² in lettable area

2004: Entered partnership with the International Financing Corporation (IFC).
2004: Expanded to other African countries.

2006

April 2006 – March 2011
- 68 882 loans valued at R11 796,6 million approved
- 517 487 jobs facilitated
- 458 000 m² in lettable area

2008: Business Partners Limited implemented internal structural changes to improve performance and productivity.

2011

April 2011 – March 2016
- 70 697 loans valued at R16 455,4 million approved
- 591 437 jobs facilitated
- 441 982 m² in lettable area

2014: The company repositioned to strengthen brand presence and entrench a culture of entrepreneurship.

2016

April 2016 – March 2021
- 72 162 loans valued at R21 214 million approved
- 670 389 jobs facilitated
- 374 510 m² in lettable area

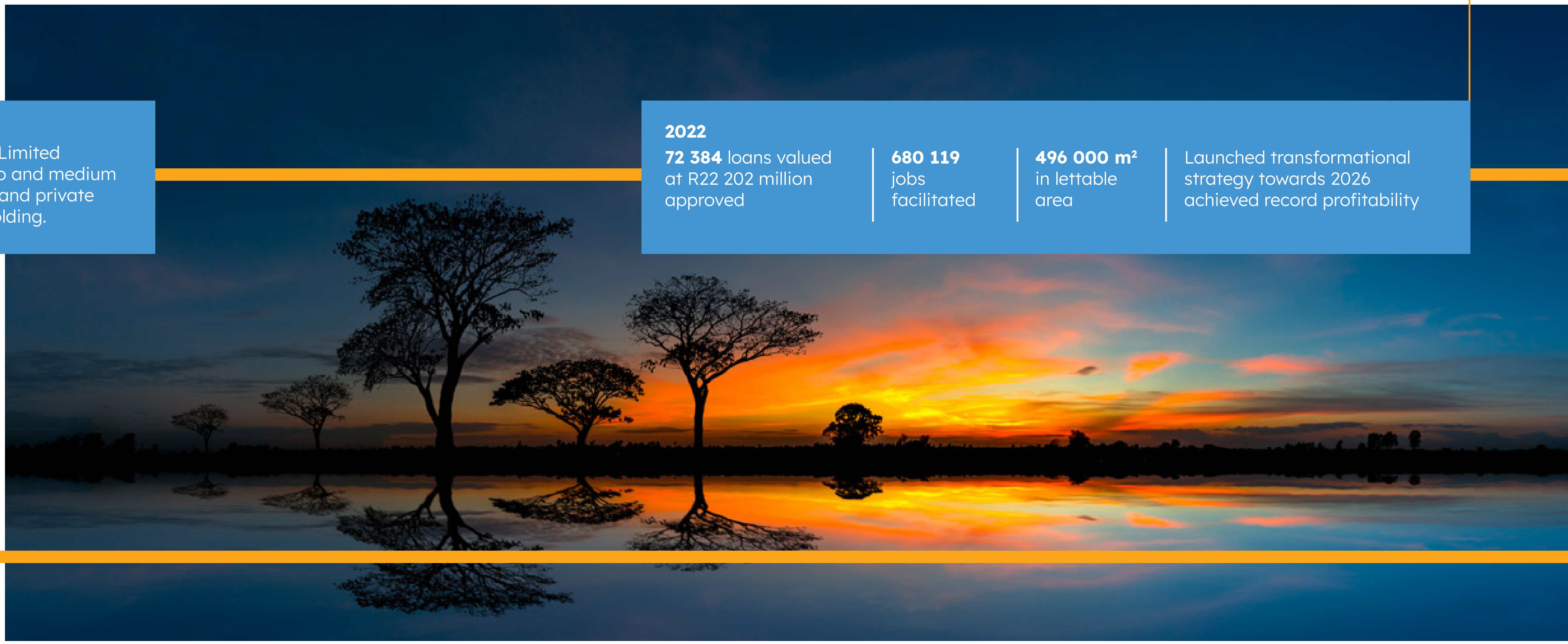
2016: Reached the R1 billion mark in annual investments for the first time.
2019: Gold winner in the Global SME Finance Awards SME Bank of the year: Africa category.
2020: Administered the Sukuma Fund to support SMEs during the Covid-19 lockdown.

2021

2022

1981
Small Business Development Corporation Limited (SBDC) established to support small, micro and medium enterprises (SMMEs), with both the public and private sectors represented with an equal shareholding.

We are deeply entrenched in the SME ecosystem, trusted by our shareholders and capital providers to deliver both financial returns and tangible social and developmental impact.



2022

72 384 loans valued at R22 202 million approved	**680 119** jobs facilitated	**496 000 m²** in lettable area	Launched transformational strategy towards 2026 achieved record profitability

Leadership Overview

Leadership Overview

Chairperson's review

FY2022 was a defining year for us at Business Partners Limited. The inherent weaknesses in the South African socioeconomic environment, exacerbated by the adverse economic impact of efforts to combat the Covid pandemic, clearly highlighted the important role of Business Partners Limited in supporting SMEs, a critical driver of inclusive economic growth. Acknowledging and accepting this reality, we developed and approved a new five-year strategy, setting the foundation for us to look to new horizons for the company, considerably upscaling our impact.

The rapid spread of the Covid-19 pandemic early in 2020 compelled Business Partners Limited and the SME sector to act quickly and decisively, without much information to guide us, to safeguard our businesses and the SME ecosystem. More than two years later, we are pleased to report a year of record profitability. Our performance represents so much more than bolstering our financial sustainability. The FY2022 financial results also reflect our efforts to protect and enhance the resilience of our clients.

During the year, as a country and a sector, we battled more than the economic turmoil resulting from Covid-19 lockdowns. The slow economic recovery was further hampered by the July 2021 unrest, ongoing loadshedding and, post-year end, the floods in KwaZulu Natal. The global macroeconomic environment is no less fraught at present, with the Russian-Ukrainian war affecting commodity markets, supply chains, inflation and general financial conditions, further hampering global growth.

Our revised strategy is premised on recognising and enhancing the role Business Partners Limited can play a catalyst for social and economic recovery in these uncertain and challenging times. Ensuring the business continues to thrive, providing risk finance to SMEs while retaining the ethos, values and culture on which it was built.

Governance in FY2022/ Ensuring governance excellence

Business Partners Limited has a strong and active culture of governance that is deeply embedded in the business. There is a constant focus on improving effective leadership and decision making. During the year, the key focus areas for the board were refining the company strategy and maturing our risk management framework.

A pivotal and core responsibility of the board is to provide leadership in the development and execution of a strategic plan. Before the onset of Covid-19, the board charged the executive team with the task of interrogating the company strategy and its role in the SME ecosystem in the future. This strategic review was delayed in FY2021, as supporting the SME sector through the pandemic took precedence.

In FY2022, we could, once again, apply our minds to Business Partners Limited's future. A robust and collaborative interchange between the board and executive management unfolded over the course of the year. A new strategic direction and associated plan were formed, energised by our achievements in the face of the recent, unprecedented challenges. The board approved the revised strategy, 'Towards 2026', in November 2022 and implementation is underway.

Strategy towards 2026

The new strategy recognises SMEs' critical role, creating and sustaining jobs, contributing to their communities and the economy. It seeks to ramp up disbursements and non-financial support to SMEs, enabling even more entrepreneurs to grow their businesses.

Since its inception in 1981, Business Partners Limited has been a pioneering business. Drawing on decades of experience and a unique business offering, our new strategy looks to scale up the business, exponentially increasing our impact, to be forerunners in the SME landscape of the future.

With growth comes increased risks, however, effective risk management remains a cornerstone of the business. The board is confident that prudent management of increased risk is understood and addressed in the strategy.

The board recognises that strategy without implementation will never achieve its goals. A robust implementation plan is in place that charts the journey towards achieving our strategic goals, identifying the inherent strategic drivers and strategic enablers. (For further details on the revised strategy please see the Managing director's review on page 16 and our strategy on page 36.)

In the short term, the primary focus is on laying the foundation for exponentially ramping up our development impact. Although our targets for FY2023 represent an uptick in our impact, our primary focus will be to bolster capacity, capability and efficiency in preparation for the following phases of implementation, with the subsequent phases requiring a step change in our performance and our impact.

Our key areas of focus for the future will be overseeing the implementation of the strategy and monitoring operational performance, with risk management remaining top of mind throughout.

Appreciation

In the face of ongoing turbulence over the past two years, the Business Partners Limited team – from the board to executive management and all our employees – has forged ahead with fortitude and emerged stronger than before, better equipped to fulfil our mandate.

We must thank our fellow directors for their dedication, commitment and wise counsel over the past year. We also thank Ben and his executive team for leading the company through one of the most challenging periods in our 41-year history, while simultaneously developing a transformation plan for the future.

We extend our sincere gratitude to the Business Partners Limited team. We are immensely proud of how passionately and competently Business Partners Limited has not only weathered the storms but continued to thrive.

We would also like to express our deep appreciation to Business Partners Limited's shareholders and funders for their continued support.

And finally, to our clients, with whom we work in close partnership, we thank you for your trust and look forward to refining and enhancing our service to you in the years ahead.

Nazeem Martin
Non-executive chairperson

Our revised strategy is premised on recognising and enhancing the role Business Partners Limited can play a catalyst for social and economic recovery.

Leadership Overview

Managing director's review

The past three years have sharply highlighted the difficulties that small businesses face and the increased importance for more to be done to support this critical sector. For Business Partners Limited, the past year has been a period of assessing and repositioning the organisation with the aim of delivering greater support and value to our clients, thereby delivering greater social impact while assuring our financial sustainability.

A watershed year

Navigating the impact and aftermath of Covid-19 in the past year was further complicated by the effects of global disruptions such as the war in Ukraine, the increases in energy costs and supply chain disruptions. At home, Covid-19 highlighted the fault lines in our society of extreme inequality, poverty and unemployment. The social unrest in KwaZulu Natal and Gauteng in July 2021 delayed the economic recovery and severely dented business confidence. The devastating floods in KwaZulu Natal post-year end weighed further on the recovery of the South African economy.

These local and global challenges underlined the clear need for Business Partners Limited to increase the role we can play to impact the SME sector more meaningfully.

Business Partners Limited has historically delivered on the expectation of successfully supporting SMEs and delivering social impact and doing so sustainably and profitably. This value proposition was developed and honed over more than 41 years of operating exclusively in the SME market and provides our shareholders with financial returns and uncompromising governance. The capital invested in our organisation unlocks job creation, wealth creation, and economic growth by supporting a vital subsector of the economy. We offer our clients access to funding and additional value-added services that improve their businesses.

The economic and social challenges of low growth, poverty, inequality and unemployment so evident in society compelled us to rethink our future. We are exploring ways in which our strengths and experience can be leveraged to make a greater difference and positively impact our society and economy. SMEs are a vital driver of economic growth, contributing to social development and job creation.

Our five-year strategy will see us expand and elevate our support to entrepreneurs as well as the SME ecosystem, leveraging our strengths to do more, care more and touch more lives through our impact.

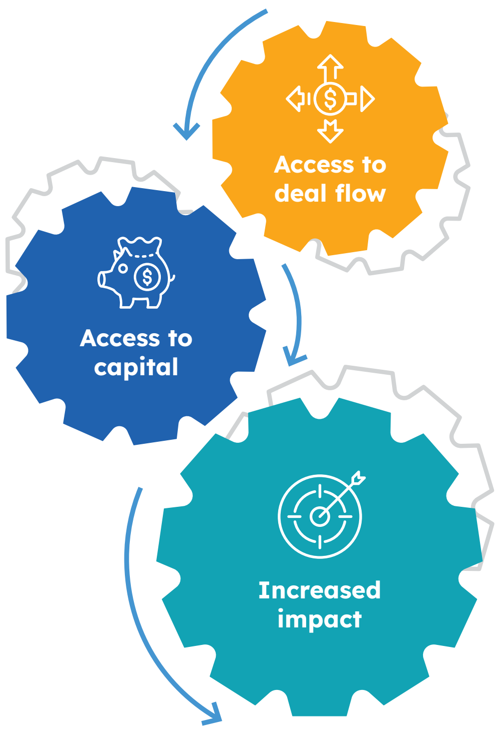
Strategy towards 2026

Strategy towards 2026 represents an expanded and materially scaled-up offering to SMEs. We are daring to greatly increase our reach, impact and contribution to the South African economy. This requires ambitious, yet clearly defined drivers for growth and impact. In a complex and rapidly changing business environment the drivers of the strategy can only be enabled if the organisation successfully transforms and scales its operating model to deliver these objectives.

The strategic drivers

We identified three strategic drivers that are essential to achieving our objectives.

Deal flow is the performance driver in our business. Increasing deal flow is the catalyst to doing more and, therefore, achieving our purpose. Providing financial assistance unlocks the value-added services we offer our clients intended to improve their resilience and long-term sustainability. Deal flow also strengthens our balance sheet and improves our financial sustainability.



The second strategic driver, **access to capital,** recognises that increased investment activity requires capital. A balanced approach between raising more debt and developing off balance sheet funding structures was developed to address the extent to which risk would be introduced to Business Partners Limited's balance sheet. Growing the capital base selectively will address the multiple challenges of access to funding, enhancing and growing the yields on the portfolio and increasing deal activity, which will generate an increased positive developmental impact.

Our third strategic driver, **increased impact,** decisively focuses our attention, effort and resources on increasing Business Partners Limited's role in the social and economic impact of our business by selectively improving and shaping the ecosystem for SMEs.

Transforming our business to enable our strategic intent

To successfully achieve our objectives and safeguard our sustainability, we must transform our business. The transformation process will be guided by four distinct priorities that were identified as critical for the successful execution of the strategic drivers. To transform at the required speed and scale, every aspect of our business model will be reviewed with a view to improving our capacity and capabilities.

Service quality and a focus on the client experience are integral to our value proposition. However, to remain successful we must constantly adapt to the client's requirements and experience, especially in the context of the increased volume of business. We are deepening the culture of client centricity in the company and improving efficiencies in client interaction and processes.

Digital transformation focuses on implementing digital solutions to boost productivity and streamline processes. In addition, the development of new products and client engagement channels, aligned to our strategic drivers, have been identified.

The implementation of various strategic projects must result in changes to our organisational structure and design, and to the systems and frameworks required to achieve our goals. Executing our strategy requires agility and we appreciate that effective change management will be vital in managing the risk associated with significant changes in people, processes and systems.

We are adapting our operating model to reflect the strategic drivers and focus on customer journeys, digital transformation and data analytics. The acquisition and development of the required capacity and capability will be essential to the success of our new strategic framework.

Implementing our strategy and measuring our success

Strategy towards 2026 resulted from a robust and stimulating engagement between our board and the executive team. The approval of the strategy by the board in November 2021 included key metrics to hold management accountable

A measured three-phase implementation plan, as outlined on page 39, was developed, improving the ability of the board to track implementation and oversee and mitigate risk in an ever-changing and volatile environment.

Our people, processes and systems

The interaction between our people, processes and systems – developed and refined over the past four decades – are a key element in Business Partners Limited's agility and adaptability and are vital to our continued success and sustainability.

Our people form the foundation of the company and are critical to our competitiveness. Our business is based on the relationships we develop with our clients and other stakeholders. Our people are the conduit to the intellectual capital Business Partners Limited has accrued over decades, enhancing the value of the service and product offering to SMEs. Their energy, innovation and commitment levels enable the agility in our operating model to pivot and focus our resources and attention on the challenges our clients experienced in the volatile and the difficulties that we faced the last year.

We draw on these strengths as we embark on our strategy towards 2026.

Leadership Overview

How we performed in FY2022

Our strong financial performance for the year under review, in part, is a result of the sound decisions made over the past three years, especially the response of supporting our clients and focusing strongly on sustaining as many SMEs as possible through the Covid-19 crisis.

We assess our performance for a year across three primary dimensions: the financial results, the operational activity and the developmental impact we have as a business. These dimensions provide an appropriate performance lens to assess FY2022.

The FY2022 financial results were exceptional and therefore pleasing. Revenue and expense management were within expectations and reflected a strong recovery after the Covid period. The turnaround in credit losses recorded was a significant contributor to the exceptional financial results. The improvement in credit risk and expected credit losses were the consequence of three primary factors. Firstly, the patient approach adopted in supporting the recovery of clients provided them with the breathing space to reposition their businesses. Secondly, technical assistance, mentorship and other support facilitated and provided by our teams improved the recovery efforts of a number of clients. And lastly, the resilience and adaptability of entrepreneurs in the face of the many challenges they encountered continued to amaze and inspire us, and far exceeded the credit loss expectations and views that were prevalent at the onset of the pandemic.

A second contributor to the exceptional financial results was the investment gains recorded this past year. This performance is indicative of the strong bounce-back in our portfolios after two years of below-par performance, and is also a reward for investments decision taken in the past.

Our operational performance was pleasing. Investment value disbursed was satisfactory, meeting and exceeding our expectations. The number of new investments was slightly disappointing, although still fair in the context of the low confidence levels in the SME sector throughout the year.

The management of our investment property portfolio tracked expectations with a strong recovery in placing tenants and revenue collections.

Operationally, improvements to our operating model and capabilities continued positioning the company well for the future. Our digital transformation initiatives progressed with significant enhancements to our online application process, which was successfully launched at the start of the period. We anticipate meaningful gains in client engagement and onboarding through this channel in the future.

Our development impact as an organisation is targeted and tracked through measuring the impact of our operational activities on our clients, the SME eco-system and the environment. The deployment and use of the other organisational resources in addition to our operational focus areas, targets impact and transformation outcomes that are largely aligned to the various performance elements in the Financial Sector Code broad-based black economic empowerment (BBBEE) scorecard.

Although still significant, the results from our operational impact initiatives were below our expectations, largely as a result of the below par number of new investments that were concluded during the year. Improvements across all the elements of the BBBEE scorecard resulted in a Level 2 Accreditation status for the past year, an outcome that represents the passion and commitment of the organisation to transform.

Looking ahead

The ability to adapt and rise to challenges that were so clearly evident over the Covid-19 period, highlighted and confirmed our team's capability and agility. This invaluable human capital resource provides the foundation from which we confidently embark on the strategic journey towards 2026.

The economic environment is anticipated to be less than ideal in the next 12 months as headwinds from the pandemic's aftermath, stuttering economic growth and continued challenges in reliable energy supply impact business confidence and challenge SME business formation and expansion. Business Partners Limited will play a more significant role in supporting and igniting the sector as we position the organisation as a fit-for-purpose, agile partner to SMEs in our journey towards 2026.

Appreciation

I would like to thank our board for their valuable guidance during the year, as we developed a new 5-year vision. Their wisdom, experience and commitment to our purpose facilitated the fine balance between business transformation, boldness, measured risk taking and sustainability.

I commend all our staff for their dedication to Business Partners Limited case, especially in the face of the prevailing uncertainty and unease we are all experiencing. Thank you all for your unwavering commitment as we embark on this new era of doing more and caring more.

Ben Bierman
Managing director

The commitment, resilience and innovation evident over the Covid-19 period, confirmed our team's capability and agility.

What Drives Our Business

What drives our business

Our operating context

A precarious macroeconomic backdrop

Global macroeconomic overview
- Global economic growth gained traction in FY2022
- High commodity prices and improving demand buoyed the global economy
- Ongoing economic volatility and uncertainty continues to dominate the global arena
- New Covid-19 variants emerged triggering lockdowns and travel restrictions
- China's 2022 wave of Covid-19 sparked extensive lockdowns in important economic regions
- Emerging complex and unpredictable geopolitical landscape
- Impact of the war in Ukraine reverberating across the world
- Russia's economy stalled by Western country sanctions

How this impacts us
- Surging energy and food prices bolstered global inflation, impacting South Africa's inflation rates
- Increased cost of living and doing business
- Chinese lockdowns disrupted supply chains

South African macroeconomic overview
- After a decade of low growth, an already weak economy was decimated by the pandemic
- Better than anticipated economic recovery at beginning of FY2022
- The energy deficit exacerbated the fragile economic outlook
- Unreliable energy supply threatening the sustainability of SMEs
- Political instability thwarting economic growth
- Social unrest in KwaZulu Natal impacted economy and shook society
- KwaZulu Natal flood post-year end causes humanitarian disaster and billions of rand damage

How this impacts us
- SMEs are reluctant to expand their businesses or take on debt amid low levels of business confidence and uncertainty about the future
- Loadshedding, increased fuel prices, rising cost of raw materials or stock have increased operating costs

Trends impacting South African SMEs

SMEs' role in the South African economy
The South African government recognises that SMEs are central to creating an inclusive economy and addressing inequality, poverty and unemployment. However, the SME ecosystem is not conducive to success.

SMEs face systematic hurdles such as high data costs, inadequate education systems, over regulation of small business, labour market rigidities and difficulty in accessing finance.

"Entrepreneurship is an essential driver of societal health and wealth, and a formidable engine of economic growth. It promotes the innovation required not just to exploit new opportunities, promote productivity and create employment, but also to help address some of society's toughest challenges as stated by the United Nations Sustainable Development Goals (SDGs)."

GEM Report 2019/20

Our response
- We actively enhance the SME ecosystem to enable entrepreneurs to create and grow their businesses through targeted programmes and initiatives.
- We celebrate entrepreneurship
- We provide SMEs with perspective on issues such as loadshedding. labour laws and constraining bureaucracy

The impact of the pandemic on SMEs
SMEs are the lifeblood of South Africa's economy and also the most at risk. The Covid-19 pandemic had a profound impact on the lives and livelihoods of SMEs. The resilience and the ability of our entrepreneurs in overcoming the challenges they faced over the past two years are admirable.

Impact of the pandemic on SMEs in South Africa
- 90 percent of all jobs lost were in the SMME sector
- employment contracted by 1,5 million by the third quarter of 2020
- Covid-19 lockdown measures put 11 percent (290 000) of SMMEs out of business

Source: SMME research conducted for the Small Enterprise Development Agency (SEDA) by the Bureau for Economic Research (BER)

SMEs continue to face hurdles emanating from the Covid-19 pandemic including:
- Sluggish economic growth, rising costs and constrained cash flows
- An unpredictable operating environment
- Unprecedented levels of uncertainty
- Constrained business confidence

As a result, SMEs are cautious in their future plans.

Our response
- Business Partners Limited's own relief programme (page **42**)
- This programme supported our clients who operate in this important sector of our economy.

Business confidence
Our operating environment is marked by a pervasive lack of confidence and uncertainty regarding the current market and the medium-term future. SMEs' hesitancy to expand their businesses or take on further debt permeates the ecosystem. The cautious approach of SMEs reduces job creation and growth in the sector.

Business Partners Limited SME confidence index for Q1:2022
SMEs' confidence that:
- their business will grow in the next 12 months at **74 percent** (↑9 percentage points from Q1:2021)
- the South African economy will be conducive to growth in the next 12 months at **77 percent** (↑34 percentage points from Q1:2021)
- the ease of access to business finance will increase in the next 12 months at **52 percent** (↑14 percentage points from Q1:2021)
- their clients will pay them in the stipulated time at **51 percent** (↓9 percentage points from Q1:2021)
- the government is doing enough to foster SME development in South Africa at **51 percent** (↑32 percentage points from Q1:2021)
- the private sector is doing enough to support SMEs in South Africa at **58 percent** (↑18 percentage points from Q1:2021)

Business Partners Limited conducts a quarterly SME confidence survey measuring the attitudes and confidence levels of South African SME owners.

How this impacts us
- SMEs' hesitancy impacted Business Partners Limited's lending activities during the year, and the social impact achieved for FY2022.

Our response
- Business Partners Limited focused on supporting customers to enhance their sustainability.
- Adoption of the strategy towards 2026 to increase our impact.

What drives our business

Our value creating business model

Our business model outlines how we create value for various stakeholders and contribute to the SME sector by providing products and services that SMEs need to thrive and grow.

Business Partners Limited's business model is focused on enabling the growth of SMEs, while supporting the company's long-term sustainability and mitigating the inherent risks we face. Our robust financial position combined with our considerable intellectual property and the experience and passionate dedication of our people work in harmony to deliver far-reaching economic and social developmental dividends. Our renewed purpose statement and newly adopted strategy towards 2026 sets a clear direction for Business Partners Limited to have a greater impact on growth, employment and transformation that delivers inclusivity and equality.

Inputs

Our business activities are driven by and rely on the following capital inputs

Financial capital

Our financial sustainability rests on the sound management of our robust balance sheet, hedged by the strength of our property portfolio. Our sources of capital utilised for our SME financing include:

- income from property portfolio
- loan and interest repaid
- equity capital
- development funding
- funds under management

(Further detail can be found in our chief financial officer's (CFO's) review on page 42)

Manufactured capital

Our asset base predominantly comprises our property portfolio which serves as a funding hedge and as premises for SME business owners

- 119 properties valued at R1,74bn
- 32 properties under management

(Further detail can be found in our property and asset management section on page 52)

Human capital

We are only able to deliver our products and services due to the strength of our skilled and specialist teams, supported by our board and experienced leadership team

- 269 employees
- 326 outsourced mentors

(Further detail can be found in our people section on page 57)

Intellectual capital

Our distinguishing differentiator in the market is Business Partners Limited's knowledge base, experience and unique approach to serving our target market. This intellectual capital comprises both intangible and patent elements developed over our 41-year history, including our:

- institutional knowledge and depth of experience
- refined systems and processes
- distinctive investment methodology
- approach to client support through mentoring and technical assistance
- culture of continuous improvement and innovation
- position as leading brand in our category
- digital transformation

(Further detail can be found in our strategy on page 36)

Natural capital

Our predominant impact on the environment is through our property portfolio, which requires water and electricity for tenant utilisation. We are committed to improving the environmental impact of our current and future portfolio through green building practices and financing

- 4 974,26 kiloliters fuel consumption
- 19 921 647 kWh energy consumption
- 202 408,75 kl water consumption

(Further detail can be found in our property and asset management section on page 52)

Social and relationship capital

Delivering our products and services and positively impacting the SME ecosystem requires Business Partners Limited to have a sound reputation and robust relationships with our clients and in the SME sector

(Further detail can be found in our stakeholder engagement on page 32)

How we add value

Our business activities, products and services

Business Partners Limited empowers entrepreneurs by providing specialist risk financing coupled with mentorship, technical assistance and affordable business premises that together unlock the potential of SMEs.

Business investments

Through our **SME financing solutions, technical assistance programme** and **mentorship support service** we aim to support business growth, create and sustain jobs, and contribute to developing the communities in which the SMEs operate. We provide business owners with property investment options, commercial property finance, and prefinancing solutions. We also provide **fund management services.**

Our activities include:

- appraisal and monitoring
- business financing
- capital management
- fund management
- investment management
- mentoring services
- portfolio management
- property financing
- risk management
- solution development
- structuring and pricing investments
- technical assistance, consulting and training

Property and asset management

Through our investments into property we earn rental income and can provide business owners with rental premises. (Page 52)

Our activities include:

- asset management
- property management

Business partners international

We are replicating our business model and offering in other African countries – providing **loan finance** and technical assistance support to business owners who have a viable formal business (Page 56).

(Further detail can be found in the understanding Business Partners Limited chapter on page 6)

Other activities that support the delivery of our goals include:

- human capital management
- development impact monitoring
- supplier and enterprise development

What drives our business

Outcomes

The value we create or preserve through our business activities

Financial capital

We positively create financial value for our company, our clients and the economy

- 225 investments approved
- 192 investments disbursed
- R1 030 million in business finance approved
- R856 million in business finance disbursed
- R3 319 million total loan book
- R208,7 million in rental income
- SME wealth creation
- increased tax base
- stimulate the economy

Manufactured capital

- affordable property for SMEs
- increased efficiencies
- strengthening Business Partners Limited balance sheet and long-term sustainability

Human capital

- training and development
- conducive company culture
- experienced, passionate, dedicated workforce

Intellectual capital

- proprietary appraisal and monitoring systems
- launch of online application platform
- risk mitigation
- reduction in business failure
- successful, resilient SMEs
- Knowledgeable staff who ensure the company has a competitive advantage within the SME sector while being profitable

Natural capital

- lowering operating cost and increasing sustainability of SMEs
- SMEs finance to green their building
- 75 088 kg pollutants kept out of the atmosphere
- 976,66 m^3 landfill saved
- 436457 kWh energy saved through recycling
- 910 595 ℓ water saved through recycling
- 1 729 trees saved

Social and relationship capital

- Development impact (page 59)
- High client satisfaction levels
- 9 730 jobs facilitated
- 24,8 percent of finance transactions approved for women-owned businesses
- 38,8 percent of finance transactions approved for black-owned businesses
- SME clients benefitted from support during the Covid-19 pandemic

Our renewed purpose statement sets a clear direction for Business Partners Limited to have a greater impact on growth, employment and transformation that delivers inclusivity and equality.

How we manage risks and opportunities

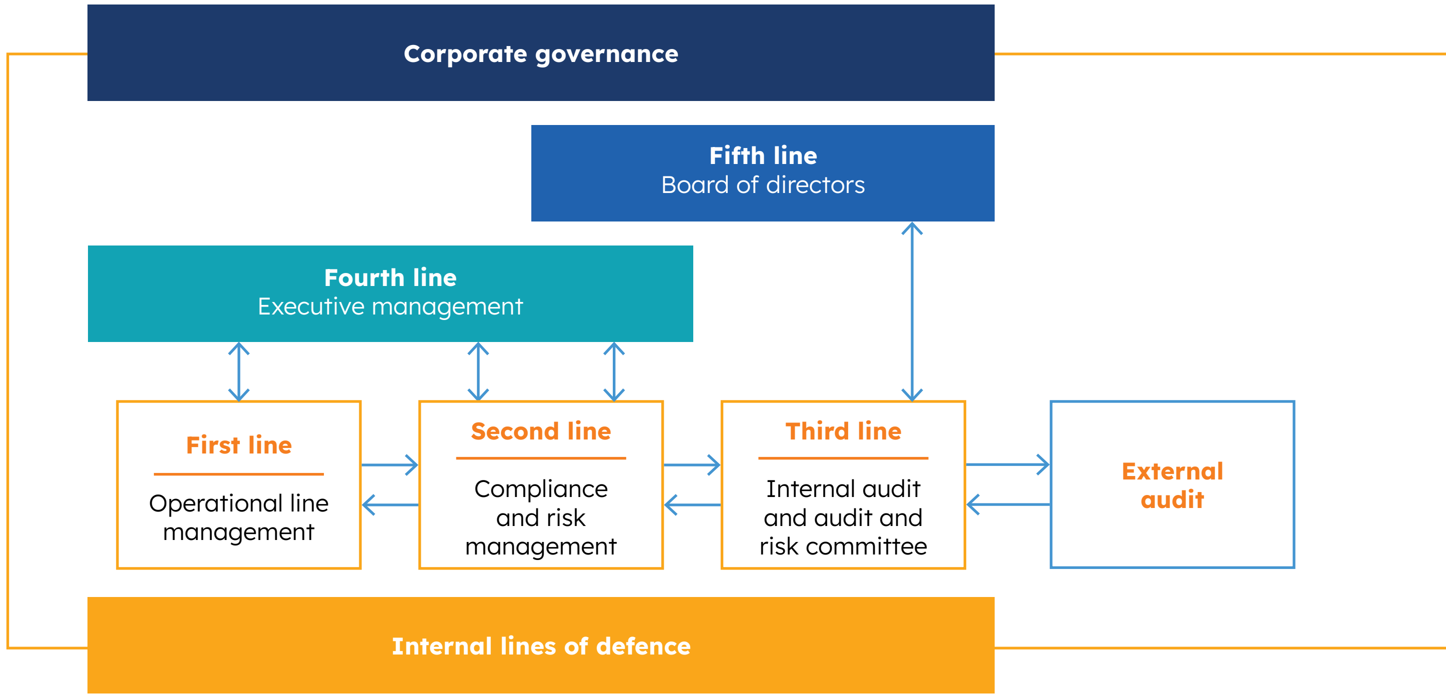
Our approach to risk management

The sustainability of our business is dependent on sound risk management. Our approach to risk management informs how we conduct our business and the decisions we make about investments and our support of SMEs. Understanding and capitalising on historical data enhance our risk management in processes such as due diligence, transaction approval and measuring and monitoring credit risk.

The enterprise risk management (ERM) programme provides a companywide disciplined approach to identifying and managing risks. Our approach is enshrined in the enterprise risk management policy and implemented through the enterprise risk management framework. The objective is to ensure important risks are identified, interdependencies among different business units or geographical locations are assessed, clear accountability is assigned and risk utilisation is aligned with Business Partners Limited's risk appetite.

To support our new strategy, we are maturing risk oversight responsibilities through the implementation of the five lines of defence.

Five lines of defence



Operational line management (day-to-day oversight)
Line managers have ultimate ownership, responsibility and accountability for the execution of risk management. They are responsible for ensuring that there is an appropriate operational control culture in place and their duties include ensuring that the applicable quality manual documents are designed and implemented to achieve the intended objectives.

Oversight function: Compliance and risk management
The **second line of defence** compromises centralised functions which provide subject matter guidance and expertise, namely the compliance function and risk management function.

Independent internal assurance: Internal audit and the audit and risk committee
The **third line of defence** provides the board with an independent assurance in relation to the effectiveness of operational processes. Internal audit reports to the committee on the adequacy and effectiveness of the internal control environment, and assesses the risk management function and the robustness of the combined assurance model.

How we manage risks and opportunities

Executive management
Executive management, appointed by the board, provides the **fourth line of defence.** They run the business and provide assurance that the objectives are being achieved. Executive management is responsible for setting the tone of the organisation as well as managing the ERM activities within their individual fields of responsibility.

Board of directors
As the **fifth line of defence**, the board exercises a supervisory role. The board is responsible for providing direction and strategic oversight. The board is ultimately responsible for governance of risk.

Our enterprise risk management framework
The Business Partners Limited ERM Framework is based on the principles embodied in the Enterprise Risk Management Framework published by the Committee of Sponsoring (COSO) of the Treadway Commission and King IV.

The objective of the framework is to assess all risks that could affect the achievement of Business Partners Limited's strategic objectives, financial and operational performance and reputation.

Risk management is a systematic and continuous process of identifying and analysing risks, and where appropriate, taking adequate steps to mitigate these risks.

Enterprise risk management follows the steps set out below.

Step 1 Establish the context

The company has seven risk categories, each of which have a number of underlying risks allocated to the specific category. The risk categories are strategic, enterprisewide, financial, operational, legal and compliance, reputational and environmental and social.

The board approves the risk appetite against which risks are monitored. Risk appetite expresses the types and level of risk, as defined by a set of quantitative and qualitative statements, the company is willing to assume to achieve its strategic objectives. Risk measurements are assigned that are sensitive to the material risks to which Business Partners is exposed and which function as key indicators of financial health.

Step 2 Risk identification

Risk identification involves various techniques and models to ensure all critical risks are identified, these include:
- Objective-based risk identification
- Scenario planning
- Environmental scanning

Step 3 Risk assessment

Analysing risks to separate minor acceptable risks from major risks and to provide data to assist in the evaluation and treatment of risks.

Step 4 Risk treatment

Identifying a range of risk responses, assessing the responses, preparing risk treatment plans and implementing them. Risk responses include avoidance, reduction, sharing and acceptance.

Risk treatment plans provide management and stakeholders with assurance that significant risks are being effectively managed within the risk appetite and where required, appropriate corrective action is taken.

Step 5 Monitoring and review

Monitoring and incorporating changing circumstances into risk priorities to ensure that the risk management plan remains relevant.

Step 6 Communication and training

Ensuring that those responsible for implementing risk management and stakeholders understand their accountability, reporting lines, the basis on which decisions are made and why particular actions are required.

How we manage risks and opportunities

Our material risks and opportunities

Business Partners Limited achieves its strategic objectives by assuming risk. Without appropriate limitation on the level of risks taken, these risks have the potential to threaten profitability, liquidity, solvency, the company's reputation and social impact.

To manage risk effectively, the board of directors approves a risk appetite for each risk which guides both strategic planning and day-to-day decisions. Further, the risk appetite encourages the development of robust controls to mitigate the risks. The table below sets out the core risk categories and their respective risk subcategories.

Risk	Risk description	How we manage this risk
Business risk	Business risk relates to external market factors that could create income volatility and uncertainty.	The risk of loss caused by income volatility is mitigated through the diversification of asset classes and revenue sources. Income volatility caused by interest rate fluctuations is mitigated by diversified revenue streams being capital appreciation and revenue-sharing instruments. Volatility in rental income is mitigated through well defined processes addressing vacancy, property yields and rent collection.
Credit risk	Credit risk is defined as the risk arising from a client's failure to meet the terms of any agreement thereby resulting in a loss.	The risk associated with individual transactions is assessed as part of the credit approval process. The independent credit committee is governed by board-approved delegated limits, policies and procedures. Credit risk is monitored on an ongoing basis at an individual client level and aggregated portfolio level. The level of credit risk compared to the risk appetite is reported to the board and audit and risk committee quarterly.
Emerging risks	The emerging risk category includes natural disasters, geopolitical risk and macroeconomic risk.	The regular and comprehensive assessment of emerging risks informs the universe of principal risks faced by Business Partners Limited.
Environmental, social and governance risk	ESG risks include those related to the impact of climate change, environmental management practices, working and safety conditions and respect for human rights.	ESG risks for all investment decisions are reviewed during the individual client approval process. The company consistently strengthens its ESG risk management processes in line with international best practice. ESG risks and compliance is reported to the social and ethics committee.
Information technology and data	Risk of losses caused by IT software and hardware failures such as system downtime, severely degraded performance or limited system functionality or errors.	IT availability and capacity is continuously assessed and improved to meet business requirements. Business continuity risk mitigation includes detailed planning and testing of remote access and recovery of operations. We focus on controls to prevent, detect and mitigate the impact of persistent and increasingly advanced cyberthreats. A data governance policy has been formulated and implemented to ensure privacy and appropriate data usage and retention.
Liquidity risk	Liquidity risk is the risk that the company does not generate sufficient cash resources to meet its payment obligations in full as they fall due.	The internal treasury committee monitors current and future liquidity ratios and funding requirements under normal and stressed scenarios. This is reported to the audit and risk committee quarterly.
Operational risk	Operational risk arises from failures in our internal control environment as well as non-compliance with established processes and procedures.	Line managers, as the first line of defence, are fully accountability to identify their operational risks and to manage those risks effectively. The risk and control assessment process comprises a bottom-up assessment of the risks faced by business units and the effectiveness of controls to manage the risks.
People risk	The risk that the company is unable to recruit, retain and engage diverse talent.	We focus on building a diverse and capable workforce by creating a stimulating and rewarding workplace. Our business processes have been designed to minimise the impact of the loss of key employees. Succession plans and deferred compensation schemes are in place to support retention.
Regulatory compliance risk	Regulatory compliance risk arises from the failure to observe relevant laws, codes, rules and regulations and the inability to adjust to changes in the regulatory environment.	The company focuses on adhering to the highest levels of compliance. Compliance with current legislation is embedded in well-established policies and procedures which are reviewed to ensure compliance. Changes in the regulatory environment is monitored to enable a timely response to the changes.

What drives our business

Our stakeholders

Business Partners Limited is entrenched in the SME ecosystem. Our stakeholder engagement approach is based on the principle of creating value part in this ecosystem. Our stakeholder engagement programme focuses on stakeholder groups that are likely to have a direct and indirect material influence on our business. To create sustainable value creation we must address the interests of all stakeholders and actively seek benefits for the wider South African society.

Risk	Value for stakeholder	Value for Business Partners Limited	Stakeholders' needs and concerns	Our response
Shareholders and funders	Offer a distinctive, proven model that provides sustainable financial developmental impact dividend	Source funds to support our investments	Financial and impact performance Accurate data Quality of the loan book Quality of property management Risk management	Sound reporting practices Culture of continuous governance improvement
Employees	Job satisfaction Supportive environment Training and development	Dedicated passionate employees Deep institutional knowledge Exceptional client relations	Job security Training and development Wellness Work life balance Remuneration	Job security Employee value proposition Employee remuneration Training and development programme Wellness programme
Entrepreneurs	Provide funds, technical assistance and mentorship to enable business resilience and growth	Judicious choice of which entrepreneurs to supports our financial sustainability and development impact	Financial viability Continued support	Foster ongoing relationships with entrepreneurs
Tenants	Provide affordable property to SME sector	Income source Access to SMEs	Cost of occupancy Lease terms Increasing security costs Increasing insurance costs Decreasing trade levels	Reducing consumption costs through green building retrofits
Government	Provide a stable SME base, contributing to the develop the SME sector, facilitating employment and expanding the tax base	Provide an opportunity to raise the call for the issues that affect our stakeholders	Employment equity Compliance with regulations and legislation	Robust governance Strong systems and controls Enterprise development
Industry associations	Material input and support to enhance the sector	Raises awareness of our business Expands pool of entrepreneurs	Understanding of what Business Partners Limited does	Champion SME matters Advocacy initiatives
Media	Access to data and knowledge of the sector	Access to SMEs	Access to quality information	Collaborative approach Generating and sharing accurate, relevant data

Our Strategy

Our Strategy

Repositioning our strategy

A burning platform revitalised our strategy to deliver more impact

Business Partners Limited was founded on the premise that supporting SMEs is critical to building an inclusive economy and a vital lever in addressing poverty and unemployment. As South Africans, Africans and global citizens we are facing formidable social and economic challenges. Business as usual is no longer enough to deliver the change and the development impact that the societies in which we operate need so desperately.

Our response as an organisation is reflected in a revitalised purpose and articulated in a bold new strategy that will expand and intensify our development impact. A comprehensive review of our strategy repositioned our business for sustained growth and greater relevance to 2026.

The organisation's response to the unprecedented disruptions brought about by the Covid-19 pandemic, in the context of an already struggling economy, highlighted the agility and ability of Business Partners Limited to address the needs of the SME sector. The pandemic also underlined the urgency and need for more SMEs and entrepreneurs to grow the economy, create jobs and deliver the change needed as the fault lines of unacceptable inequality, poverty and unemployment became even more pressing. The urgency and scale of the need for more SMEs is now greater than ever.

Business Partners Limited has deep experience and insight into funding and supporting SMEs in South Africa. We are ideally placed to meet the challenge and address the complex demands required to support more SMEs and assist them in transforming the economy.

Strategy towards 2026

We empower entrepreneurs to build sustainable businesses contributing to an inclusive and equitable society.

Strategic drivers

Access to capital

Access to deal flow

Access to impact

Strategic enablers

Client centricity

Digital transformation

Change management

Operating model

As part of our strategy review process, we identified the fundamental imperatives that we need to attain and the opportunities we need to pursue actively. Through implementing our strategy, we expect to increase our impact materially and substantively as an organisation in the pursuit of our purpose.

Imperatives:
- maintain financial sustainability
- exponentially increasing our social impact

Opportunities:
- impactful and meaningful impact
- empower more entrepreneurs
- grow the SME sector
- shape and influence the SME ecosystem for good
- increased ESG focus
- ensure our business is future-fit

Strategic drivers

To achieve the goals we have set ourselves in the revised strategy, more entrepreneurs who can build and grow sustainable businesses must be funded and supported. These businesses must be representative of an inclusive and equitable society. Business that create and sustain jobs, are necessary.

To do this, we need access to sufficient capital, and we have to help create an environment in which entrepreneurs are valued and supported, and in which they and their businesses can flourish. Our strategy centres around three strategic drivers.

Strategic driver	Focus	Key Performance Indicators
Access to capital	• Expand on our strong network of existing funders • Create awareness of the impact we deliver • Revise our approach to fundraising to align with the increase in capital needed • Invest in relationships with funders	• Funding secured • Transactions approved • Financing transactions
Access to deal flow *Do more deals that make a difference*	**Simplify** • Application processes • How we engage with potential and existing clients • Our products and terms **Efficiency** • Quicker turnaround times • Faster due diligence and approval process • Nimbler implementation process **Feeling Valued** • Consistency of service level commitment	• Transactions financed • Processing time • Transactions with black-owned businesses • Transactions with women-owned businesses • Transactions per investment professional per year • Profit
Increasing impact *Do even more good*	• Improve our tracking of impact data • Communicate the impact we help create • Deepen our understanding of the SME sector • Raise awareness with an annual SME conference • Celebrate entrepreneurs by bolstering the entrepreneur of the year® awards • Increase engagement with local structures to cultivate future entrepreneurs	**Advocacy: entrepreneurship** • Stimulate • Develop • Support • Celebrate **Enterprise development** • Enterprise and supplier development (ESD) • Socioeconomic development (SED) • Business clinics and technical assistance Impact measurement and reporting

Our Strategy

Strategic enablers
The strategic enablers that are imperative to the successful execution of our strategy include:

Strategic enabler	Focus
Client centricity	To enhance our competitive positioning and client experience as we increase business volumes requires: • the adoption of an enterprise-wide client-centric operating model and approach • implementing planned digital channels
Digital transformation	Implementing supporting digital and data strategy will ensure the increased internal capacity and capability needed to implement the digital transformation of our business required. This will: • improve and enhance organisational ability to be more client centric • manage greater deal flow • increase efficiency • contain costs • innovate around new products
Change management	To mitigate the risks created by the extent and depth of the change required by the new strategy requires a formalised change management capability focused on: • increasing capacity including dedicated resources, funding and a governance structure to ensure the oversight of change management initiatives • enhancing capability with dedicated resources with skills and experience in execution and oversight of effective change management initiatives • prioritising coordination to ensure efficiency and contain costs • embedding an enabling culture • upskilling and training of current staff to ensure capacity to transition with the revised strategic direction
Operating model	Introducing client-centric, agile and innovative operating model to execute the transformation of the business, enabled by: • digital transformation and data analytics • process and structure • capability

Five-year roadmap
We have set clearly defined, measurable, time-bound targets to lead a focused and effective implementation of the initiatives to achieve success.

Phase 1	Phase 2	Phase 3
31 March 2023: 1 year	31 March 2024 – 2025: 2 years	31 March 2026: 1 year

Phase 1 focus areas
- Refining existing products
- Introducing some new products
- Improving efficiencies

Phases 2 and 3 focus areas
- Access to capital
- Marketing
- Due diligence and approval processes
- Pricing structure
- Increasing the product offering
- Technology
- Approval and implementation platforms
- Human resources requirements

Our Performance

Our Performance

CFO's review of financial performance

As Business Partners Limited gears up for the next evolution of our company's journey, I'd like to reflect on the historically prudent approach that has contributed to our sound current financial position and performance during the year under review and outline how we plan to execute our financial model to support our strategy towards 2026.

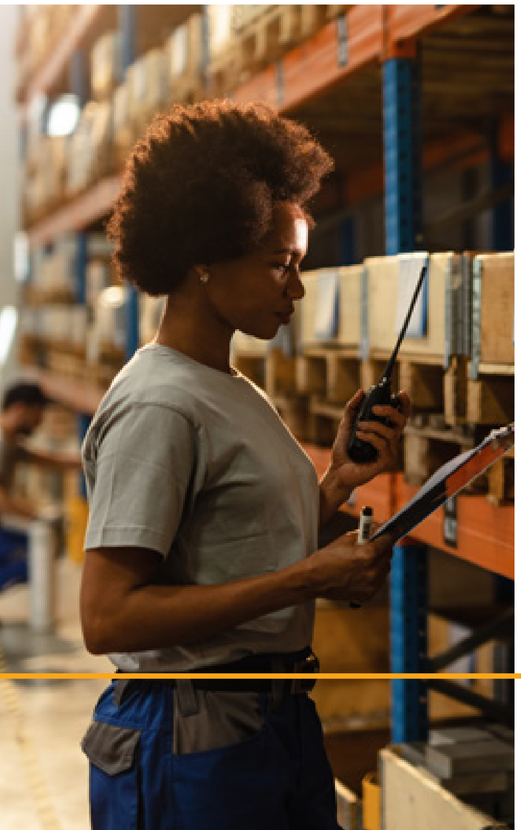
Financial performance

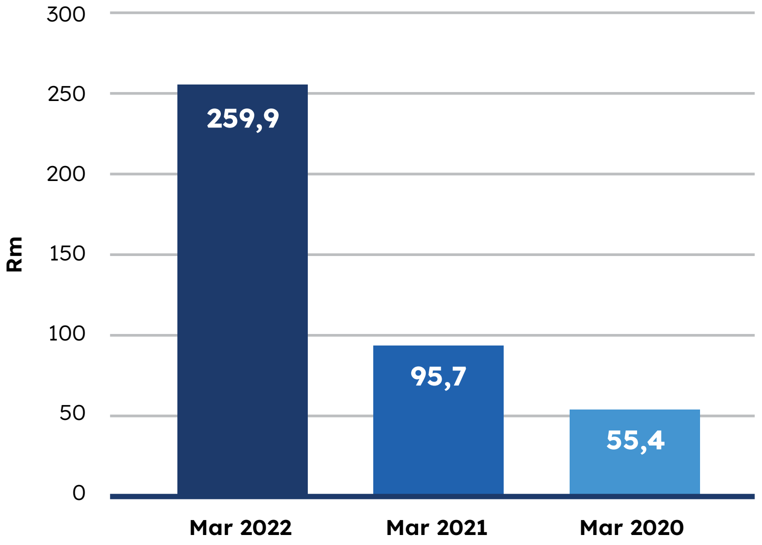
Business Partners Limited realised a profit of R259,9 million for the year under review, up 171,6 percent from R95,7 million in FY2021. This performance represents the highest profit in the company's history. While this strong financial performance has been achieved in FY2022, it must be considered in the context of the past three years: prudent financial decisions made during the pandemic; better than expected client recovery after Covid-19; the prevailing low cost of funding; and the recovery in the performance of our investment property portfolio.

The historic drivers of our financial performance
Just over two years ago, as the world went into unprecedented lockdowns at the end of our 2020 financial year, we made forward-looking assumptions based on the expected impact of pandemic on SMEs and our business. As a result, while our operational performance was strong for that year, we raised an expected credit loss amounting to R83,6 million as an impairment to the value of our investment in SMEs to account for the potential economic devastation resulting from the pandemic.

In addition, the impact of Covid-19 on asset prices was assessed and our investment property portfolio was devalued by R63 million, resulting in a total cost exceeding R146,6 million, which impacted our results in 2020. At 31 March 2021, there was still significant uncertainty relating to continued negative impact of the pandemic on our clients and we were confident that the current impairments were adequate.

In FY2022, we can reflect on two years of real experience in this environment and are witnessing the beginning a post-Covid-19 recovery. Many of our clients proved to be resilient and performed better than expected, as they navigated through Covid-19, assisted by the relief, mentoring and support we provided. Our approach required regular interactions with our clients, assessing the businesses' prospects and assisting with mentoring and additional support for businesses that were viable and showing signs of recovery. Many clients are now able to meet their monthly obligations although some are still in the process of settling the obligations that are in arrears. As a result of our clients' better than expected recovery, a release of some of the impairment charges raised against the investment portfolio was justified which contributed significantly to our increased profitability in FY2022.





Performance drivers FY2022

	GROUP	
	2022	2021
	R000	R000
Net interest income	**281 151**	247 518
Interest income	**357 670**	336 748
Interest expense	**(76 519)**	(89 230)
Fee revenue	**2 093**	2 022
Investment income and gains	**143 880**	64 938
Net property revenue	**152 254**	130 827
Property revenue	**323 435**	295 161
Property expenses	**(171 181)**	(164 334)
Management and service fee income	**18 386**	23 121
Other income	**3 727**	2 430
Total income	**601 491**	470 856
Net credit losses	**23 073**	(97 268)
Staff costs	**(204 217)**	(174 793)
Other operating expenses	**(68 351)**	(61 414)
Profit before taxation	**351 996**	137 381
Income tax expense	**(92 006)**	(41 664)
Profit for the year	**259 990**	95 717

We continue our patient capital approach, supporting our clients as they grapple with the ongoing challenges, as it has successfully sustained our client portfolio over the past two years.

The solid operational performance of both our primary asset classes was evident in a total income of R601,5 million earned during the year, recovering from R470,9 million in the prior year. As we redeemed significant levels of debt throughout the Covid-19 period funding costs decreased -lower interest rates also contributed - which translated to a net interest income of R281,1 million, a 13,6 percent improvement on the prior year.

Our performance was further bolstered by our investment income and gains. This comprised share exits from clients in which we held equity as part of our financial offering; capital profits on the sale of assets as well as fair value remeasurements on our investment property portfolio. A number of investee clients performed exceptionally well, resulting in equity investments being realised generating R59,9 million in returns for Business Partners Limited, significantly higher than the prior year (2021: R29,7 million).

Our investment income and gains were further buoyed by the sale of an office property in Cape Town as well as the fair value remeasurement of our investment property portfolio which increased by 2 percent to R34 million (2021: R24,7 million). The investment focus of our property portfolio has stood us in good stead as industrial multi-unit properties fared much better than other segments of the property sector. We also have exposure to smaller community retail centers, which were less affected by the pandemic than larger retail shopping centers.

The strength of the recovery in our investment property portfolio performance is reflected in the net property revenue of R152,2 million, representing a 16,4 percent improvement on the prior year.

Staff costs increased as we filled vacant roles to meet the capacity needs of the organisation. Notable non-recurring costs were incurred in settling the defined benefit pension fund liability and the post-retirement medical benefits. Operating expenses increased in line with increases in operational activity as we returned to normality with the relaxation of the Covid-19 restrictions.

Our Performance

Earnings per share
174,1% ▲
149,1c
(2021: 54,4c)

Headline earnings per share
202,3% ▲
91,3c
(2021: 30,2c)

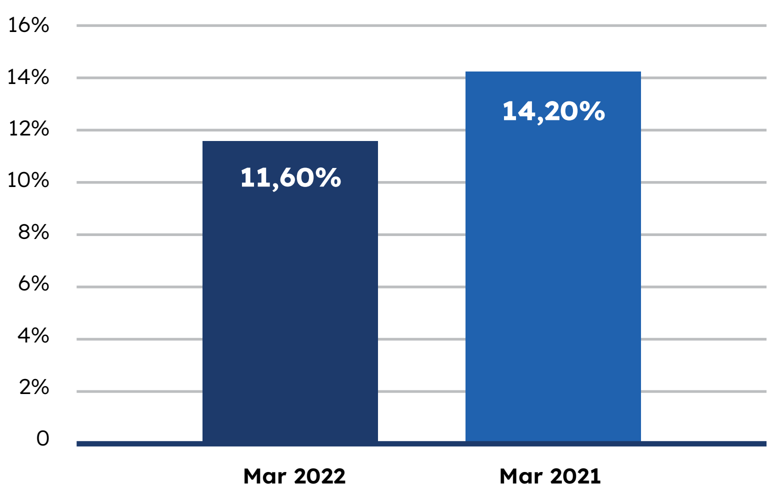
Our focus areas

To ensure our continued financial sustainability and to gear the business appropriately for the execution of our new five-year strategy we focused on the following key financial drivers.

Cost management
We remain focused on cost management and effectively deploying our assets and resources to generate value. Cost management is critical to our business and is the foundation of operating efficiency.

Credit risk
Managing our investment portfolio through the relationships we have with our clients allows for a prudent and viability based patient capital approach in our credit collection efforts. We also focused on deepening our understanding of our credit risk by expanding our credit analyses, to include our clients' business risk by assessing the performance of their businesses in determining our credit risk profiles and expected losses.

Impairment % on loan exposure



Liquidity management
We actively manage our liquidity profile to ensure our sustainability. We embarked on additional fundraising realising a R600 million loan facility from the IFC for the Green Buildings Initiative. We have a long-established relationship with the IFC and other funding partners. We continue to nurture and grow these relationships and consider opportunities that will provide access to the capital required to drive our impact.

	2022	2021
Total Debt to Equity	37,2%	42,8%
Total Debt to Total Assets	24,6%	27,2%

Future focus – foundations for our new strategy

Our focus for FY2023 is laying the foundation to successfully execute our strategy. We will invest in operational systems and capacity, expand and improve our skillsets through training and recruitment and initiate a comprehensive digitisation of key process and workflow elements.

Our sound financial performance and strong balance sheet enables us to raise the capital necessary for the increase in investment activity. We aim to strengthen our relationships with funders to develop and launch impact-linked funding mechanisms and platforms, which are becoming increasingly relevant in both global and local capital markets.

We are further enhancing our data measurement and reporting on our impact, sustainability and ESG.

Acknowledgments

I would like to thank our outgoing auditors, PwC, for their professional and diligent service and support through the growth and evolution of Business Partners Limited over four decades. I welcome our newly appointed auditors, EY, and look forward to a beneficial working relationship.

I would also like to highlight our ongoing appreciation of our funders and our partners who really believe in what we do and are supportive of our purpose.

Rayna Dolphin
CFO

Our Performance

Operational performance

Our operational performance is driven by our three primary divisions – business investments, property and asset management and Business Partners International.

Our success in each area of our business is driven by our depth of experience and client-centric approach. We partner with our clients offering individual solutions to their business needs and a relationship that stays the course. Supporting the development of SMEs and unlocking value delivers a social impact aligned with our purpose.

Business investments

What we offer
We offer specialised business finance and support services tailored to established entrepreneurs' individual requirements. We understand the challenges small business owners face and take more risk than most financiers. We can do this because we offer more than money. We have four decades of experience, and we care. We are invested in our clients' journeys supporting them through challenges and celebrating their achievements. Our value-added services provide professional mentoring and technical support.

Our business investments products and services include:

- SME financing (page 46)
- Property finance (page 49)
- Technical assistance and mentorship (page 50)
- Fund management

SME financing
Our financing products and services are based on 41 years of experience financing SMEs, but we engage with each entrepreneur to offer an individual financing plan that will sustain and grow their businesses.

We focus on business viability, tailor making solutions to meet each individual business' financing needs. The finance we provide can be used for expansion, working capital, asset finance, takeovers, commercial property, revamps, management buy-outs or to buy a franchise.

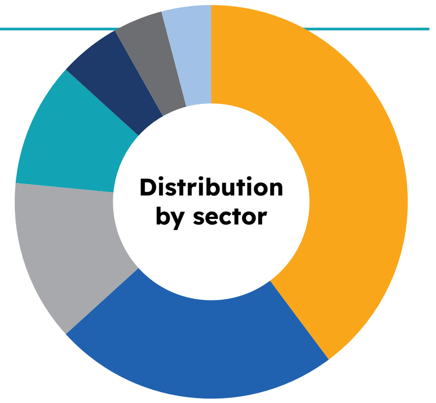
Investment target:

- Entrepreneurs who are building businesses that provide steady personal income and serve market demands in and beyond their local communities.
- SMEs at all stages of growth that require between R500 000 and R50 million
- SMEs across diverse industries and sectors
- SMEs with viable business plans, sustainable market demand, and value-added management and operational capabilities

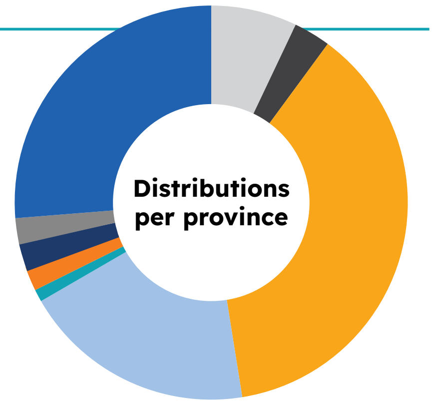
Investment products and services:

- Self-liquidating, quasi-equity instruments
- Proprietary appraisal and monitoring systems developed to streamline due diligence, deal processing and portfolio management for investments into SMEs on a large scale
- Technical assistance funds to assist with business growth strategies and to mitigate inherent financial and management risks

Our investment portfolio at a glance



Sector	%
Professional and personal services	39,4%
Manufacturing	23,0%
Travel and tourism	13,1%
Building, plumbing and shopfitting	10,7%
Retailing	5,4%
Other	4,6%
Motor trade	3,8%



Province	%
Eastern Cape	6,7%
Free State	2,6%
Gauteng	37,6%
KwaZulu-Natal	19,5%
Limpopo	1,1%
Mpumalanga	2,3%
North West	2,3%
Northern Cape	1,9%
Western Cape	26,0%

FY2022 investment performance
We prioritised supporting our existing customers in recovering and revitalising their businesses. To do this, we identified areas where businesses were struggling and developed targeted initiatives including assisting with the restart capital programme.

SMEs remain cautious and reluctant to take on new debt or expand their businesses in the face of economic uncertainty. As a result, we did not expand our impact through financing new clients, especially black-owned and female-owned businesses, and facilitating job creation as much as we anticipated/targeted.

The quality of our loan book improved compared to the previous year. This reflects the slow but progressive recovery of client's turnover as the market stabilised. We closed the year with 35,06 percent of loans balances in arears, compared to 35,5 percent in the previous year.

Our investment portfolio grew 2,64 percent, to R3 314 million (2021: R3 229 million). We approved 225 investments (2020: 285) to the value of R1 030,4 million (2021: R744,3 million), and disbursed R856,3 million (2020: R570,6 million).

Indicator	2022	2021	% Change
Value of approvals	R1 030,4	R744,3m	38,4%
Value of advances	R856,3	R570,6m	50,0%
Number of approvals	225	285	(21,0%)
Number of advances	192	227	(15,4%)
Total Business Partners Limited loan book	R3 314m	R3 229m	2,64%

Our Performance

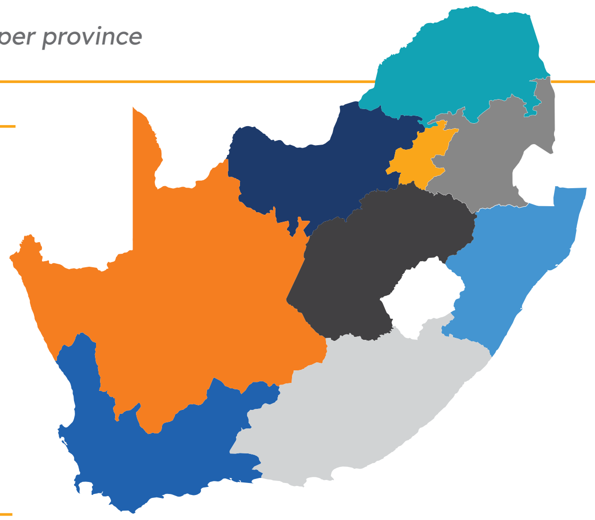
Distribution of business investments disbursements by sector

Sector distribution reflects the evolution to increasingly service-based economy. The education sector continues to grow with a lower tier private school market emerging. Covid-19-related disruptions have paved the way for online school and boutique educational offerings. Hospitality, tourism and events is slowly recovering despite the setbacks of new waves and travel bans during the year.

Sector	2022	2021	2020
Professional and personal services	43,0%	38,3%	42,2%
Manufacturing	24,5%	14,0%	19,4%
Building, plumbing and shopfitting	16,0%	21,5%	17,1%
Retailing	6,8%	9,1%	6,9%
Motor trade	3,4%	2,0%	1,3%
Travel and tourism	1,6%	10,8%	8,5%
Other	4,7%	4,3%	4,8%

Business investments disbursement distributions per province

Province	2022	2021
Eastern Cape	3,0%	4,5%
Free State	1,7%	3,0%
Gauteng	49,7%	39,3%
KwaZulu-Natal	16,3%	13,9%
Limpopo	0,8%	0,4%
Mpumalanga	1,7%	3,2%
North West	0,4%	2,2%
Northern Cape	1,4%	1,6%
Western Cape	25,0%	31,8%



Investment impact

Disbursements to black-owned and female-owned businesses were lower than anticipated, 3,0 percent and 30,5 percent down respectively compared to the previous year. Disbursement to black-owned businesses amounted to R315 million, representing 38,8 percent (2021: 39,9 percent) of total disbursements, while disbursements to female-owned businesses amounted to R202 million, representing 24,8 percent (2021: 35,7 percent).

Indicator (by value)	2022	2021	2020	2019	% Change
Disbursements to black business owners	38,8%	39,9%	48,9%	48,9%	(3,0%)
Disbursements to female business owners	24,8%	35,7%	40,4%	39,8%	(30,5%)
Approvals to black business owners	39,9%	41,6%	46,8%	42,7%	(3,8%)
Approvals to female business owners	17,6 %	33,1%	38,9%	33,3%	(46,8%)

Job creation

	2022	2021
Jobs facilitated	9 730	10 515

Business Partners Limited has sourced funds to promote and enable green building renovations and practices in the SME sector.

Property finance

Business Partners Limited offers investment financing for a wide range of commercial and industrial premises and the expertise to match the needs of each individual SME and/or entrepreneurial investor with the right property.

Commercial property funding

- We provide up to 100 percent in commercial property finance to refinance or purchase their own premises or to add a property to their investment portfolio
- R500 000 to R50 million for a maximum of 10 years

Green buildings finance programme

- We provide up to 100 percent property finance to entrepreneurs to invest in green buildings and achieve green building certification
- Finance the purchase, construction, and/or retrofit of buildings if their designs are certified under an eligible green building certification
- We provide a non-refundable grant of up R150 000 for green certification and a 40 percent rebate of the capital expenditure to green the building (capped at 4,5 percent of the total cost of the building)

Joint venture property funding

- We co-invest in multi-tenanted property projects
- Partner with entrepreneurs wanting to add property to their investment portfolio
- Properties provide capital appreciation and a rental income

Our green buildings finance programme

Green building financing represents a significant investment opportunity. Green building practices reduce property costs as well as provide indirect benefits such as improving the wellness of occupants and reducing the impact on the environment. Business Partners Limited has sourced funds to promote and enable green building renovations and practices in the SME sector. We raised a R600 million debt facility from the IFC to fund SMEs to build, purchase or retrofit green buildings over the next five years. In addition, the green building finance programme comes with incentives such as rebates on capital expenditure funded by the IFC-Market Accelerator for Green Construction Programme with concessional funding from UK Department for Business, Energy and Industrial Strategy.

Our Performance

Our technical assistance programme and mentorship support service
Providing support to businesses throughout their lifecycle significantly reduces the risk of business failures

Technical assistance programme
As part of our commitment to ensuring the success of the businesses we support, we provide technical assistance support. Business Partners Limited contracts expert consultants to assist business owners in navigating the challenges they face in their business journey and close the skills gap that may exist within a business.

Beneficiaries:
- Business Partners Limited new and existing clients

Benefits:
- General business technical assistance and consulting
- Specialist technical assistance and consulting
- Sectoral technical assistance and consulting
- Turnaround solutions
- Training of any employees of a portfolio company

Fees
- Services are offered at a zero-interest rate
- Technical assistance is coupled with the finance deal, repayable over the term of the finance deal.

Our technical assistance programme is implemented in partnership with the Swiss State Secretariat for Economic Affairs (SECO).

Mentorship support service
Our mentorship support service links senior business and professional people with SME business owners. The business and professional people participating in the programme are carefully selected individuals who are successful in their own businesses or careers.

Beneficiaries:
- All entrepreneurs including non-Business Partners Limited clients

Benefits:
- Mentors share business expertise, technical skills and experience
- Assist entrepreneurs in improving the efficiency, profitability and growth of their businesses.

Fees
- Fees are commensurate with the complexity of the entrepreneur's business development needs.

FY2022 Technical assistance programme performance
Our technical assistance programme disbursed loans to the value of R5,0 million (2021: R5,0 million).

Indicator	2022	2021	% Change
Value of technical assistance programme approvals	R8,3m	R2,9m	186%
Value of technical assistance programme disbursements	R5,0m	R5,0m	no change

As part of our commitment to ensuring the success of the businesses we support, we provide technical assistance support.

Our Performance

Property and asset management

Through our property investments we earn rental income and can provide business owners with investment options, commercial property finance, and financing solutions. The focus for Property Asset Management is to achieve good returns and dispose of underperforming assets, while Property Management Services focuses on tenant administration, facilities management, credit control and operational aspects of the Asset class.

What we offer

Our property portfolio

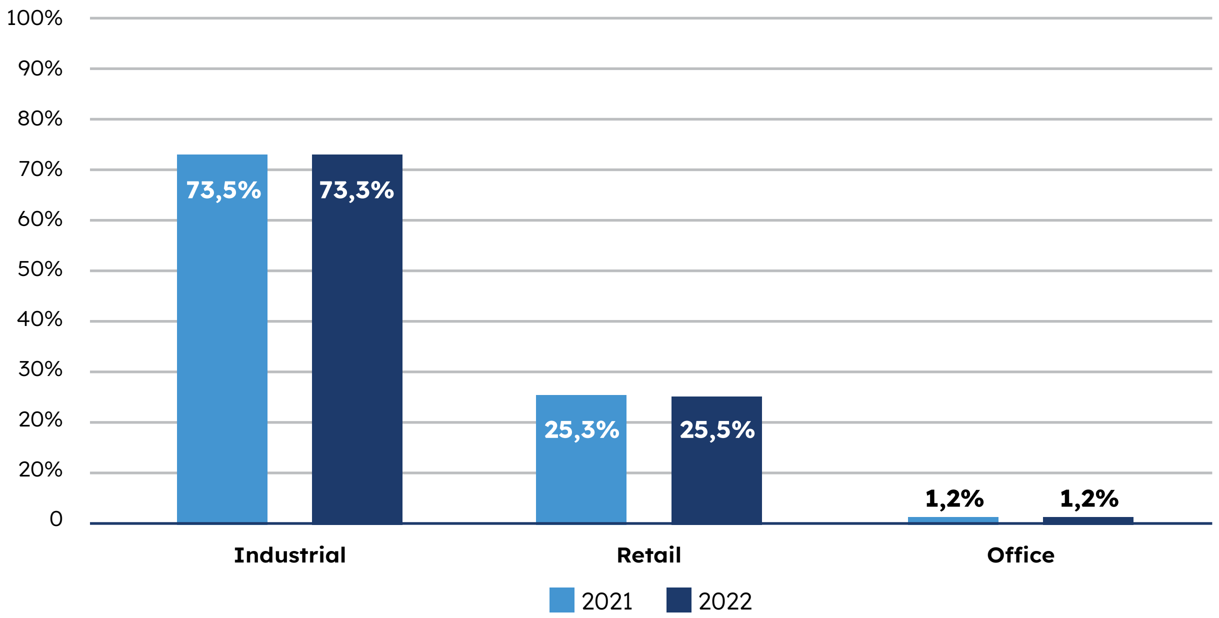
R1,764 billion portfolio value	119 properties owned	32 properties managed

Our property investments represent approximately 39,5 percent of our total investments, just under our maximum exposure target of 40 percent. The property portfolio comprise small but significant investment properties that we wholly own. The portfolio acts as a buffer for our balance sheet and provides further services to our entrepreneurs. The majority of our portfolio comprises small multi-tenanted industrial properties that meet the needs of SMEs. We also own small, retail properties (strip malls) that cater to SMEs. Although our financing clients only make up a small segment of our tenants, the nature of the portfolio supports the SME sector.

Property management
Our properties are managed by our inhouse property management team who provide health and safety, facilities and utilities management.

Asset management
Our asset management team is responsible for portfolio analysis, tracking market trends and overseeing disposals.

Sectoral breakdown of the property portfolio



Geographic spread

Region	%
Eastern Cape	12,0%
Free State	1,2%
Gauteng	38,6%
KwaZulu-Natal	21,1%
Limpopo	2,7%
Mpumalanga	3,0%
North West	0,3%
Northern Cape	2,7%
Western Cape	18,4%

Top five highest value properties

Property	Value	GLA	No. of Tenants
Rambo Junction	R86 916 490	12 320	15
Silverton	R81 853 922	23 746	51
Osborn Park	R70 904 000	12 321	10
Mooikloof Shopping Centre	R68 629 000	4 487	27
Eldo Square	R55 027 000	3 663	24

FY2022 property and asset management performance
Our property portfolio provides further to services entrepreneurs is designed to benefit the SME. Our investment mix and support for our tenants, continued to underpin the portfolio's resilience. However, our SME tenant base is greatly affected by the weak economy. In addition, the impact of loadshedding takes a considerable toll as they often do not have the necessary infrastructure to operate without electricity supplied by the grid. A further burden that emerged this year is rising insurance cost following the July unrest and the floods in KwaZulu Natal. The cost of doing business is continues to increase while the market remains subdued. Our approach to property management embodies the company ethos of supporting SMEs. We strive to care and support our tenants through offering costing solutions to lessen their burden. We also support our property service providers, many of whom are SMEs, through favourable payment terms and rotational appointment practices.

Property valuation and income
The value of our portfolio is slightly higher than FY2021, due to fair value adjustments and acquisition of Magnum Park and Battery Park. The gross income yield on our property portfolio was 18,6 percent (2021: 17,7 percent) translating to a net yield of 8,8 percent (2021: 7,9 percent).

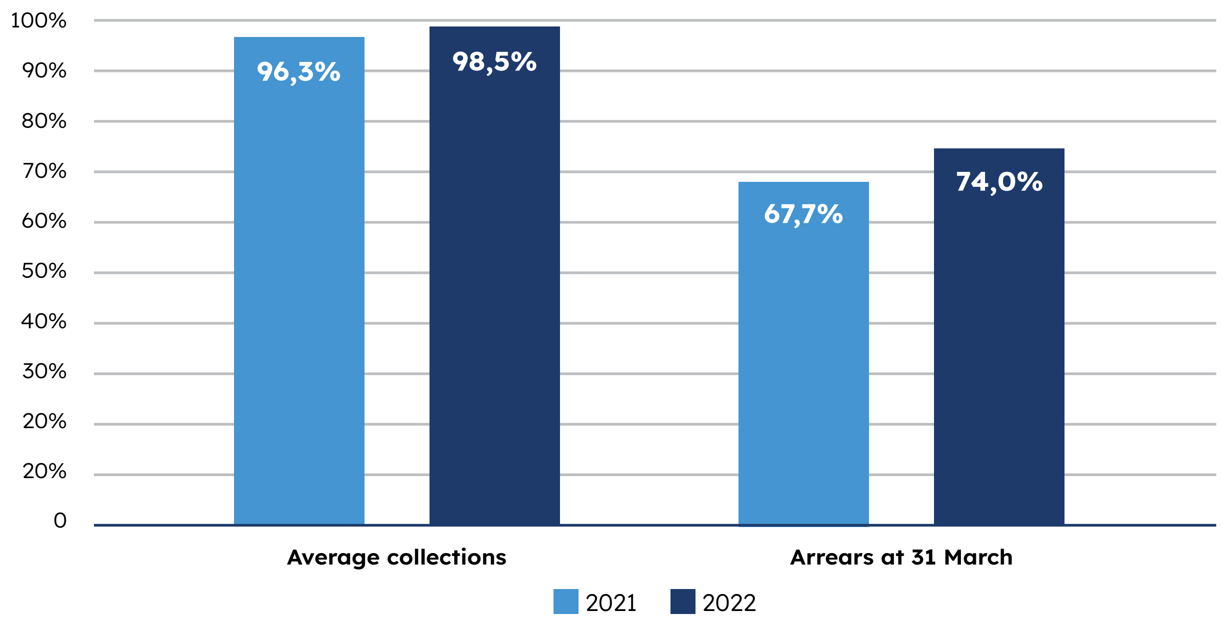
Indicator	2022	2021	% Change
Investment properties	R1,74 billion	R1,67 billion	4,3%

Our Performance

Vacancies and arrears
The average vacancy rate of 9,5 percent (2021: 8,9 percent) reflect further pressure in the market following the impact of Covid-19 on our tenant base in FY2022.

Indicator	2022	2021	% Change
Average vacancies	9,5%	8,9%	6,3%

The rate of 67,7 percent at 31 March 2021, deteriorated further to 74,0 percent at 31 March 2022. The increase in arrears is due to pending legal cases which are yet to be resolved.



Development impact
In line with Business Partners Limited's purpose to build sustainable businesses contributing to an inclusive and equitable society – we aim to deliver a positive development impact through our property portfolio. We measure this by the percentage of tenants that are black-owned, and female-owned businesses.

Indicator	2022	2021	% Change
Percentage of female tenants	23,61%	23,87%	(1,1%)
Percentage of black tenants	47,80%	46,15%	3,6%

Environmental impact
As responsible corporate citizens, we are aware of the need of business to make active changes to reduce their environmental impact in response to growing environmental and resource challenges. Many of our properties have been retrofitted with energy and water saving devices to reduce our environmental impact and reduce our tenants' consumption and costs.

During the year, we partnered with the IFC in the Going Green Campaign, undertaking extensive retrofits of two of our properties.

The key elements in effectively managing climate change are carbon emissions, energy, water and waste. We measure our use and outputs on a regular basis so that we can target year-on-year improvement in consumption through sustainability initiatives to reduce our carbon footprint and the cost of occupancy. During the year we implemented initiatives to reduce our environmental impact, including measuring our consumption. These measurements, for periods 2021 and 2022, represent our baseline against which we will measure our performance annually going forward.

Consumption (FY2022)

Region	Water (Kℓ)	Electricity (kWh)
Coastal	109 137,00	8 930 355,00
Inland	93 271,15	10 991 292,00
Total	**202 408,75**	**19 921 647,00**

Total fuel consumption (Kℓ)

Item	2022
Vehicles	4 184,80
Generators	789,46

The above consumption figures have been provided as a baseline. These will be formulated annually going forward.

Initiatives to reduce our environmental impact for periods 2021 and 2022

Item	2022	2021
Carbon dioxide saved in metric tons	75 088	70 680
Waste diverted from landfill	976,66 m²	135,62 m²
Energy savings because of recycling	436 457 kWh	176 294 kWh
Water saved because of recycling	910 595 ℓ	375 192 ℓ
Trees saved because of recycling	1 729	237

Our Performance

Business Partners International

Extending our impact reach by providing loan finance to business owners who have a viable formal business across six other African countries.

What we offer
Business Partners International replicates our successful South African business model in six other African countries. The capital is raised from international development finance institutions, who are attracted to the model that delivers a measurable development impact while remaining financially sustainable.

Administering the SME-focused investment companies in each country generates a management fee for Business Partners International as well as providing Business Partners Limited with a direct investment opportunity to invest in the expansion into other parts of Africa. We operate in Kenya, Malawi, Namibia, Rwanda and Uganda.

How we performed

Establishing a permanent investment vehicle
Our international operations have been developed as a mix between limited life funds which we manage and permanent investment companies much like Business Partners Limited. During the year, our commitment and faith in what the rest of Africa has to offer has seen us consolidate all these operations into a single permanent investment company, BPI Africa, from which all future investment outside of South Africa will take place. Related to that, we are in the process of winding up our Southern Africa SME fund operations, as the fund has reached its end of life.

Investment performance
Overall, we realised a notable improvement in the quality of our portfolio. Post-Covid-19 recovery is evident in our operational and financial performance, which bodes well for future growth. During the year we recorded an 85 percent year-on-year increase in value of approvals and a 58 percent year-on-year increase in the number of investments approved. This in part reflects an improved operating environment after the first year of Covid-19.

Despite being impacted by hard lockdowns in Rwanda and Uganda over the last 12 months, which hampered deal flow and emerging investment opportunities, the launch of our online application portal and harnessing social media to reach the market assisted during these times and will stand us in good stead in the future. Offering support has also required agility as we have had to tailor our relief measures to each sector to address specific needs. The improved operating environment can be further supported through the 29 percent increase in jobs maintained and created over the last 12 months.

Second chance programme
Our investment philosophy has historically comprised providing both access to capital and technical assistance support, at the time of the investment or post the investment. With the second chance programme, a USAID initiative, we aim to deliver gender-smart preinvestment technical assistance support to selected women-owned companies to assist in becoming investment ready and in so doing test the hypothesis that investing for gender balance and equity will increase profits, returns on investment as well as further improve development outcomes.

We are currently successfully implementing the pilot phase of the programme in Kenya and Rwanda.

Our people

Our people and intellectual capital built over decades are the foundation of our value creation. Our business is built on very effective people, processes and systems. Our people cultivate the relationships at the core of our client-centric approach, and they hold a wealth of SME expertise.

What we offer
We foster a result driven culture that embodies commitment, collaboration and a passion for making a difference. We are a caring family orientated company, fitting with the culture of care for clients. We encourage our people to think critically and contribute positively to the success of the business. Many of our employees have been with the company for decades.

Our employee value proposition:
We offer a compelling employee value proposition that includes an attractive remuneration package, a rich training and development culture, growth paths and flexible working hours. In line with our new strategy, we are focusing on deepening our customer centric, high performance and an innovative culture.

Employee diversity:
Our diverse workforce enhances our client value proposition. It is key to bringing diversity of ideas and experiences into our decision making, opening dialogue and fostering creativity and innovation.

Race	*Business Partners Limited*	*Business Partners International*	*TOTAL*
Black	177	19	196
White	73	0	73
Total	**250**	**19**	**269**
Age of employees			
18 - 10	60	5	65
31 - 40	93	9	102
41 - 50	48	3	51
51 - 60	36	2	38
Over 60	13	0	13
Total	**250**	**19**	**269**
Gender profile			
Female	152	8	160
Male	98	11	109
Total	**250**	**19**	**269**

Our Performance

How we performed

During the year, we launched an improved human resources information system, bolstered to increase efficiencies in our operating model ahead of the new strategy. To ensure a seamless transition, there had to be adequate communication and training of staff members. Overall there are high acceptance levels of the human resources information system.

Covid-19 shaped our work environment as hybrid work arrangements continued, which required supporting leaders as they navigated this situation. Hybrid work impacted employee engagement levels and made onboarding new employees challenging. Disruptions to our workplace and wider society as well as other Covid-19-related challenges made this a difficult year for employees, some of whom struggled with work life balance.

Employee wellness is a priority, and we are introducing an employee wellness programme in June 2022. It is pleasing to note that all our employees received their normal remuneration and we did not have to resort to retrenchments at any point during pandemic.

Despite having had to adapt training offerings in the past two years, we remained committed to offering our staff opportunities to enhance their skills for current and future roles. 83 percent of employees attended a range of inhouse courses, pursued formal qualifications through various universities and external short courses valued at a total of R3,3 million. During the year we held behavioural-related training, POPIA awareness sessions and several leadership training workshops. Operational training was conducted to ensure employees received the support and skills required to execute their daily tasks.

Succession planning is a key focus area. We have employees with exceptionally long tenure and the risks have been heightened by the pandemic. We have identified specialist roles, which if vacant would significantly impact the company. Immediate successors have been earmarked as well as medium term successors that can be developed for the role.

During the year, we launched an improved human resources information system, bolstered to increase efficiencies in our operating model ahead of the new strategy.

Our direct social and development impact

The social and development dividend that we offer our shareholders and investors is central to our value proposition. In addition to the indirect impact that we contribute to in the course of our business, we achieve direct impact through four programmes that target aspiring and established entrepreneurs providing training, support and encouragement.

Enabling entrepreneurs to create wealth for themselves and their families, provide services for their communities and create jobs is at the heart of our value creation story. Although much of the impact is indirect, we draw on our resources and experience to provide programmes that enrich the SME ecosystem.

Supplier development programme

Our supplier development programme supports small black suppliers to grow and be sustainable, while developing and improving the diversity and efficiencies of our supply chain as well as strengthen our BBBEE scorecard.

Beneficiaries:
- Emerging suppliers offering services such as cleaning, catering, photography, training consulting and electrical maintenance
- Between 12 and 16 suppliers from across our business units per year in line with our budget

What we offer:
- Gap analysis to determine a supplier's areas of improvement
- Growth plan addressing areas for development
- Clearly defined outcomes and associated timeline
- Mentorship

Achievements in FY2022
- R2,1 million – 2 percent net profit after tax allocated for supplier development
- Focused on providing increased qualitative development assistance and deeper interventions to fewer suppliers. Our aim is to grow the selected suppliers from Exempt Micro Enterprise status to Qualifying Small Enterprise
- Performance against targets: 125 percent
- Six beneficiaries were selected for the 2021/2022 supplier development programme cohort
- One beneficiary under the guidance of the appointed mentor expanded her market opening a physical store in a shopping mall and appointed an additional employee
- Two beneficiaries were given rental space in a Business Partners Limited properties to operate from
- All the beneficiaries comprising the 2021/2022 supplier development programme cohort grew their customer base, acquired appropriate certifications, and improved their employees' capabilities through various skills training courses

Enterprise development

Our enterprise development programme is underpinned by the zero-interest rate loans that are provided through technical assistance and mentorship to Business Partners Limited clients.

Beneficiaries:
- Business Partners Limited clients

What we offer:
- technical assistance programme, offered in partnership with the SECO, which provides clients with interest-free loans to finance technical interventions that improve their operations

Achievements in FY2022:
- R6 235 556 on the loan book was awarded to black SMEs for technical assistance and mentorship

Our Performance

SME toolkit

The Business Partners Limited SME Toolkit SA is an online resource available to all entrepreneurs, free of charge. It is one of the top-ranking SME support sites on Google and has hosted around 4,1 million visitors since inception. Developed in partnership with the IFC in 2007

Beneficiaries:
- Available to all entrepreneurs
- Entrepreneurs preparing their business for formal investment

What we offer:
- An online platform that provides guidelines, case studies, advice, business planning tools, and templates for SMEs
- Accounting and finance, business planning, marketing and sales, human resources, tourism, legal/insurance, women in business, operations, leadership, personal growth, technology, wellness, international business and industry specific resource

Achievements in FY2022:
- 211 000 people visited the SME Toolkit (2021: +200 000)
- 318 000 views (2021: + 300 000 pages)
- Since inception: visits 4 038 091; pageviews 9 389 209
- Upgraded the SME Toolkit website, with the aim of developing it into an aggregation platform that will be launched in June 2022

Socioeconomic development programme

The SME toolkit-Business Partners Limited business plan competition for aspiring entrepreneurs provides critical skills training to help build an active and thriving SME sector. Winners receive a cash prize and a mentorship voucher they have won to help implement their plans.

The annual business plan competition is part of our socioeconomic development programme and leverages off the SME Toolkit.

Beneficiaries:
- Aspiring entrepreneurs
- Trained more than 2 500 aspirant entrepreneurs since inception 12 years ago

What we offer:
- Entrants attend free workshops where they are guided in developing a credible business plan
- Provide access to business skills and knowledge to aspirant entrepreneurs from township areas and remote areas
- Approximately 30 percent of entrants ultimately submit business plans, from which regional winners and an overall national winner are selected

Achievements in FY2022:
- More than 500 entries
- 204 beneficiaries attended six online and physical workshops
- 50 business plans submitted after the workshops
- Seven finalists were selected
- National winner and runners-up awarded the titles, cash prizes and mentorship support vouchers

Although much of our impact is indirect, we draw on our resources and experience to provide programmes that enrich the SME ecosystem.

Our Governance and Leadership

Our Governance and Leadership

Our leadership

Board of directors

Non-executive directors

Nazeem Martin
Non-executive chairperson

Appointed non-executive director: 1 January 2017
Appointed chairperson: 15 August 2019
Served as executive director: 6 November 2002 until 31 March 2016
Served as managing director: 1 January 2009 until 31 March 2016

Qualifications: BA, HDE (UCT), M Urban Planning (Hunter College, City University of New York), Advanced Management Program (Harvard, USA)

Position and other directorships: Consultant to SME financiers and investors. Director of companies

Committee membership/s: NC (chair), BIC, HRRC (chair), SRC (chair)

Olga Kotze

Appointed: 16 August 2017

Qualifications: Bcom Hons (UJ), Postgraduate Diploma in Applied Ethics (SU), JSE Registered Person Exams, Financial Advice Intermediaries Regulatory Exams

Position and other directorships: Executive director: etfSA Investments Proprietary Limited. Director of companies

Committee membership/s: ARC, BIC, SRC

David Moshapalo

Served: 23 January 1996 until 7 November 2001.
Reappointed: 14 February 2002

Qualifications: Industrial Relations, Human Resources Development and Personnel Management (Tokyo, Japan), New Leadership Program (Arthur D'Little Man. Ed. Institute, Cambridge, USA), ILO Strategic Management of Employers' Organisation in English Speaking Africa (Turin, Italy)

Position and other directorships: Group chief operations officer: Strategic Partners Group Proprietary Limited – black partner in Bombela Consortium in Gautrain Project. Director of companies

Committee membership/s: NC, BIC, HRRC, SEC (chair), SRC

Friedel Meisenholl

Appointed: 23 February 2000

Qualifications: BAcc Hons (SU), formerly a registered member of SAICA (CA(SA))

Position and other directorships: Director of companies

Committee membership/s: ARC, BIC

Themba Ngcobo

Served as alternate director: 20 February 2002 until 22 February 2010
Appointed: 23 February 2010

Qualifications: BCom Acc (UNIZULU), Diploma Management Consulting, New Leadership Program (Arthur D'Little Man. Ed. Institute, Cambridge, USA)

Position and other directorships: Chief executive officer: Mashiya Capital Proprietary Limited

Committee membership/s: SEC, BIC

Huli Tshivhase (née Moliea)

Appointed: 12 August 2015

Qualifications: BCom Hons (UNISA), MA Clinical Psychology (UJ), MBA (UP), Masters in Industrial and Organisational Psychology (UCT), Registered Psychologist (HPCSA), Global Chartered Remuneration Professional

Position and other directorships: Executive director organisational development EMEA: RGA

Committee membership/s: HRRC

Key:
ARC: Audit and risk committee
NC: Nominations committee
BIC: Board investment committee
HRRC: Human resources and remuneration committee
SEC: Social and ethics committee
SRC: Strategy review ad hoc committee

Our Governance and Leadership

Shareholder appointed non-executive directors

Craig Ceasar
Remgro Limited appointed director

Appointed: 27 January 2020

Qualifications: BAcc Hons (SU), CA(SA)

Position and other directorships: Investment manager: Remgro Limited. Director of companies

Committee membership/s: BIC, SRC (alternate)

Mariza Lubbe
Remgro Limited appointed director

Appointed: 22 February 2019

Qualifications: BA (SU)

Position and other directorships: Executive director compliance and corporate social investments: Remgro Limited. Acts as board member of Remgro Limited's wholly owned subsidiaries as well as the board of Historical Homes of SA Limited

Committee membership/s: NC (alternate), HRRC (alternate), SEC

Martin Mahosi
Sefa SOC Limited appointed director

Served: 4 September 2019 until 30 April 2022

Qualifications: B Admin Hons (UL), BA (UNIVEN)

Position and other directorships: Former chairperson of Sefa SOC Limited

Committee membership/s: ARC, NC, SRC

Mxolisi Matshamba
Sefa SOC Limited appointed director

Appointed: 8 February 2021

Qualifications: MBA (Milpark Business School), BCom (NUL-ROMA)

Position and other directorships: Chief executive officer: Sefa SOC Limited

Committee membership/s: None

Key:
ARC: Audit and risk committee | BIC: Board investment committee | SEC: Social and ethics committee
NC: Nominations committee | HRRC: Human resources and remuneration committee | SRC: Strategy review ad hoc committee

Neville Williams
Remgro Limited appointed director

Appointed: 15 May 2012

Qualifications: BCom Hons (UWC), CA(SA).

Position and other directorships: Chief financial officer: Remgro Limited

Committee membership/s: ARC (chair), NC, HRRC, SRC

Executive directors

Ben Bierman
Managing director

Appointed: 1 April 2016

Qualifications: BCom Hons (SU), ACMA, HDip Tax (Wits), Advanced Management Program (Harvard, USA)

Committee membership/s: BIC, SEC, SRC

Rayna Dolphin
Chief financial officer

Appointed: 7 July 2021

Qualifications: BCom, PGDA, CA(SA), MBA

Committee membership/s: None

Jeremy Lang
Chief investment officer

Appointed: 7 July 2021

Qualifications: BCom, AGA(SA), EDP

Committee membership/s: None

Our Governance and Leadership

Executive management

Ben Bierman
Managing director

Qualifications: BCom, BCom Hons, ACMA, HDip Tax, Advanced Management Program (Harvard, USA)

32 years' service

Refer to the managing director's statement on page 16

Rayna Dolphin
Chief financial officer

Qualifications: BCom, PGDA, CA(SA), MBA

1,8 years' service
(1 year and 10 months)

Mark Paper
Chief operating officer: Business Partners International

Qualifications: BCom

31 years' service

Anton Roelofse
Regional general manager: West coast

Qualifications: BCom, Honours in Business Administration

36 years' service

Byron Jeacocks
Regional general manager: East coast

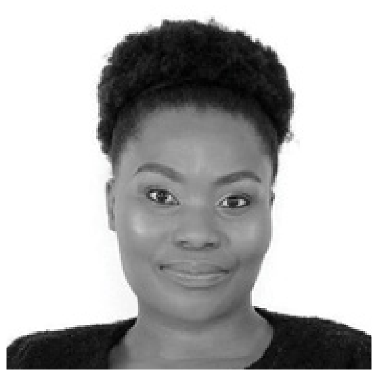
Qualifications: BCom, BProc

35 years' service

David Morobe
Executive general manager: Impact investment

Qualifications: BA, SED, Executive Development Programmes

10 years' service



Gugu Mjadu
Executive general manager: Marketing

Qualifications: BA, BA Hons, Global Executive Development Programme, CPRP

9 years' service

Jeremy Lang
Chief investment officer, regional general manager: inland investment until 6 July 2021

Qualifications: BCom, AGA(SA), EDP

15 years' service

Karen Lumakis
Chief risk officer

Qualifications: B Com, B Com Hons, CA(SA), CIA

3 years' service

Kgomotso Ramoenyane
Executive general manager: Human resources

Qualifications: BCom, Management Advancement Programme, MBA

7 years' service

Marjan Gerbrands
Company secretary and Corporate legal counsel

Qualifications: BLC, LLB (cum laude), LLM, Certificate on Corporate Governance

21 years' service

Stanton Naidoo
Executive general manager: Property and asset management

Qualifications: N4 Electrical Engineering, Executive Development Programme, Shopping Centre Management

8 years' service

Our Governance and Leadership

Governance report

Our approach to governance

Our approach to governance is shaped by our purpose: empowering entrepreneurs to build sustainable businesses contributing to an inclusive and equitable society.

Business Partners Limited's track record of supporting entrepreneurs in building successful SMEs reflects a culture of robust governance. Four decades of value creation for stakeholders could not have been achieved without a deeply entrenched commitment to entrepreneurs and SMEs. We have earned the trust of our stakeholders through our integrity, transparency, accountability, competence, responsibility, fairness and compliance principles, which the business is built on.

We do not view good governance as a tick-box exercise; it is a cornerstone of our value proposition. Good corporate governance builds trust and predictability, improving capital flow. Our strong governance framework enhances risk management and reputation as well as promoting effective decision making. Our approach to governance encompasses continuous improvement. We consider the principles of good corporate governance outlined in King IV, using it as a tool to measure performance and actions against best practice and standards. By applying these principles, the board strikes a balance between enforcing accountability and bolstering entrepreneurial spirit.

Our governance approach results in ethical and effective leadership from our board and executive management, resulting in robust governance outcomes.

Ethical culture

Our ethical culture is exemplified by integrity, competence, responsibility, accountability, fairness and transparency, and pervades the whole company. Business Partners Limited's role in supporting SMEs and entrepreneurs requires ethics to be pervasive in the culture and conduct of all at the company. The board's role is to maintain, measure and foster this culture. Further detail is provided on page 71.

Good performance

Business Partners Limited views good performance as both financial performance and social impact. We are aware that profits facilitate our goals and the impact we can have. The board and executive management engage on how to further increase our impact and performance in a financially sustainable manner, and monitor that this is being achieved through aligned performance metrics. Please see our strategic overview on page 36.

Effective control

Effective control is about achieving strategic objectives and positive outcomes. The board retains effective control through a well-developed governance structure that provides the framework for delegation and monitoring of decision-making bodies. At Business Partners Limited we feel the board is most effective in serving as a sounding board on strategic issues, yet empowers the executive management to serve our market with agility, yet mindfully. Further detail is provided on page 74 to 77.

Legitimacy

To have a positive influence in the market we serve, it is important for Business Partners Limited to maintain our reputation of a trusted, respected and informed advocate for SMEs and entrepreneurs. This legitimacy is linked to our brand, our history, and the strength of our management and board. Further detail on the board's balance of skills is provided on pages 73 to 74.

Our ethical culture

Our commitment to ethical behaviour and good governance is underpinned by our values and is modelled by our board and management. Our adoption of the King IV principles of ethical leadership forms a key part of ensuring our adherence to the highest levels of integrity and ethical behaviour.

Our employees are required to adhere to the code of ethics in all daily interactions. Performance in this regard is monitored by the social and ethics committee at every meeting. An ethics and whistleblowing hotline provides a mechanism for employees, clients, shareholders and the public to bring any unethical practices to the attention of management. It is independently operated by the audit firm, Deloitte. All information is treated confidentially and the anonymity of the whistleblower is always protected. We receive a regular analysis of the call and email complaints and independent investigations are launched where necessary. In addition, we have policies in place aimed at preventing, detecting and responding to fraud and corruption and occurrences of corporate crime. The social and ethics committee regularly monitors the company's anti-money laundering measures and prevention of corruption and commercial crimes.

Our governance focus areas in FY2022

To continue to deliver operational excellence and embed long-term sustainable growth, our key focus during 2022 was on developing and approving of our new strategy and maturing our risk management framework.

Key areas of future focus

Our key areas of focus for the future will be overseeing the implementation of our approved strategy and monitoring of our operational performance against the key performance indicators (KPIs). We will also dedicate time to the embedment of risk management within the organisation. New corporate disclosure requirements pursuant to the amendments proposed in the Companies Act Amendment Bill, 2021 and independence categorisation of all non-executive directors in terms of the recommended practices of King IV, will also receive attention.

Our governance structure

BOARD OF DIRECTORS

As set out in the board charter, the board is accountable for, among other things:

- Providing strategic direction to Business Partners Limited
- Monitoring operational performance
- Monitoring of decision making bodies in implementing plans and strategies
- Ensuring effective risk management and internal controls
- Ensuring compliance with regulatory and governance requirements
- Measuring of financial performance against objectives
- Appointing executive directors and allocating major roles and responsibilities according to the company's approval framework
- Approving the annual budget, interim results and financial statements

BOARD COMMITTEES

Audit and risk committee

Oversees risk and financial position of the company

See page 76 for further details

Nominations committee

Oversees the composition of the board and its committees

See page 76 for further details

Board investment committee

Considers and approves investments

See page 76 for further details

Transactions committee

Ensures transparency and independent decision-making on all investments and transactions in which a director, employee or persons related to them has a personal financial interest

See page 76 for further details

Human resources and remuneration committee

Oversees the governance of human capital and remuneration

See page 77 for further details

Social and ethics committee

Monitors performance and reporting on social, ethical, and transformational practices

See page 77 for further details

Our Governance and Leadership

Our board

Business Partners Limited has a fully functional board that effectively leads and controls the company. All directors bring diverse industry knowledge and experience, which promotes robust discussion. The board is the company's highest governing and decision-making body. Our board is responsible for supporting the creation of long-term value and strong ethical leadership and setting the tone of good corporate governance. This requires ongoing oversight and support of the business strategy.

The board charter identifies, defines and records the responsibilities and functions of the board, which is reviewed annually to guide its effective functioning. The board gives strategic direction to Business Partners Limited. It retains effective control through a well-developed governance structure that provides the framework for delegation and monitoring of decision making bodies in implementing plans and strategies, as well as the measurement of financial performance against objectives. In its decision-making, the board appoints executive directors and approves the annual budget, interim results and financial statements.

Roles and responsibilities

The responsibilities of the chairperson, managing director and other non-executive and executive directors are clearly separated to ensure a balance of power.

Chairperson	The chairman is a non-executive director who holds office for a maximum period of one year at a time. The chairperson provides leadership to the board in all deliberations ensuring independent input and oversees its efficient operation.
Managing director	The managing director is accountable to the board and has been delegated the authority to achieve corporate objectives and manage the business affairs of Business Partners Limited, subject to statutory parameters and the limits imposed by the board. The managing director is generally responsible for implementing all operational decisions.

Board composition

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

The Business Partners Limited board comprises 14 directors.

Shareholder/s, or groups of shareholders, are entitled in terms of article 20.1.3 of the memorandum of incorporation (MOI) of Business Partners Limited to appoint one director for every 10 percent of issued share capital held, or collectively held.

The board appoints the executive directors and their appointments are confirmed in an election at shareholders meetings.

The three executive directors are the managing director, chief financial officer and the chief investment officer.

In terms of article 20.1.2 of the MOI up to six non-executive directors are elected by a majority of shareholders at annual general meetings. The board recommends these non-executive directors to the shareholders, subject to the director being nominated for election by a shareholder.

In terms of the MOI , at least one third of the non-executive directors elected in terms of article 20.1.2 must retire annually on a rotation basis. The directors to retire shall be those who have been longest in office since their last election and any director who has already held his or her office for a period of three years since his or her last election. Retiring directors may make themselves available for re-election for a further term.

Composition*

6 Non-executive directors

6 Shareholder appointed non-executive directors

3 Executive directors

- Non-executive chairperson: Nazeem Martin
- Shareholder appointed non-executive directors: Craig Ceasar, Mariza Lubbe, Mxolisi Matshamba, Martin Mahosi, Neville Williams
- Non-executive directors: Olga Kotze, David Moshapalo, Friedel Meisenholl, Themba Ngcobo, Huli Tshivhase
- Executive directors: Ben Bierman, Rayna Dolphin, Jeremy Lang

*Composition as at 31 March 2022

At least 50 percent of the board is elected by shareholders, as per the requirement of the Companies Act, 2008.

The board, through the nominations committee, reviews the composition of the board and its committees annually.

Recommendation for re-election only occurs after the evaluation of the performance of the board and the directors' performance, including attendance at board meetings and its committee meetings, the director's contribution and his or her objectivity of business judgment calls.

Independence and conflicts

Business Partners Limited has a unitary board. In compliance with King IV recommended practice the chairperson is a non-executive director. A clear division of responsibility exists between the chairperson and the managing director.

The independence of directors is assessed in terms of the recommended practices of King IV considering any interest, position, association or relationship, which when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision making of a non-executive director.

During the year, the board assessed the independence of non-executive directors who are members of the audit and risk committee in terms of the recommended practices of King IV. As such, Olga Kotze and Friedel Meisenholl were categorised as independent for purposes of the audit and risk committee election at the AGM in 2021. Going forward the remaining non-executive directors will be assessed for independence for purposes of categorisation in adopting the recommended practices of King IV.

The incumbent board has an appropriate balance of executive, non-executive and independent directors, which ensures the high degree of independence required to maintain objectivity, as well as the effective functioning of the board and its committees.

Each director must also submit to the board a declaration of all financial, economic and other interests held in Business Partners Limited by the director and his or her related parties. In addition, at each meeting of the board and its committees, all members are required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Conflicts are managed proactively by the board and committees and in terms of compliance with the Companies Act, 2008.

*Board diversity**

The board promotes diversity in its membership across a variety of attributes, including skills, experience, field of knowledge, age, culture, race and gender.

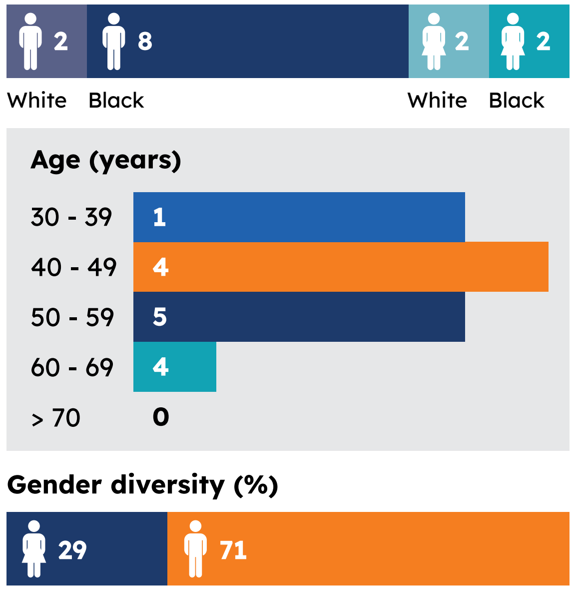
The nominations committee pursues all opportunities to enhance the gender and race diversity of the board.

The board, through a review conducted by the nominations committee, is satisfied that its current members possess the required collective knowledge, skills and experience to carry out its responsibilities.

Details of each individual directors, which clarifies the tenure, qualifications and experience of the incumbent board can be found on pages 64 to 67.

*Diversity data as at 31 March 2022

Board demographics

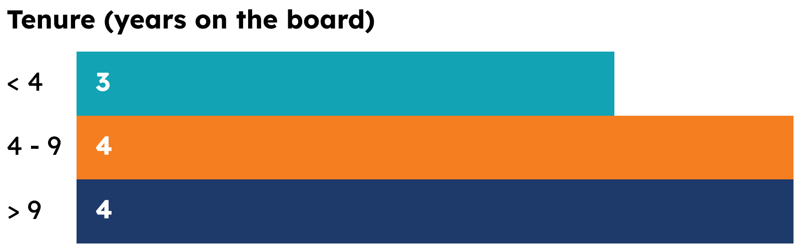


Our Governance and Leadership

*Board tenure**

The board comprises directors relatively evenly spread in tenure. Our long-serving directors have vital experience, industry knowledge, and a deep understanding of the company.

*Tenure data as at 31 March 2022



*Balance of skills**

The board possesses extensive business experience and specialist skills in the SME sector, including SME financing and development, human resources, accounting, finance, corporate social investment and ethics. Board members' variety of attributes promote better decision making and effective governance.

*Skills include qualifications and experience

Board processes

Board performance and effectiveness
The nominations committee reviewed the board and its committees' performance and was satisfied that the board and the committees have been functioning well and discharged their duties and obligations for the year under review.

Board induction
Newly appointed directors undergo a board and company orientation pursuant to the company's induction programme.

Board and committee evaluation
Annually, each committee member assesses the committee's performance against the duties and responsibilities set out in the respective approved charters. The board is satisfied that it and the various committees have fulfilled their responsibilities.

Succession planning
Succession planning is considered by the board on an ongoing basis. Succession planning is deliberated with due regard to the circumstances of the company, continuity, the skills, knowledge and diversity of the incumbent board, and the continued independence of the board.

Board meetings and attendance
The board meets at least four times a year and follows an annual workplan to ensure that all relevant matters are dealt with. During the year under review the chairperson and the company secretary called a special meeting for purposes of appointing executive directors.

The company secretary and the managing director ensure that members and invitees timeously receive relevant, complete, accessible, and accurate information to enable them to reach objective and well informed decisions and effectively discharge their responsibilities.

Members' attendance at board meetings during the year under review is set out in the graph alongside. Directors who are unable to attend meetings are required to tender their apologies in advance and may not be absent from meetings for two consecutive meetings or six consecutive months without leave from the board.

Directors' board meetings attendance for the year ended 31 March 2022

Members	Board	Audit and risk committee	Nominations committee	Transaction committee	Human resources and remuneration committee	Social and ethics committee	Ad hoc strategy review committee
Number of meetings held	5	4	2	0	4	2	3
Mr N Martin (Non-executive chairperson)	5/5		2/2		4/4		3/3
Mr BD Bierman (Managing director)	5/5					2/2	3/3
Mr CW Ceasar	5/5						3/3
Ms RA Dolphin	4/4						
Ms O Kotze	5/5	4/4					3/3
Mr J Lang	4/4						
Ms M Lubbe	5/5					2/2	
Mr AM Mahosi	5/5	4/4	2/2				3/3
Mr MD Matshamba	3/5						
Mr F Meisenholl	5/5	4/4					
Mr D Moshapalo	5/5				4/4	2/2	3/3
Mr SST Ngcobo	5/5		2/2			2/2	
Ms HE Tshivhase (née Moliea)	5/5				4/4		
Mr NJ Williams	5/5	4/4	2/2		4/4		3/3

Company secretary

The board-appointed company secretary's role is to guide the board collectively, and the directors individually, with regards to their duties, matters of ethics and good governance, and discharging their directors' responsibilities in the best interest of the Business Partners Limited. The company secretary has unfettered access to the board but is not a member of the board.

The company secretary is responsible for:

- Assisting the chairperson of the board and managing director with the orientation and induction of new directors
- Keeping the board aware of legislation and regulations relevant to the company
- Ensuring the proper administration of the proceedings and matters relating to the board, Business Partners Limited and its shareholders in accordance with legislation and procedures
- Acting as the primary point of contact between shareholders and Business Partners Limited
- Monitoring over-the counter dealings in the company's securities
- Ensuring adherence to closed periods for share trading

Our board committees

Our board of directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement. The board is ultimately responsible and accountable for the governance, performance and strategy of the company, as well as delivering value for our capital providers while balancing the needs of other stakeholders. To this end, the board has delegated some of its responsibilities to appropriately constituted board committees. The chairperson of each board committee is appointed by the board and reports directly to the board.

The board committees have matured governance processes through use of committee annual workplans and agendas aligned with their duties and responsibilities set out in their respective charters. Committee charters are annually reviewed to ensure that they remain relevant with the committees' authority, objectives and responsibilities.

Our Governance and Leadership

Audit and risk committee

Role:
- Ensuring that Business Partners Limited financial standing is sound
- Raising any finance and risk-related concerns and performs a vital role in the company's integrated risk management process
- Reviewing the annual budget, interim results and financial statements
- Providing feedback to the board at each board meeting following an audit and risk committee meeting
- Reporting to shareholders each financial year

Composition:
- Chairperson: Neville Williams
- Independent non-executive directors: Olga Kotze*, Friedel Meisenholl*
- Non-executive director: Martin Mahosi
- The chairperson of the board attended meetings as a standing invitee
- External and internal auditors attended meetings as standing invitees
- The managing director, chief investment officer, chief financial officer and chief risk officer attended meetings as standing invitees

* Categorised as an independent non-executive member in terms of King IV recommended practices.

The board assessed whether Friedel Meisenholl's tenure and relationship with the company, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in his decision making. The board was satisfied that Friedel Meisenholl's ability to exercise independent judgement have not been prejudiced by his tenure on the board.

Nominations committee

Role:
- Ensuring that the incumbent board and its committees are appropriately structured and execute their functions effectively
- Reviewing the performance of the incumbent board, individual directors, the chairperson and the board committees' performance annually.
- Overseeing a succession plan for the board
- Identifying suitable potential candidates to serve as directors
- Monitoring the skills, knowledge and diversity of the incumbent board, and the continued independence of the board

Composition:
- Chairperson: Nazeem Martin
- Non-executive directors: David Moshapalo, Mariza Lubbe (alternate), Martin Mahosi, Neville Williams
- The managing director attended meetings as a standing invitee

Board investment committee

Role:
Considering investments within its mandate.

Composition:
Two committee members, in addition to the managing director, attend meetings on a rotating basis.

Transactions committee

Role:
Ensuring transparency and independent decision making on all investments and transactions in which a director, employee or a person related to a director or employee has a personal financial interest. During the year no matters required consideration by the committee.

Composition:
The chairperson of the board or the chairperson of the audit and risk committee selects a disinterested quorum from among board members for a meeting, when required.

Human resources and remuneration committee

Role:
Reviewing and making decisions with respect to the company's human capital, including short- and long-term incentive pay structures and the positioning of pay levels relative to local industry benchmarks.

Composition:
- Chairperson: Nazeem Martin
- Non-executive directors: David Moshapalo, Huli Tshivhase, Mariza Lubbe (alternate), Neville Williams
- The managing director and executive general manager: human resources attended meetings as standing invitees.

The board, through an assessment conducted by the nominations committee, is supportive of the chairperson acting as chairperson of this committee given the necessity of aligning Business Partners Limited measures of performance, remuneration policies and components and remuneration of executive directors with corporate strategy.

Social and ethics committee

Role:
- Assisting the board with reporting on social, ethical, and transformational practices
- Monitoring the company's performance as a good and responsible corporate citizen
- Reporting material matters and risks identified by the committee are reported to the audit and risk committee, human resources and remuneration committee or the board of directors.
- Reporting to shareholders at each AGM

Composition:
- Chairperson: David Moshapalo
- Non-executive directors: Themba Ngcobo, Mariza Lubbe
- Executive director: Ben Bierman

As some of the functions of the social and ethics committee overlap with those of the audit and risk committee, the internal auditors attended social and ethics committee meetings by standing invitation and were tasked with providing assurance to the committee as part of the combined assurance process. In addition, the chairperson of the social and ethics committee attended, as a standing invitee, the audit and risk committee meeting when the annual financial statements were considered.

Governance of risk

The board retains ultimate responsibility for the adequacy and effectiveness of Business Partners Limited enterprise risk management programme. The board delegates risk oversight and the responsibility to challenge management's reporting of the company's principle risks to the audit and risk committee. The committee is responsible for evaluating and advising the board whether the risk appetite statement is clearly defined and aligned with Business Partners Limited stated purpose, values and strategy. The committee reports back to the board on actual or forecast material breaches of risk appetite and evaluates the appropriateness of management's proposed remedial responses.

Remuneration of board members

Non-executive directors receive fees for their services as directors on the board and as members of board committees as approved by shareholders at the preceding annual general meeting. Remuneration paid to non-executive directors, executive directors and prescribed officers during the year under review, is disclosed in note 32.2 of the annual financial statements.

Abridged Annual Financial Statements

Statement of responsibility by the Board of Directors

The directors of Business Partners Limited are responsible for the preparation of the consolidated annual financial statements of Business Partners Limited and its subsidiary entities ('the Group') and the separate annual financial statements of the Company ('the Company'). In discharging this responsibility, the directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and for keeping adequate accounting records in accordance with the Group and Company's system of internal control. As such, the annual financial statements include amounts based on judgments and estimates made by management.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The directors approve significant changes to accounting policies. However, there were no changes to accounting policies during the financial year except as disclosed elsewhere in the financial statements. The financial statements incorporate full and responsible disclosure in line with the Group's philosophy on corporate governance.

The directors are responsible for the Group and Company's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control to reduce the risk of error or loss in a cost effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal controls are adequate and that the financial records may be relied on in preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Group and Company's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Group and Company, during the year and up to the date of this report.

Based on the effective internal controls implemented by management, the directors are satisfied that the annual financial statements fairly present the state of affairs of the Group and the Company, at the end of the financial year, and the net income and cash flows for the year. Ms RA Dolphin, chief financial officer, supervised the preparation of the annual financial statements for the year.

The directors have reviewed the Group and Company's budget and flow of funds forecast and considered the Group and Company's ability to continue as a going concern in the light of current and anticipated economic conditions. The directors have reviewed the assumptions underlying these budgets and forecasts based on currently available information. Based on this review, and in the light of the current financial position and profitable trading history, the directors are satisfied that the Group and Company has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Group's independent external auditors, PricewaterhouseCoopers Inc., to report on the fair presentation of the annual financial statements. Their unqualified report appears on pages 82 to 83.

The consolidated and separate annual financial statements of the Group and Company, which appear on pages 90 to 164 were approved by the Board of Directors on 01 June 2022 and are signed on its behalf by two directors. No authority was given to anyone to amend the annual financial statements after the date of issue.

N Martin
Chairperson

BD Bierman
Managing Director

Certificate by the Company Secretary

I certify, in terms of section 88(2) of the Companies Act 71 of 2008 ('the Act'), that for the year ended 31 March 2022, the Company has filed all the required returns and notices in terms of this Act, and that all such returns and notices appear, to the best of my knowledge and belief, true, correct and up to date.

CM Gerbrands
Company Secretary
1 June 2022

Audit and Risk Committee report

This report is provided by the Audit and Risk Committee, in respect of the 2022 financial year of Business Partners Limited, in compliance with section 94 of the Companies Act 71 of 2008.

The Audit and Risk Committee confirms that it has functioned in accordance with its terms of reference and fulfilled all its duties as prescribed by the Act and reports as follows in terms of section 94(7) of the Act for the financial year ended 31 March 2022:

- Four committee meetings were held during the financial year.
- The committee is governed by a Board-approved Charter and has discharged its responsibilities contained therein. The effectiveness of the committee and its individual members were assessed as part of the annual committee self-evaluation process.
- The committee nominated the external auditors for appointment and has satisfied itself that the external auditors are independent of the Group as set out in section 94(8) of the Act.
- The appointment of the external auditors complies with the Act and with all other legislation relating to the appointment of external auditors.
- The external auditors' terms of engagement, audit scope, approach and budgeted fees have been reviewed.
- The nature and extent of non-audit services that the external auditors may provide to the Group were defined and pre-approved.
- The committee reviewed the accounting policies and the financial statements of the Group and are satisfied that they are appropriate and comply with IFRS and recommended their approval to the Board.
- The committee oversaw a process by which internal audit assessed the effectiveness of the system of internal control and risk management, including internal financial controls.
- The committee receives and deals with any concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group or any related matter. No matters of significance were raised in the past financial year.
- The committee assessed and obtained assurance from the external auditors that their independence was not impaired.
- The committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005.
- The committee is satisfied that the Group can manage its Information Technology capabilities and the related controls are appropriate to support the integrity of financial reporting.
- In respect of the financial statements, the committee:
  - Reviewed management's process and progress with respect to new financial accounting and reporting developments.
  - Reviewed the results of the Group's internal estimations and judgements applied with respect to IAS 40 and IFRS 9, as well as the results and the external auditors' report on the Group's IAS 40 and IFRS 9.
  - Confirmed the going concern basis for the preparation of the annual financial statements.
  - Examined and reviewed the annual financial statements prior to submission and approval by the Board.
  - Ensured that the annual financial statements fairly present the financial position of the Group and of the Company as at the end of the financial year and the results of operations and cash flows for the financial year then ended 31 March 2022.
  - Considered accounting treatments, significant unusual transactions and accounting judgements.
  - Reviewed any significant legal and tax matters that could have a material impact on the financial statements.
  - Reviewed and discussed the independent auditor's report.

NJ Williams
Chairman: Audit and Risk Committee

Independent Auditor's Report to the shareholders of Business Partners Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Business Partners Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Business Partners Limited's consolidated and separate financial statements set out on pages 90 to 164 comprise:

- the consolidated and separate statements of financial position as at 31 March 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Business Partners Limited Annual Financial Statements ", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Business Partners Limited Annual Integrated Report", which includes the Directors' Report, the Audit and Risk Committee's Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Dawid de Jager
Registered Auditor
Johannesburg, South Africa

6 June 2022

Report of the Board of Directors for the year ended 31 March 2022

1. Nature of the business

The Company is a specialist financial services company providing risk finance, technical assistance and mentorship to small and medium enterprises (SMEs) in South Africa. Revenue is derived from interest and other investment returns arising from the finance provided.

The Group generates revenue through the provision of investment, management and support services to Business Partners International East Africa LLC, an investment company held by international investors which provides access to finance for SMEs in Kenya, Rwanda, Uganda, Malawi and Namibia.

The Group's investment property portfolio consists primarily of industrial properties generating rental and capital appreciation revenue.

2. Market conditions

The economic environment remained challenging. The recovery in economic activity was negatively affected by the continued responses to the Covid pandemic, intermittent electricity supply and further deterioration in the institutional capability of the economy.

SMEs demonstrated remarkable resilience in their continued efforts to recover from the adverse effects of the pandemic, however confidence remained muted which impacted their willingness to pursue growth and expansion opportunities.

3. Operational and financial performance

The Group approved 263 investments amounting to R1 176,5 million and increased disbursements in the period under review by 47,1 percent to R932,0 million (2021: R633,5 million).

The Group's net profit amounted to R259,9 million, a 171,6 percent increase from the R95,7 million profit reported in the prior year.

4. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. The Directors concluded that the Company is and will continue to be a going concern after assessing the solvency and liquidity of the Group now and for the foreseeable future.

5. Events after year-end

The Directors are not aware of any matters or circumstances arising since the end of the financial period, not otherwise dealt with in the consolidated financial statements, that significantly affect the financial position of the Group or the results of its operations.

6. Share capital and reserves

The authorised share capital remained unchanged at 400 million ordinary shares of R1 each. The issued share capital remains at 173,0 million shares with a par value of R1 per share.

7. Dividend

The Board assessed the quality of the current year earnings, the liquidity of the Group and concluded that a dividend of 25 cents per share be declared. In addition, a special dividend of 5 cents per share was declared considering that no dividend was declared for the 2020 and 2021 financial years. The dividend will be paid on 26 August 2022 to shareholders registered in the Company's share register at close of business on 17 August 2022.

8. Earnings per share

The earnings per share is disclosed in note 14 and note 28 of the annual financial statements.

9. Directors' remuneration and interest

The directors' remuneration is set out in note 32.2 to the annual financial statements. No material contracts in which the directors have any interest were entered into in the current year.

10. Major shareholders

Shareholders holding more than one percent of the issued share capital of the Group are detailed below.

Shareholders	Number of shares	Percent of shares
Eikenlust Proprietary Limited (Remgro Limited)	76 276 317	44,1%
Small Enterprise Finance Agency SOC Limited	37 294 299	21,6%
Old Mutual Life Assurance Group (South Africa) Limited	11 290 818	6,5%
Absa Group Limited	8 117 003	4,7%
Nedbank Limited	6 717 405	3,9%
FirstRand Limited	6 093 656	3,5%
Standard Bank Investment Corporation Limited	5 602 422	3,2%
First National Nominees Proprietary Limited	2 936 373	1,7%
Barloworld Limited	2 209 594	1,3%
Balance of shareholders	16 462 707	9,5%
	173 000 594	**100%**

11. Directors

The directors of the Company on 31 March 2022 were:

Directors elected by shareholders in terms of Article 20.1.2 of the Memorandum of Incorporation:	
Ms O Kotze	Ms HE Tshivhase (née Moliea)
Mr N Martin (Chairperson)	Mr D Moshapalo
Mr F Meisenholl	Mr SST Ngcobo

Directors appointed by shareholders in terms of Article 20.1.3 of the Memorandum of Incorporation:	
Ms M Lubbe	Mr CW Ceasar
Mr NJ Williams	Mr AM Mahosi
Mr DM Matshamba	

Executive Directors appointed by the Board of Directors and confirmed by an election of the shareholders in terms of Article 20.2 of the Memorandum of Incorporation:
Mr BD Bierman (Managing Director)
Ms RA Dolphin (Chief Financial Officer)
Mr J Lang (Chief Investment Officer)

Report of the Board of Directors for the year ended 31 March 2022

During the financial year, the following changes occurred in the composition of the Board of Directors:

Director	Event	Terms	Effective date
Ms RA Dolphin	Appointed	Article 20.2	7 July 2021
Mr J Lang	Appointed	Article 20.2	7 July 2021
Mr F Meisenholl	Retired and re-elected	Article 20.1.2	18 August 2021
Mr SST Ngcobo	Retired and re-elected	Article 20.1.2	18 August 2021

Mr AM Mahosi's appointment as director was terminated on 30 April 2022; and Ms S Siwisa replaced him as director in terms of Article 20.1.3 with effect from 21 June 2022.

12. Company secretary

The Company Secretary is Ms CM Gerbrands, whose business and postal address is the same as that of the registered office of the Company.

13. Annual financial statements

The preparation of the annual financial statements was supervised by Ms RA Dolphin, Chief Financial Officer.

14. Auditors

PricewaterhouseCoopers Inc. continued as auditors of the Group with Mr D de Jager as the designated auditor.

15. Acknowledgements

Sincere appreciation is extended to all our shareholders for their support, and to the members of the Board of Directors and its committees for their dedicated and positive participation throughout the year.

We acknowledge the valuable service of Mr Martin Mahosi during his tenure. His innovative contributions and guidance in developing the Business Partners Strategy is greatly appreciated.

We would also like extend a note of appreciation to our clients for their continued support.

To the entire staff of Business Partners Limited, we express our gratitude for their hard work and commitment in difficult circumstances and their contributions to the excellent financial results of the Group.

N Martin
Chairman
01 June 2022

BD Bierman
Managing Director
01 June 2022

Annual Financial Statements

For The Year Ended
31 March 2022

Consolidated and separate statement of financial position

as at 31 March 2022

	Notes	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Assets					
Assets					
Cash and cash equivalents	3	**332 455**	370 946	**309 873**	350 422
Accounts receivable	4	**44 293**	42 947	**27 485**	27 178
Current income tax asset		**3 725**	-	**541**	-
Loans and receivables	5	**3 003 729**	2 842 627	**3 003 729**	2 842 627
Other investments	6	**61 468**	66 960	**61 464**	66 956
Assets held for resale	7	**31 732**	46 770	**31 732**	31 698
Investments in associates	8	**92 831**	91 708	**1 459**	1 458
Loans to subsidiaries	9	**-**	-	**501 321**	496 067
Investments in subsidiaries	9	**-**	-	**12**	9
Investment properties	10	**1 737 538**	1 665 470	**907 663**	900 304
Property, equipment and right-of-use asset	11	**114 223**	120 714	**52 365**	68 017
Deferred tax asset	12	**178 302**	203 584	**183 259**	209 824
Defined benefit pension fund surplus	13.1	**236 369**	234 370	**236 369**	234 370
Total assets		**5 836 665**	5 686 096	**5 317 272**	5 228 930
Equity and liabilities					
Capital and reserves attributable to equity holders of the parent		**3 865 754**	3 609 603	**3 335 385**	3 172 368
Share capital	14	**173 001**	173 001	**173 001**	173 001
Fair value and other reserves	15	**84 187**	86 866	**79 513**	81 378
Retained earnings		**3 608 566**	3 349 736	**3 082 871**	2 917 989
Non-controlling shareholders' interest		**14 553**	13 259	**-**	-
Total equity		**3 880 307**	3 622 862	**3 335 385**	3 172 368
Liabilities					
Accounts payable	16	**95 321**	76 276	**44 182**	29 342
Loans from subsidiaries	9	**-**	-	**73 092**	22 472
Provisions	17	**54 157**	47 330	**52 764**	45 981
Shareholders for dividend		**1 173**	2 320	**1 173**	2 320
Lease liability	18	**8 993**	16 422	**51 573**	68 200
Current tax liability		**-**	13 210	**-**	15 014
Borrowings	19	**1 436 703**	1 544 003	**1 414 744**	1 519 082
Deferred tax liability	12	**266 335**	279 882	**250 683**	270 360
Post-employment medical benefits	13.2	**93 676**	83 791	**93 676**	83 791
Total liabilities		**1 956 358**	2 063 234	**1 981 887**	2 056 562
Total equity and liabilities		**5 836 665**	5 686 096	**5 317 272**	5 228 930

Consolidated and separate statement of comprehensive income

for the year ended 31 March 2022

	Notes	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Net interest income	20	**281 151**	247 518	**282 968**	250 839
Interest income		**357 670**	336 748	**359 487**	340 069
Interest expense		**(76 519)**	(89 230)	**(76 519)**	(89 230)
Fee revenue	21	**2 093**	2 022	**2 092**	2 019
Investment income and gains		**143 880**	64 938	**74 489**	53 704
Net property revenue		**152 254**	130 827	**93 208**	83 704
Property revenue	22.1	**323 435**	295 161	**185 417**	172 921
Property expenses	22.2	**(171 181)**	(164 334)	**(92 209)**	(89 217)
Management and service fee income		**18 386**	23 121	**20 944**	16 945
Other income		**3 727**	2 430	**1 906**	2 356
Total income		**601 491**	470 856	**475 607**	409 567
Net credit losses	23	**23 073**	(97 268)	**26 096**	(97 269)
Staff costs	24	**(204 217)**	(174 793)	**(194 408)**	(164 538)
Other operating expenses	25	**(68 351)**	(61 414)	**(85 739)**	(74 505)
Profit before taxation		**351 996**	137 381	**221 556**	73 255
Income tax expense	27	**(92 006)**	(41 664)	**(56 674)**	(17 618)
Profit for the year		**259 990**	95 717	**164 882**	55 637
Other comprehensive income after tax:		**-**	-	**-**	-
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit pension fund		**577**	38 082	**577**	38 082
Gross amount	13.1.6	**(819)**	52 892	**(819)**	52 892
Tax effect	27.3	**1 396**	(14 810)	**1 396**	(14 810)
Remeasurement of post-employment medical benefits		**153**	(3 145)	**153**	(3 145)
Gross amount	13.2.2	**2**	(4 368)	**2**	(4 368)
Tax effect	27.3	**151**	1 223	**151**	1 223
Fair value adjustment on financial assets held at fair value through other comprehensive income		**1 177**	3 351	**1 177**	3 351
Gross amount	15	**1 480**	4 319	**1 480**	4 319
Tax effect	27.3	**(303)**	(968)	**(303)**	(968)

Consolidated and separate statement of comprehensive income
for the year ended 31 March 2022

		GROUP		COMPANY	
		2022	2021	**2022**	2021
	Notes	**R000**	R000	**R000**	R000
Foreign currency translation reserve movement		**(3 607)**	(16 646)	**(3 772)**	(15 812)
Gross amount	**15**	**(4 440)**	(21 210)	**(4 605)**	(20 376)
Tax effect	**27.3**	**833**	4 564	**833**	4 564
Share of associates' other comprehensive income	**15**	**(979)**	40	**-**	-
Other comprehensive income for the year		**(2 679)**	21 682	**(1 865)**	22 476
Total comprehensive income for the year		**257 311**	117 399	**163 017**	78 113
Profit attributable to:					
Owners of Business Partners Limited		**257 861**	94 122	**164 882**	55 637
Non-controlling interests		**2 129**	1 595	**-**	-
		259 990	95 717	**164 882**	55 637
Total comprehensive income attributable to:					
Owners of Business Partners Limited		**255 182**	115 804	**163 017**	78 113
Non-controlling interests		**2 129**	1 595	**-**	-
		257 311	117 399	**163 017**	78 113
Earnings per share					
Basic earnings per share (cents)	**28.1**	**149,1**	54,4		
Headline earnings per share (cents)	**28.2**	**91,3**	30,2		

Consolidated and separate statement of changes in equity
for the year ended 31 March 2022

		Attributable to equity holders of the parent				
		Share capital	Fair value and other reserves***	**Retained earnings**	Non-controlling interest	**Total**
	Notes	**R000**	R000	**R000**	R000	**R000**
Group						
Balance at 01 April 2020		**173 001**	65 184	**3 255 561**	11 176	3 504 922
Total comprehensive income for the year		**-**	21 682	**94 122**	1 595	117 399
Net profit		**-**	-	**94 122**	1 595	95 717
Other comprehensive income		**-**	21 682	**-**	-	21 682
Dividend	**29**	**-**	-	**-**	-	-
Retained earnings adjustment from associates		**-**	-	**53**	-	53
Non-controlling interest recognised directly in equity		**-**	-	**-**	488	488
Balance at 31 March 2021		**173 001**	86 866	**3 349 736**	13 259	3 622 862
Balance at 01 April 2021		**173 001**	86 866	**3 349 736**	13 259	3 622 862
Total comprehensive income for the year		**-**	(2 679)	**257 861**	2 129	257 311
Net profit		**-**	-	**257 861**	2 129	259 990
Other comprehensive income		**-**	(2 679)	**-**	-	(2 679)
Dividend	**29**	**-**	-	**-**	-	-
Retained earnings adjustment from associates		**-**		**969**		969
Non-controlling interest recognised directly in equity		**-**	-	**-**	(835)	(835)
Balance at 31 March 2022		**173 001**	84 187	**3 608 566**	14 553	3 880 307
Company						
Balance at 01 April 2020		**173 001**	58 902	**2 862 352**	-	3 094 255
Total comprehensive income for the year		**-**	22 476	**55 637**	-	78 113
Net profit		**-**	-	**55 637**	-	55 637
Other comprehensive income		**-**	22 476	**-**	-	22 476
Dividend	**29**	**-**	-	**-**	-	-
Balance at 31 March 2021		**173 001**	81 378	**2 917 989**	-	3 172 368
Balance at 01 April 2021		**173 001**	81 378	**2 917 989**	-	3 172 368
Total comprehensive income for the year		**-**	(1 865)	**164 882**	-	163 017
Net profit		**-**	-	**164 882**	-	164 882
Other comprehensive income		**-**	(1 865)	**-**	-	(1 865)
Dividend	**29**	**-**	-	**-**	-	-
Balance at 31 March 2022		**173 001**	79 513	**3 082 871**	-	3 335 385

**** The fair value and other reserves composition is disclosed in note 15.*

Consolidated and separate cash flow statement
for the year ended 31 March 2022

		GROUP		COMPANY	
	Notes	**2022 R000**	2021 R000	**2022 R000**	2021 R000
Cash flow from operating activities					
Profit before taxation		**351 996**	137 381	**221 556**	73 255
Non-cash adjustments	**31.1**	**(155 120)**	50 042	**(83 147)**	63 371
Dividends received		**(15)**	(3)	**(164)**	(97)
Payment of principal portion of lease liabilities		**6 304**	5 364	**16 894**	15 384
Net interest income per income statement	**31.2**	**(281 151)**	(247 518)	**(282 968)**	(250 839)
Net interest received in cash	**31.3**	**168 369**	127 709	**168 369**	127 699
Other movements in assets and liabilities	**31.4**	**35 337**	(17 563)	**17 052**	(8 839)
		125 720	55 412	**57 592**	19 934
Net inflow from borrowed funds		**(106 589)**	(112 293)	**(103 628)**	(137 214)
– Utilisation of long-term borrowings		**204 153**	104 462	**204 153**	104 462
– Repayment of short-term portion of long-term borrowings		**(310 742)**	(216 755)	**(307 781)**	(241 676)
Net outflow on loans and receivables		**(42 882)**	21 525	**(32 606)**	(3 128)
– Loans and receivables advanced		**(767 924)**	(469 518)	**(767 924)**	(469 518)
– Loans and receivables repaid		**708 539**	469 939	**718 815**	445 291
– Cash recoveries on loans and receivables written off		**16 503**	21 104	**16 503**	21 099
Cash generated from/(utilised in) operating activities before tax		**(23 751)**	(35 356)	**(78 642)**	(120 408)
Taxation paid	**31.5**	**(90 602)**	21 114	**(63 266)**	34 894
Net cash flow generated utilised in operating activities		**(114 353)**	(14 242)	**(141 908)**	(85 514)
Cash flow from investing activities					
Capital investment in					
– investment properties		**(42 685)**	(14 187)	**-**	(13 426)
– property and equipment		**(2 357)**	(7 451)	**(3 383)**	(1 000)
Proceeds from sale of					
– investment properties		**3 782**	-	**3 782**	-
– property and equipment		**50 112**	24	**112**	24
Interest received from other investments		**9 182**	11 381	**9 095**	11 275
Loans advanced to subsidiaries		**-**	-	**(14 738)**	(34)
Loans repaid from subsidiaries		**-**	-	**59 103**	77 388
Proceeds from sale of investments in associates		**65 264**	36 898	**65 264**	36 898
Dividends received from investments in associates		**15**	97	**164**	97
Net cash generated from investing activities		**83 313**	26 762	**119 399**	111 222

Consolidated and separate cash flow statement
for the year ended 31 March 2022

		GROUP		COMPANY	
	Notes	**2022 R000**	2021 R000	**2022 R000**	2021 R000
Cash flow from financing activities					
Dividends paid	**31.6**	**(1 147)**	(95)	**(1 147)**	(95)
Payment of principal portion of lease liabilities	**18**	**(6 304)**	(5 364)	**(16 893)**	(15 384)
Net cash flow utilised in financing activities		**(7 451)**	(5 459)	**(18 040)**	(15 479)
Movement in cash and cash equivalents		**(38 491)**	7 061	**(40 549)**	10 229
Cash and cash equivalents at beginning of year	**3**	**370 946**	363 885	**350 422**	340 193
Cash and cash equivalents at end of year	**3**	**332 455**	370 946	**309 873**	350 422

Notes to the consolidated and separate financial statements

For the year ended
31 March 2022

Notes to the consolidated and separate financial statements
for the year ended 31 March 2022

1. Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB') and the Companies Act 71 of 2008 in South Africa. The financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position:

- investment properties at fair value
- financial Instruments at fair value
- investments in associates are accounted for at cost at a Company level and are equity accounted at a Group level
- cash and cash equivalents at fair value

1.2 New and amended standards

1.2.1 New and amended standards adopted

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to the financial year beginning on or after 1 January 2021:

Standard	Effective date	Summary
Covid-19-Related Rent Concessions – Amendment to IFRS 16	Annual periods beginning on or after 1 April 2021 (early adoption is permitted)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to Covid-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The amendment did not have an impact on the annual financial statements, as no rent concession was received during the year.
Interest Rate benchmark reform - Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Annual periods beginning on or after 1 January 2021	The amendments provide temporary relief addressing the financial reporting effects of replacing an interbank offered rate (IBOR) with an alternative nearly risk-free interest rate (RFR). The amendment did not have an impact on the annual financial statements as there was no rate replacement during the year.

1.2.2 New and amended standards not yet adopted

The following standards are applicable to periods beginning on or after 1 January 2022. The Group has not early adopted these standards and adoption will coincide with the effective date.

The amendments below may have an impact in the manner in which items are measured and disclosed in the financial statements. These standards are not expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

Standard	Effective date	Summary
Property, plant and equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognises the proceeds from selling such items and the costs of producing those items in profit or loss.
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	Minor amendments were made to IFRS 3 Business Combinations to update the reporting of contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.
Annual improvements to IFRS Standards 2018-2020	1 January 2022	The following improvements were finalised in May 2020: 1 January 2022 Standards 2018–2020 • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2022 [possibly deferred to 1 January 2023]	In January 2020, the IFRS Board of Trustees issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. **The amendments clarify:** • What is meant by a right to defer settlement; • That a right to defer must exist at the end of the reporting period; • That classification is unaffected by the likelihood that an entity will exercise its deferral right; and • That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

Notes to the consolidated and separate financial statements
for the year ended 31 March 2022

Summary of accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.3 Consolidation

1.3.1 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group, in exchange for control over the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as and when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent change in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Goodwill is measured as the difference between:
the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree; and the sum of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

1.3.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions with Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of the Company.

1.3.3 Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. For disposals to non-controlling interests, gains or losses are also recorded in equity.

1.3.4 Investments in associates

Associates are all entities over which the Group generally has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss component of the statement of comprehensive income and its share of post-acquisition movements in reserves are recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The latest audited financial statements are used to determine the share of the associated companies' earnings.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Dilution gains or losses arising from investments in associates are recognised in the statement of comprehensive income. A reserve account "share of other comprehensive income" is used to record the Group's share of other comprehensive income of associate companies. These reserves are reclassified to retained earnings when the investment in the associate is disposed of.

The Company carries its investment in associates at cost.

1.4 Financial instruments

1.4.1 Financial assets - initial recognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial classification and measurement of financial assets
At initial recognition, the Group recognises financial assets at their fair value, plus or minus transaction costs that are incremental and directly attributable to the acquisition of the assets. This only applies to financial assets not measured at fair value through profit or loss. Transaction costs of financial assets measured at fair value through profit or loss are expensed as incurred. After initial recognition, an expected credit loss allowance is recognised in profit or loss for financial assets measured at amortised cost.

Measurement categories of financial assets
The Group classifies all of its financial assets based on the business model for managing the asset and the asset's contractual cashflow characteristics, measured at either:

i) amortised cost; or
ii) fair value through other comprehensive income (FVOCI).

(i) Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit and loss (FVPL), are measured at amortised cost.

Amortised cost and effective interest rate

The amortised cost is the amount at which a financial asset is measured. It is measured at the initial recognition amount minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. For financial assets the amortised cost is adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider any loss allowance and includes transaction costs and fees received or paid that are integral to the effective interest rate.

Interest income

The Group calculates interest income on financial assets, other than those considered credit impaired, by applying the EIR to the gross carrying amount of the financial asset.

The carrying amount of assets at amortised cost are adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

When the financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Royalty fees

Royalty fees represent additional compensation for the risk taken in respect of a loan that has been advanced. In substance, royalty income is interest income. There are two types of royalty income:

Fixed royalty
Fixed royalty payments are set at the beginning of the contract. This type of interest is calculated in the same way as interest income above by applying the effective interest rate.

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Variable royalty
Variable royalties are based on the higher of projected or actual performance of the clients' agreed upon performance indicator. This is also interest but does not fall within the definition of interest income due to its dependence on variable factors outside of the advanced loan. This amount is clearly insignificant and has been disclosed as interest income.

Contract fees

Contract fees which consist of raising fees, amendment fees, late drawdown fees, legal and valuation fees are generated from loan agreements and are classified as interest income.

Financial assets classified at amortised cost

Financial assets classified at amortised cost comprise debt instruments and equity instruments.

(a) Debt instruments
Financial assets are classified as debt instruments depending on the business model used for managing the assets and the cash flow characteristics of the assets.

The business model informs whether the Group's objective is solely to collect the contractual cash flows from the asset or is to collect both the contractual cash flows and the cash flows arising from the sale of the asset. If neither of these is applicable, then the financial asset is classified as part of 'other' and measured at FVPL.

The cash flow characteristics are assessed using the solely payments of principal and interest test (the "SPPI test"). The Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest incorporates the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments only when its business model for managing those assets changes.

Loan commitments provided by the Group are measured as the exposure amount less allowance. Except for intercompany loans, the Group has not provided any commitment to provide loans at below market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

(b) Equity investments
Equity investments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Equity investments include listed and unlisted investments. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using the net asset valuation model.

(i) Assets designated at fair value through profit and loss
Financial assets at FVPL are recognised in the statement of financial position at fair value. Changes in the fair value are recorded in profit and loss taking into account any transaction costs being an integral part of the instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate.

(ii) Fair value through other comprehensive income
Financial assets that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to retained earnings. Interest income from these financial assets are included in interest income using the effective interest rate method.

Impairment

Impairments are determined based on an expected credit loss ("ECL") model. The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instrument assets carried at amortised cost and FVOCI, the exposure arising from loan commitments and lease receivables.

For loan commitments, the loss allowance is recognised as a provision. However for contracts that include both a loan and undrawn commitment and the Group cannot separately identify the ECL the undrawn commitment component from the loan component, the ECL on the undrawn commitment is recognised together with the ECL allowance for the loan. To the extent that the combined ECL exceeds the gross carrying amount of the loan, the ECL is recognised as a provision.

Loss allowances are measured on either of the following basis:

- Stage 1 which are 12 Month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Stage 2 and 3 which are Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group is required to recognise an allowance for either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk (SICR) since initial recognition. Indicators of SICR are when any of the following are met:

Quantitative criteria:

- the client has no arrears, however they have missed more than two instalments in the past six months; or
- the client has been in arrears for 30 - 89 days.

Qualitative criteria and backstop:

The Group has applied the backstop in determining whether there has been a SICR as the Group is still in the process of developing a set of qualitative criteria.

Expected credit loss measurement

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions; and
- the entity's best available forward looking information.

The assessment of the ECL of financial assets entails the estimation of the likelihood of defaults occurring and of default correlations between counterparties. The Group measures ECL using probability of default (PD), exposure at default (EAD) and loss given default (LGD). Expected credit losses are the product of PD, EAD and LGD.

The assessment of SICR and the calculation of the ECL both incorporate forward looking information.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL model

The Group obtained macroeconomic forecasts from external sources in order to incorporate forward-looking information (FLI) in the ECL model. The main macroeconomic factor that was utilised was GDP forecasts in order to estimate the forward-looking impact on the ECL provision, which is summarised as follows:

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Macroeconomic forecast	Base scenario	Bearish scenario	Bullish scenario
GDP - South Africa (next 12 months)	**2,5%**	1,5%	**3,0%**
Weight (assumption)	**60,0%**	20,0%	**20,0%**

The Probability of Defaults of the loans and receivables were adjusted to incorporate the above FLI (across scenarios and weights) in order to determine the impairment provision of R385,1 million.

The sensitivity of the ECL provision against this forward looking information, as at 31 March 2022 is as follows:

	R000	% change in ECL provision
ECL provision	**385 128**	
ECL provision based on the different scenarios:		
Bullish (GDP + 100 bps)	**384 995**	-0,03%
Bearish (GDP - 100 bps)	**385 261**	0,03%

Credit impaired financial assets

On a quarterly basis the Group assesses whether a financial asset carried at amortised cost and debt instruments at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

Quantitative criteria:
The client is more than 90 days past due on its contractual payments.

Qualitative criteria:
The client is in legal control and the Group has instituted legal action against the client.

A client is placed under legal control when one or more of the following criteria are met:

- legal judgements are issued against the client;
- the client has been placed under liquidation, judicial management, business rescue or has stopped trading;
- the client fails to comply with any of the terms and conditions, or acts in conflict with any of the provisions of the loan, shareholder or royalty agreements; or
- the client has supplied false information or withheld material information from the Group.

The above criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes.

Modifications of loans

The Group may renegotiates or otherwise modify the contractual cash flows of a loan to a client. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group may renegotiates or otherwise modify the contractual cash flows of a loan to a client. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- whether the modification merely reduced the contractual cash flows to an amount the borrower is expected to be able to pay;
- significant extension of the loan term when the borrower is not in financial difficulty;
  significant change in the interest rate; or
- the seeking of additional collateral or other credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of the renegotiation is consequently considered to be the date of the initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount is recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

i) the Group transfers substantially all the risk and reward of ownership; or
ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

1.4.2 Financial liabilities - initial recognition

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial classification and measurement of financial liabilities

Financial liabilities in the Group relate to borrowings and accounts payables. Financial liabilities are classified and measured at amortised cost.

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

Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Accounts payable
Accounts payable consist mainly of funds held in trust on behalf of customers and obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. The amounts are unsecured and are, where applicable, usually paid within 30 days of recognition.

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Derecognition

Financial liabilities are derecognised when they are extinguished by discharging the obligation specified in the contract. The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

1.5 Revenue

The Group has multiple revenue streams.

Revenue from financing arrangements

Financing arrangements consist of term finance, property finance and equity investments which are financing options that are provided to clients by the Group. These financing options are provided in the form of loan facilities and equity capital which generate interest income, royalty fees and contract fees (in the form of administration fees).

Interest income
Interest income is recognised in profit and loss using the effective interest rate method, taking into account the expected timing and amount of cash flows.

Royalty fees
Royalty fees represent additional compensation for the risk taken in respect of a loan that has been advanced. It is calculated based on the higher of projected or actual performance of a set factors. Royalty fees are in substance interest earned on advanced loans.

Administration fees
Contract fees in the form of administration fees are generated from loan agreements. These administration fees are generated upon the provision of services in the form of a monthly administration fee which is charged to the client for the period that the loan amount is active.

Revenue from contracts with customers

Revenue is recognised only when the Group can:

- identify the contract(s) with a client;
- identify the performance obligation in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise the revenue as and when the performance obligation is satisfied.

The Group is able to identify the contract when both the client and the Group have accepted the terms of the agreement. The contract identifies all the services (performance obligations) the Group will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The Group recognises revenue once the performance obligation is satisfied, which may occur over time or at a point in time.

(i) Fee revenue
Fee revenue is recognised as revenue from a contract with a client. The service fee income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(ii) Property revenue
Property revenue includes rental income and property expense recoveries.

(a) Rental income
Rental income, although it is earned revenue from a contract, with a client is classified as a lease.

(b) Property expense recoveries
The tenant pays a monthly contribution, through charges made by the Group to the tenant, for operating costs related to: rates, building insurance, water, electricity, sanitation, taxes, security, cleaning and refuse removal. The Group engages service providers to provide these services in order to fulfil its duty towards the tenant in managing the operational activities.

Subsequently, the Group will effect payments to the service providers and recover these costs from the tenant monthly. These fees are recognised as revenue when the performance obligation has been satisfied.

(iii) Property management and leasing services
The Group provides management services to third party property owners. These services include oversight of the property, payment of service charges (such as rates, security services and insurance) and administrative support.

Property management fees are earned on a monthly basis either as fixed fees or based on a proportion of rent collections. The proportional income gives rise to variable consideration.

The Group recognises revenue from the property management services on an accrual basis and measured at the fair value of the consideration received or receivable.

(iv) Fund management
The nature of the service level agreements requires the provision of fund management duties by the Group on behalf of external investors. The Group provides support services under the terms and conditions of the service level agreement. The duties include accounting, legal, information technology, administrative and oversight services for an agreed fee.

The Group recognises and allocates the fund management fee at the end of each month on a straight-line basis. Fund management fees received in advance are recognised as deferred revenue and reflected as a liability.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date for equity instruments and is included in dividend income.

Other income

Surplus on the realisation of assets are recognised in profit and loss when the amount of revenue and costs from the transaction can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Group.

1.6 Foreign currency activities

1.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rand, which is the Group's functional currency and the Group's presentation currency, rounded to the nearest thousand, except when otherwise indicated.

1.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the date of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within net interest income. All other foreign exchange gains and losses are presented in the statement of comprehensive income within investment income and gains.

Changes in the fair value of instruments denominated in foreign currency classified as investments through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the instrument and other changes in the carrying amount of the instrument. Translation differences related to changes

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in amortised cost are recognised in profit or loss, and other changes in the carrying amounts are recognised in other comprehensive income.

Exchange differences arising on translation of the investments held in foreign non-consolidated entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to retained earnings when the net investment is disposed.

1.6.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities reflected in the statement of financial position are translated at the closing rate;
- income and expenses reflected in the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to other comprehensive income. When a foreign operation is partially or fully disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.7 Investment properties

Investment properties are recognised as assets when it is probable that the future economic benefits associated with the investment properties will flow to the Group in the form of long-term rental yields and capital appreciation, and the costs of the investment properties can be reliably measured.

Investment properties are initially recorded at cost including transaction costs. Subsequent to initial measurement, investment properties are measured at fair value. Fair value is determined using the discounted cash flow method as performed by suitably qualified personnel. A gain or loss arising from a change in fair value is included in the statement of comprehensive income within investment income and gains.

Investment properties are not occupied by the Group. Owner-occupied offices are recognised as part of property and equipment. A property is considered to be owner-occupied when the Group occupies the majority of the lettable area and the portion not occupied by the Group cannot be sold separately.

1.8 Property and equipment

Property, principally buildings comprising of owner-occupied offices, and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of a replaced part of an asset is derecognised. All other repairs and maintenance are charged to profit and loss during the financial period in which it is incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over the estimated useful lives of the assets, as follows:

- Buildings — between 25 to 30 years
- Machinery, equipment, furniture and fittings — 5 years
- Computer hardware and computer software — 3 years

Vehicles 4 years

Equipment is the aggregate of machinery, equipment, vehicles, computer hardware, computer software and furniture and fittings.

Land is not depreciated. The residual value and the useful life of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other operating expenses'.

1.9 Leases

The Group leases various offices, lease contracts are typically entered into for fixed periods varying between 2 to 5 years but may have renewal periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Qualifying leases are recognised as a right of use asset ("ROUA") and a corresponding liability at the date at which the leased asset is made available for use by the Group.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term (duration) of twelve months or less.

Recognition and measurement

Group as a lessee
The Group recognises right-of-use-assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for reassessment or modification of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date and excludes any lease incentives received.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (less any lease incentives receivable) and variable lease payments that depend on an index or rates.

The present value of the contractual payments due to the lessor over the lease term is discounted using the incremental borrowing rate.

The incremental borrowing rate is the rate that the lessee would have to borrow funds necessary to obtain an asset of similar value to the right-of-use-asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a third party borrowing rate, adjusted to reflect changes in financing conditions since the third party financing was received.

Subsequent measurement
The lease liability is subsequently increased by the interest expense on the lease liability and decreased by lease payments made. Interest expense is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in rate, or changes in the assessment of whether a option will or will not be exercised.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight line basis.

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Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Payments associated with short-term leases of property are recognised as an expense in profit and loss.

On de-recognition of the right-of-use asset and lease liability, any difference is recognised as a de-recognition gain or loss in profit or loss.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in property revenue in the statement of comprehensive income.

1.10 Employee benefits

1.10.1 Staff costs

Short-term employee benefits, including salaries, bonuses, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Staff costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

1.10.2 Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to privately administered pension insurance plans on a contractual basis. The contributions are recognised as an employee benefit expense within staff costs when they are due.

A defined benefit plan is any pension plan that is not a defined contribution plan, and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

An inflation-linked insurance policy was purchased on 1 June 2021. From this date, the insurer is responsible for the payment of monthly pensions and any actuarial gains or losses is for the benefit or detriment of the Insurer. From the Group's perspective, the present value of the defined benefit obligation at the end of the reporting period has the same value as the fair value of the plan assets.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are no longer recognised in the statement of comprehensive income.

1.10.3 Post-retirement medical aid obligations

The Group provided post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 1 April 1999. An inflation-linked insurance policy was purchased on 1 June 2021. From this date, the insurer is responsible for the payment of monthly medical aid benefits to pensioners. The value of the insurance policy is recognised as part of the defined benefit pension fund surplus in the statement of financial position. The post-retirement medical benefit liability is recognised in the statement of financial position.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are no longer recognised in the statement of comprehensive income.

1.11 Assets held for resale

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for resale, if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable. Assets held for resale consist mainly of repossessed assets and are recorded at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. No depreciation is charged in respect of assets held for resale.

1.12 Accounts receivable

Accounts receivable are amounts due from clients for services performed in the ordinary course of business and consist mainly of rent receivable. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and deposits held at call with banks. Money market assets form part of deposits and bank balances and are carried at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, current accounts, deposits held at call with banks and a bank overdraft.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these instances the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis or their tax assets and liabilities will be realised simultaneously.

Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the Group.

Indirect taxes, including non-recoverable VAT, are recognised in the statement of comprehensive income as part of other operating expenses.

1.15 Provisions and contingent liabilities

A provision is recognised to reflect a present obligation (legal or constructive) arising from a past event when it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation. Further, the expected transfer of economic benefits must be reliably measurable.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

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Provisions for future operating losses are not recognised.

Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements.

1.16 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Where it is not practical to disclose a sensitivity analysis for estimates and judgements, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year could be different from the assumptions. This could require material adjustment to the carrying amount of the asset or liability affected in future.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results.

The following represents the most material estimates and assumptions applied in preparing these financial statements.

1.16.1 Expected credit loss of loans and receivables

The Group applied the expected credit loss ("ECL") model on all financial debt instruments that are classified at amortised cost as well as undrawn commitments. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed below which also sets out key sensitivities' of the ECL to changes in these inputs.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:

- determining criteria for significant increases in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the number and relative weightings of forward-looking scenarios.

In determining the LGD management applied an additional haircut of 15% on security values for clients classified in Stage 3. This additional haircut was applied to certain sectors and geographic regions based on management's expectations of the impact of adverse economic and climate conditions in these sectors and regions. The same considerations were applied to the staging of clients where management believed that there were other qualitative factors that lead to an increase in credit risk.

1.16.2 Royalty agreements: future royalty fees

The royalty products that are part of the financing package that the Group provides to its clients have an additional royalty component that is linked to a certain variable. This variable causes uncertainty as to whether the product should be classified under the amortised cost or fair value model.

Management has performed a detailed analysis of all historial royalties received and has determined that the additional royalty component is de minimus. Further the estimated fair value of the royalty product as a whole equates to amortised cost.

As a result, the royalty product has been classifies as a financial asset at amortised cost.

1.16.3 Impairment of rent receivables

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payment profiles of the tenants and the historical credit losses experienced within the period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of clients to settle the receivables.

1.16.4 Valuation of investment properties

The estimated rental stream takes into account the following:

- current occupancy levels;
- estimates of future vacancy levels;
- the terms of in-place leases; and
- expectations of rentals from future leases over the remaining economic life of the buildings.

1.16.5 Principal versus agent considerations

The Group engages service providers to provide services in order to fulfil its duty towards the client. Subsequently, the Group will effect payments to the service providers and recover these costs from the client. In considering whether the Group is acting as a principal or agent, the following factors are relevant:

- the Group enters into a contract with a client before engaging the external service providers;
- the Group is primarily responsible for fulfilling the promise to provide the specified services to the client;
- the Group does not have a duty to obtain approval from the client prior to engaging the external service provider;
- the Group is the counterparty to the service contract, rather than the client;
- the Group has the contractual right to direct how the external service provider provides the services and the Group also has the right to suspend the services; and
- as the Group delivers its services, the client simultaneously receives and consumes the benefits provided by the Group's performance. The Group performs its services over the life of the contract.

Consequently, the above factors indicate that the Group uses service providers as subcontractors and acts as a principal in directing the external service providers who provide services on its behalf.

1.16.6 Income from associates

For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. The Group determines the estimated value at the end of each year. The estimated value is based on historical data.

The estimation is based on the following key parameters:

- an investment should be older than 18 months;
- an investment should be classified as active (client is in good standing); and
- income from the respective associate has not been included for more than 3 years.

A number of significant judgements are required in the calculation such as:

- the expected number of annual financial statements to be received in the subsequent year; and
- the average income attributable to the annual financial statements not yet available.

1.16.7 Income taxes

The Group is subject to direct and indirect taxation in a number of jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the period in which such determination is made.

1.16.8 Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded at in the Group's results include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources occurring and the estimate of the amount and timing for the settlement of the obligation.

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In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the balance sheet date up to the date of the approval of the financial statements.

1.16.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Non-financial assets (property and equipment and right of use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that had previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

1.17 Share capital and dividend distribution

Ordinary shares are classified as equity. Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's Board of Directors.

2. Financial risk management

The Group's activities exposes it to a variety of financial risks and the following section discusses the Group's risk management policies. The core activities require the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's management. In addition, as a second line of defence, financial risk is monitored by a centralised function with dedicated individuals in the Compliance and the Risk management function.

The Group operated an outsourced internal audit model. For the period under review, Remgro Management Services Ltd fulfilled this function. Internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks are:

- Credit risk
- Market risk (Interest rate risk and foreign currency risk)
- Liquidity risk

2.1 Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk exposures arise principally from investing in small and medium businesses, loans, advances and loan commitments as well as cash and cash equivalents, trade and other receivables and property rental contracts entered into with lessees.

Credit risk is the single largest risk for the Group's business.

2.1.1 Credit risk measurement

The credit risk of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indicators are determined, verified and benchmarked.

2.1.2 Risk management process

The Group limits and controls concentrations of credit risk where they are identified. The concentration of credit risk in the investment portfolio is reduced by the diversification of the investment portfolio. The clients in the portfolio represent a variety of industry sectors no single client represents more than 1,5 percent of the total investment portfolio.

The monitoring of the risk profile of the portfolio is performed in compliance with risk management policies through credit management systems and processes. Exception reporting at various levels within the Group provides differentiated and comprehensive indications of changes in credit risk.

Risk mitigation

The Group has four levels of investment committees in place where potential investments are discussed and approved. The committees are made up of managers from the investment and post implementation teams. The approval limits for each committee is determined by a Board approved delegation of authority. The investment committees meet weekly.

The roles and responsibilities of the investment committee are to:

- review the results of the due diligence;
- assess each investment based on three risk criteria:
  - entrepreneurial risk
  - business risk
  - financial risk; and
- determine the required return from each investment.

Risk appetite is set out in the Group's policy manual which provides guidance on the method to be used for the calculation of the Group's exposure to any one entrepreneur.

Collateral

The Group employs various policies and practices to mitigate credit risk, principally by securing collateral for investments made. The Group implements guidelines on the acceptability and valuation of specific classes of collateral. The principal collateral types for loans and receivables are:

- Mortgage bonds over residential, commercial and industrial property
- Notarial bonds over property and equipment
- Personal sureties and the cession of policies and investments

The Group's policies regarding collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

The Group accepted mortgage bonds, notarial bonds and other types of collateral, at a fair value of R 3 149,8 million or 96,4 percent of the loan book (2021: R 3 101,7 million or 97,5 percent of the loan book) as collateral for loans and receivables. The Group has the authority to cede or repledge this collateral.

Rental contracts

The credit risk of rent debtors is controlled and monitored on an on-going basis by property management committees, credit control functions as well as exception reporting at various levels in the management structure.

2.2 Credit risk exposure

2.2.1 Maximum exposure to credit risk in financial instruments subject to ECL

The table below represents the maximum credit risk exposure scenario for the Group without considering any collateral or other credit enhancements.

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Interest-bearing loans	**3 046 874**	2 968 875	**3 046 875**	2 968 875
Shareholders' loans	**176 423**	161 312	**176 423**	161 312
Royalty agreements	**165 560**	171 644	**165 560**	171 644
Intercompany loans	**-**	-	**501 321**	496 067
Loan commitments	**370 427**	385 279	**370 427**	385 279
Cash and cash equivalents	**123 912**	84 552	**101 330**	64 028
	3 883 196	3 771 662	**4 361 936**	4 247 205
Trade and other receivables*	**32 620**	31 736	**16 193**	16 389
	3 915 816	3 803 398	**4 378 129**	4 263 594

*This amount excludes prepayments as prepayments are not financial assets.

2.2.2 Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	2022			
	Stage 1	Stage 2	**Stage 3**	Total
	R000	R000	**R000**	R000
GROUP				
Loans and receivables				
Interest-bearing loans	**1 205 725**	665 502	**1 175 647**	3 046 874
Royalty agreements	**33 469**	40 448	**91 643**	165 560
Shareholders' loans	**131 413**	27 659	**17 351**	176 423
Gross carrying amount	**1 370 607**	733 609	**1 284 641**	3 388 857
Provision for impairment	**(19 504)**	(29 613)	**(336 011)**	(385 128)
Carrying amount	**1 351 103**	703 996	**948 630**	3 003 729
Loan commitments	**370 427**	-	**-**	370 427
	1 721 530	703 996	**948 630**	3 374 156

	2021			
	Stage 1	Stage 2	**Stage 3**	Total
	R000	R000	**R000**	R000
GROUP				
Loans and receivables				
Interest-bearing loans	**1 202 007**	526 782	**1 240 086**	2 968 875
Royalty agreements	**48 659**	20 416	**92 237**	161 312
Shareholders' loans	**122 447**	32 668	**16 529**	171 644
Gross carrying amount	**1 373 113**	579 866	**1 348 852**	3 301 831
Provision for impairment	**(21 396)**	(24 799)	**(413 009)**	(459 204)
Carrying amount	**1 351 717**	555 067	**935 843**	2 842 627
Loan commitments	**385 279**	-	**-**	385 279
	1 736 996	555 067	**935 843**	3 227 906

Information on how the ECL is measured and how the three stages above are determined is included in note 1.16.1.

Accounts Receivable

	2022			
	Stage 1	Stage 2	**Stage 3**	Total
	R000	R000	**R000**	R000
GROUP				
Accounts receivables*	**-**	-	**32 620**	32 620
Provision for impairment	**-**	-	**(19 920)**	(19 920)
Carrying amount	**-**	-	**12 700**	12 700

	2021			
	Stage 1	Stage 2	**Stage 3**	Total
	R000	R000	**R000**	R000
GROUP				
Accounts receivables*	**-**	-	**31 736**	31 736
Provision for impairment	**-**	-	**(16 352)**	(16 352)
Carrying amount	**-**	-	**15 384**	15 384

*These balances exclude prepaid insurance and
prepaid expenses as it does not meet the definition of a financial asset.

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Other financial assets

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Intercompany loans	**-**	-	**501 321**	496 067
Cash and cash equivalents	**123 912**	84 552	**101 330**	64 028
	123 912	84 552	**602 651**	560 095

No ECL has been provided for on intercompany loans as well as cash and cash equivalents as it is immaterial.

2.2.3 Financial instruments not subject to ECL

The following table contains an analysis of the credit risk exposure of financial instruments which are not subject to the ECL allowance:

	Maximum credit risk exposure	
	2022	2021
	R000	R000
GROUP		
Accounts receivables*	**61 019**	66 623
Provision for impairment	**449**	337
Carrying amount	**208 542**	286 394
	270 010	353 354

The maximum credit risk exposure related to loans and receivables is analysed as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Industry sector exposure				
Construction	**355 791**	300 939	**355 791**	300 939
Financial intermediation	**971 409**	895 261	**971 409**	895 261
Fishing	**8 584**	6 695	**8 584**	6 695
Horticulture, animal farming and forestry	**28 503**	32 774	**28 503**	32 774
Leisure	**81 203**	99 722	**81 203**	99 722
Manufacturing	**776 955**	737 604	**776 955**	737 604
Motor trade	**132 565**	154 966	**132 565**	154 966
Personal services	**367 819**	359 740	**367 819**	359 740
Quarrying	**19 657**	32 483	**19 657**	32 483
Retail	**182 169**	202 686	**182 169**	202 686
Transport and communication	**166 611**	171 776	**166 611**	171 776
Travel and tourism	**197 935**	215 399	**197 935**	215 399
Wholesale	**99 656**	91 786	**99 656**	91 786
	3 388 857	3 301 831	**3 388 857**	3 301 831
Geographical exposure				
Eastern Cape	**220 450**	230 279	**220 450**	230 279
Free State	**83 308**	93 114	**83 308**	93 114
Gauteng	**1 277 072**	1 093 293	**1 277 072**	1 093 293
KwaZulu-Natal	**677 713**	712 701	**677 713**	712 701
Limpopo	**41 246**	47 270	**41 246**	47 270
Mpumalanga	**77 020**	79 136	**77 020**	79 136
North West	**72 200**	75 892	**72 200**	75 892
Northern Cape	**62 966**	70 608	**62 966**	70 608
Western Cape	**876 882**	899 538	**876 882**	899 538
	3 388 857	3 301 831	**3 388 857**	3 301 831
Product type exposure				
Equity Investments	**20 170**	23 767	**20 170**	23 767
Term Finance with Shareholding	**23 244**	495 384	**23 244**	495 384
Property Finance with Shareholding	**840 877**	284 554	**840 877**	284 554
Property Finance with Equity Participation	**331 837**	886 694	**331 837**	886 694
Term Finance with a Royalty and Shareholding	**-**	465 969	**-**	465 969
Term Finance with a Royalty	**1 052 887**	1 126 395	**1 052 887**	1 126 395
Term Finance	**488 754**	45	**488 754**	45
Property Finance with a Royalty	**631 088**	19 023	**631 088**	19 023
	3 388 857	3 301 831	**3 388 857**	3 301 831

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2.2.4 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process based on valuation methodologies appropriate for the specific type of collateral. When a client has been classified as within legal control, refer to note 1.4.1, the collateral in place over the deal will be revalued internally at the start of the legal control process and then subsequently every six months.

The principal collateral types for loans and advances are:

- mortgages over commercial and residential properties
- other assets of the business (i.e. motor vehicles, office furniture, machinery, investments)

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

2.2.5 ECL allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to the financial instruments experiencing significant increases (or decreases) of credit
- risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from refreshing inputs to the model;
- discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- financial assets derecognised during the period and write-offs of allowance related to assets that were written off during the period.

The following table further explains changes in the gross carrying amount:

	Stage 1 12- month ECL	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Total**
	R000	R000	**R000**	R000
GROUP				
Gross carrying amount as at 01 April 2021	**1 373 113**	579 866	**1 348 852**	3 301 831
Existing loans transfers between stages	**(243 689)**	125 196	**118 493**	-
Transfer (to)/from stage 1	**-**	164 543	**79 146**	243 689
Transfer (to)/from stage 2	**(164 543)**	-	**39 347**	(125 196)
Transfer (to)/from stage 3	**(79 146)**	(39 347)	**-**	(118 493)
ECL raised/(released) on existing loans	**13 780**	(37 858)	**(26 334)**	(50 412)
New loan agreements originated	**310 250**	81 432	**27 799**	419 481
Written off	**(82 846)**	(15 027)	**(184 170)**	(282 043)
Net carrying amount as at 31 March 2022	**1 370 608**	733 609	**1 284 640**	3 388 857

	Stage 1 12- month ECL	Stage 2 Lifetime ECL	**Stage 3 Lifetime ECL**	**Total**
	R000	R000	**R000**	R000
GROUP				
Gross carrying amount as at 01 April 2020	**1 878 379**	564 875	**787 929**	3 231 183
Existing loans transfers between stages	**(652 841)**	2 619	**650 222**	-
Transfer (to)/from stage 1	**-**	245 694	**407 147**	652 841
Transfer (to)/from stage 2	**(245 694)**	-	**243 075**	(2 619)
Transfer (to)/from stage 3	**(407 147)**	(243 075)	**-**	(650 222)
ECL raised/(released) on existing loans	**18 860**	20 054	**10 573**	49 487
New loan agreements originated	**168 556**	5 163	**306**	174 025
Written off	**(39 841)**	(12 845)	**(100 178)**	(152 864)
Net carrying amount as at 31 March 2021	**1 373 113**	579 866	**1 348 852**	3 301 831

The following table explains the changes in the loss allowance between the beginning and the end of the reporting period:

	Stage 1	Stage 2	**Stage 3**	Total
	R000	R000	**R000**	R000
GROUP				
Interest bearing loans				
Loss allowance as at 01 April 2021	**19 412**	23 074	**369 795**	412 281
Existing loan transfers between stages	**7 201**	16 617	**(23 818)**	-
• Transfer (to)/from stage 1	**-**	870	**(8 071)**	(7 201)
• Transfer (to)/from stage 2	**(870)**	-	**(15 747)**	(16 617)
• Transfer (to)/from stage 3	**8 071**	15 747	**-**	23 818
ECL (released)/raised on existing loans	**(14 832)**	(15 990)	**2 654**	(28 168)
New loan agreements originated	**7 808**	3 546	**9 419**	20 773
Written off	**(1 332)**	(325)	**(57 643)**	(59 300)
Loss allowance as at 31 March 2022	**18 257**	26 922	**300 407**	345 586
Loss allowance as at 01 April 2020	**50 195**	40 073	**242 107**	332 375
Existing loan transfers between stages	**(13 133)**	(8 462)	**21 595**	-
• Transfer (to)/from stage 1	**-**	3 928	**9 205**	13 133
• Transfer (to)/from stage 2	**(3 928)**	-	**12 390**	8 462
• Transfer (to)/from stage 3	**(9 205)**	(12 390)	**-**	(21 595)
ECL raised/(released) on existing loans	**(21 684)**	(7 347)	**137 143**	108 112
New loan agreements originated	**4 890**	-	**-**	4 890
Written off	**(856)**	(1 190)	**(31 050)**	(33 096)
Loss allowance as at 31 March 2021	**19 412**	23 074	**369 795**	412 281

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	Stage 1 12- month ECL R000	Stage 2 Lifetime ECL R000	Stage 3 Lifetime ECL R000	Total R000
Shareholders' loans				
Loss allowance as at 01 April 2021	**752**	274	**11 771**	12 797
Existing loan transfers between stages	**(167)**	(49)	**216**	-
• Transfer (to)/from stage 1	**-**	(49)	**216**	167
• Transfer (to)/from stage 2	**49**	-	**-**	49
• Transfer (to)/from stage 3	**(216)**	-	**-**	(216)
ECL raised/(released) on existing loans	**(41)**	48	**2 247**	2 254
New loan agreements originated	**17**	-	**-**	17
Written off	**(23)**	-	**(1 897)**	(1 920)
Loss allowance as at 31 March 2022	**538**	273	**12 337**	13 148
Loss allowance as at 01 April 2020	**1 853**	281	**12 914**	15 048
Existing loan transfers between stages	**(58)**	12	**46**	-
• Transfer (to)/from stage 1	**-**	56	**2**	58
• Transfer (to)/from stage 2	**(56)**	-	**44**	(12)
• Transfer (to)/from stage 3	**(2)**	(44)	**-**	(46)
ECL (released)/raised on existing loans	**(624)**	(19)	**(444)**	(1 087)
New loan agreements originated	**25**	-	**-**	25
Written off	**(444)**	-	**(745)**	(1 189)
Loss allowance as at 31 March 2021	**752**	274	**11 771**	12 797
Royalty agreements				
Loss allowance as at 01 April 2021	**1 231**	1 455	**31 440**	34 126
Existing loan transfers between stages	**883**	2 063	**(2 946)**	-
• Transfer (to)/from stage 1	**-**	338	**(1 221)**	(883)
• Transfer (to)/from stage 2	**(338)**	-	**(1 725)**	(2 063)
• Transfer (to)/from stage 3	**1 221**	1 725	**-**	2 946
ECL (released)/raised on existing loans	**(1 324)**	(1 104)	**458**	(1 970)
New loan agreements originated	**36**	44	**46**	126
Written off	**(122)**	(35)	**(5 731)**	(5 888)
Loss allowance as at 31 March 2022	**704**	2 423	**23 267**	26 394
Total loss allowance	**19 499**	29 618	**336 011**	385 128
Loss allowance as at 01 April 2020	**2 225**	2 422	**28 012**	32 659
Existing loan transfers between stages	**458**	730	**(1 188)**	-
• Transfer (to)/from stage 1	**-**	86	**(544)**	(458)
• Transfer (to)/from stage 2	**(86)**	-	**(644)**	(730)
• Transfer (to)/from stage 3	**544**	644	**-**	1 188
ECL raised on existing loans	**(1 449)**	(1 626)	**8 392**	5 317
New loan agreements originated	**14**	-	**97**	111
Written off	**(17)**	(71)	**(3 873)**	(3 961)
Loss allowance as at 31 March 2021	**1 231**	1 455	**31 440**	34 126
Total loss allowance	**21 395**	24 803	**413 006**	459 204

2.2.6 Write-off policy

The Group writes off financial assets as a whole if, during the re-evaluation of securities and collateral, the cover is found to be less than 0,5 times and one or more of the following criteria are met:

- no payment of contractual cash flows has been received during the preceding 12 months;
- the client has absconded or cannot be traced;
- the client is sequestrated, liquidated or the entity is in business rescue;
- the business has ceased trading;
- the possible protracted litigation or the availability of court dates and the subsequent impact on arrears and the value of any underlying
- security may be a cause to transfer the account to bad debt control; or
- the viability of the business is doubtful and or the business is trading under insolvent circumstances.
- The above indicators represent instances where the Group has concluded that there is no reasonable expectation of recovery.

The Group may write-off financial assets which are still subject to enforcement activities. The outstanding contractual amounts of such assets written off during the year ended 31 March 2022 was R59,7 million (2021: R44,2 million).

The Group still seeks to recover amounts it is legally owed in full.

2.2.7 Modification of financial assets

The Group will in certain instances modify the terms of loans provided to clients due to commercial renegotiations, or for distressed loans, with a view to maximise recovery.

Such restructuring activities include extended payment term arrangements and renegotiation of the interest charged. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset.

The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The gross carrying amount of such assets held as at 31 March 2022 was R 344 million (2021: R505 million).

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to financial assets where the terms have been modified.

Loans and receivables are classified as renegotiated when a new agreement is concluded. The revised terms are considered for approval after a rigorous risk assessment by a special credit committee.

Renegotiated loans and receivables at the end of the year are as follows:

	GROUP		COMPANY	
	Continue to be impaired R000	No longer impaired R000	**Continue to be impaired R000**	No longer impaired R000
As at 31 March 2022				
Interest bearing loans	**189 383**	-	**189 383**	-
Normal renegotiated loans	**99 523**	-	**99 523**	-
Covid-19 related renegotiated loans	**89 860**	-	**89 860**	-

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	GROUP		COMPANY	
	Continue to be impaired	No longer impaired	**Continue to be impaired**	No longer impaired
	R000	R000	**R000**	R000
As at 31 March 2021				
Interest-bearing loans	**303 391**	-	**303 931**	-
Normal renegotiated loans	**51 140**	-	**51 140**	-
Covid-19 related renegotiated loans	**252 791**	-	**252 791**	-

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
2.3 Credit quality of loans and receivables				
The credit quality of loans and receivables is as follows:				
Stage 1	**1 370 608**	1 373 113	**1 370 608**	1 373 113
Stage 2	**733 609**	579 866	**733 609**	579 866
Stage 3	**1 284 640**	1 348 852	**1 284 640**	1 348 852
Gross	**3 388 857**	3 301 831	**3 388 857**	3 301 831
Less: allowance for impairment in stages	**(385 128)**	(459 204)	**(385 128)**	(459 204)
Stage 1	**(19 499)**	(21 396)	**(19 499)**	(21 396)
Stage 2	**(29 618)**	(24 799)	**(29 618)**	(24 799)
Stage 3	**(336 011)**	(413 009)	**(336 011)**	(413 009)
	3 003 729	2 842 627	**3 003 729**	2 842 627
Fair value of collateral - loans and receivables	**3 149 786**	3 101 715	**3 149 786**	3 101 715

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies appropriate for the specific type of collateral.

During the year, interest on stage 3 loans derecognised against credit losses amounting to R41,4 million (2021: R39,5 million).

Of all the inputs included in the ECL model the most sensitive input is the haircut on the security value. If the haircut increases by 10 percent, the impairment value will increase from a base of R385,1 million to R431,0 million and if the haircut decreases by 10 percent, the impairment will decrease to R342,6 million.

Collateral taken
During the year, collateral of R 0,4 million (2021: R nil) was recognised under assets held for resale. The derecognised value of these loans amounted to R 0,9 million (2021: R nil).

2.3.1 Credit quality of other financial assets

Rent debtors are impaired using the IFRS 9 simplified approach where debtors are impaired based on historical credit losses patterns based on the relevant debtors aging category. The provision for doubtful rent debtors' amounts to R19,9 million (2021: R16,4 million).

An ECL assessment was conducted on intercompany loans and management concluded that none of the loans were impaired as it is probable that all the related principal and interest payments will be collected.

2.3.2 Market risk

The Group accepts exposure to market risk, which is defined as the risk that the future cash flows from a financial instrument will fluctuate due to changes in the financial market rates. Market risks arise primarily from risks associated with interest rate and exchange-rate fluctuations.

2.3.3 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the majority of the Group's interest-bearing investments are linked to the prime rate, changes in the prime rate will affect the revenue of the Group. The prime rate also affects the return on, and the cost of, treasury funds.

If the prime rate was 100 basis points higher during the year, the Group's profit before tax would have been R374,5 million (2021:R162,5 million). Alternatively, if the prime rate was 100 basis points lower, the Group's profit before tax would have been R329,5 million (2021: R112,3 million).

The table below presents all assets and liabilities that are subject to an interest rate risk.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Assets				
	3 003 729	2 842 627	**3 003 729**	2 842 627
Loans and receivables	**332 455**	370 946	**309 873**	350 422
Cash and cash equivalent	**3 336 184**	3 213 573	**3 313 602**	3 193 049
Liabilities				
Borrowings	**1 436 703**	1 544 003	**1 414 744**	1 519 082

Risk management process

The sensitivity to interest rate changes is decreased by non-interest revenue instruments in the investment portfolio such as dividends and royalty fees. The exposure to interest rate changes for the Group is reduced by investment in property assets as well as the effect of prime-linked borrowings.

2.3.4 Foreign exchange risk

Foreign currency exposure arises from net investments in Group entities whose functional currency differs from the parent's functional currency. The Group's exposure to foreign currency risk relates to the investments in the Business Partners International East Africa LLC (EAF) and Business Partners International Southern Africa Fund LLC (SAF).

The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the parent's functional currency. This will cause the amount of the net investment to vary.

The Group has a low foreign risk appetite, the Group is exposed to foreign denominated investments. Foreign exchange risk is actively managed.

The Group's exposure to currency risk and the currency risk sensitivity analysis are detailed in note 9.3.

2.3.5 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations of disbursing investments, settling financial liabilities and commitments and paying day to day expenses when required.

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Risk management process

Monitoring and reporting takes the form of cash flow measurements and projections for all key periods. Such cash flow projections take into consideration the Group's debt obligations and covenant compliance as well as regulatory and legal requirements. The material cash outflows consist of advances, capital expenditure projects, salaries, dividend payments, debt repayments and income tax payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Financial liabilities have not been discounted as the amounts below represent the actual contractual cash flows that will flow out of the business.

	Less than 1 year	Between 1 and 2 years	**Between 2 and 5 years**	Over 5 years	**Total**
	R000	R000	**R000**	R000	**R000**
GROUP					
31 March 2022					
Borrowings	**555 109**	263 736	**679 974**	75 307	**1 574 126**
Accounts payable	**95 321**	-	**-**	-	**95 321**
Provisions	**54 157**	-	**-**	-	**54 157**
Shareholders' for dividend	**1 173**	-	**-**	-	**1 173**
Lease liabilities	**7 741**	2 988	**-**	-	**10 729**
	713 501	266 724	**679 974**	75 307	**1 735 506**
31 March 2021					
Borrowings	**631 212**	263 398	**704 402**	93 498	**1 692 510**
Accounts payable	**76 277**	-	**-**	-	**76 277**
Provisions	**47 330**	-	**-**	-	**47 330**
Shareholders' for dividend	**2 320**	-	**-**	-	**2 320**
Lease liabilities	**8 211**	10 471	**723**	-	**19 405**
	765 350	273 869	**705 125**	93 498	**1 837 842**

2.4 Fair value of assets and liabilities

The carrying amount of financial assets and liabilities is fair and where required, adequate provision was made for any potential impairments to the carrying value. The fair values have been determined using available information and are indicative of the amounts the Group should realise in the normal course of business.

Fair values are determined as follows:

(a) Loans and receivables

The fair value of the investment is initially calculated with reference to market related interest rates. Risk-based investments in SMEs are priced relative to market rates and the rates of return on these investments are used to determine the fair value of the future cash flows resulting from the investment.

2.4.1 Financial assets and liabilities not held at fair value

The table below summarises the carrying amounts which approximate to fair value for those financial assets and liabilities not held at fair value:

	Carrying Value	Fair Value	**Level 1**	Level 2	**Level 3**	Total balance
	R000	R000	**R000**	R000	**R000**	R000
GROUP						
31 March 2022						
Financial assets						
Loans and receivables	3 003 729	3 003 729	**-**	-	**3 003 729**	3 003 729
Accounts receivable*	32 620	-	**-**	-	**32 620**	32 620
Cash and cash equivalents	253 413	253 413	**-**	253 413	**-**	253 413
	3 289 762	3 257 142	**-**	253 413	**3 036 349**	3 289 762
Financial liabilities						
Borrowings	1 436 703	1 436 703	**-**	1 436 703	**-**	1 436 703
Bank overdraft	-	-	**-**	-	**-**	-
Accounts payable**	81 172	81 172	**-**	-	**81 172**	81 172
	1 517 875	1 517 875	**-**	1 436 703	**81 172**	1 517 875
31 March 2021						
Financial assets						
Loans and receivables	2 842 627	2 842 627	**-**	-	**2 842 627**	2 842 627
Accounts receivable*	31 736	-	**-**	-	**31 736**	31 736
Cash and cash equivalents	300 079	300 079	**-**	300 079	**-**	300 079
	3 174 442	3 142 706	**-**	300 079	**2 874 363**	3 174 442
Financial liabilities						
Borrowings	1 544 003	1 544 003	**-**	1 544 003	**-**	1 544 003
Accounts payable**	55 299	55 299	**-**	-	**55 299**	55 299
	1 599 302	1 599 302	**-**	1 544 003	**55 299**	1 599 302

*The accounts receivables balance excludes the prepaid insurance and prepaid expenses as these are not financial instruments as defined.

**Trade and other payables excludes VAT and prepaid income as they do not meet the definition of financial liabilities.

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Valuation methodology – non-fair value items

The fair value is the price that would be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of certain financial assets and financial liabilities have been determined using measurement bases other than fair value. The valuation methodology described below has been applied in order to determine the disclosed fair values for such financial assets and financial liabilities that are not carried at fair value.

Financial assets and liabilities

Financial assets and financial liabilities that are measured at fair value by level of fair-value hierarchy as required by IFRS 13: Fair Value Measurement. The levels of the hierarchy are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation techniques using market data that is either directly or indirectly observable. Various factors influence the availability of observable data and these may vary from product to product and change over time. Factors include, for example, the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling and the nature of the transaction (bespoke or generic).

Level 3: Valuation techniques that include significant inputs that are unobservable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective and dependent on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined based on the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

The carrying value of financial assets and liabilities held at amortised cost is determined in accordance with the accounting policy. In all cases, the disclosed fair value approximates the carrying value.

Measurement of financial assets and liabilities at Level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 2. A description of the nature of the techniques used to calculate valuations based on observable inputs, is set out in the table below:

Category of asset/ liability	Valuation techniques applied	Significant observable inputs
Accounts receivable	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

Measurement of financial assets and liabilities at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 3.

Category of asset/ liability	Valuation techniques applied	Significant observable inputs
Loans and receivables	Discounted cash flow model	Discount rate, historical loss experience, emergence period

2.4.2 Assets and liabilities held at fair value

The table below presents the Group's assets that are measured at fair value:

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
GROUP				
31 March 2022				
Investment properties	-	-	1 737 538	1 737 538
Listed securities	449	-	-	449
Unlisted shares	-	-	61 019	61 019
Bank balances at fair value	208 542	-	-	208 542
	208 991	-	1 798 557	2 007 559
31 March 2021				
Investment properties	-	-	1 665 470	1 665 470
Listed securities	337	-	-	337
Unlisted shares	-	-	66 623	66 623
Bank balances at fair value	286 394	-	-	286 394
	286 731	-	1 732 093	2 018 824

Measurement of assets at Level 3

The fair value of level 3 assets is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management judgement. Although the Group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the assets.

The sensitivity analysis applied to the unobservable inputs in the fair value model of the Investment properties is set out in note 10.

A reconciliation of the opening balances to closing balances for all movements on Investment properties is set out in note 10. There have been no transfers between fair value hierarchy levels for investment properties.

The sensitivity analysis applied to the unobservable inputs in the fair value model of unlisted shares is set out in note 9.3.

A reconciliation of the opening balances to closing balances for all movements on investments at fair value through other comprehensive income is set out in note 6.1.

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	Fair Value R000	**Amortised Cost R000**	Total R000
2.5 Financial instruments by category			
31 March 2022			
Assets per statement of financial position	61 468	**-**	61 468
Investments at fair value through other comprehensive income	-	**3 003 729**	3 003 729
Loans and receivables	-	**32 620**	32 620
Accounts receivable*	-	**123 913**	123 913
Bank balances at amortised cost	208 542	**-**	208 542
Bank balances at fair value through profit and loss			
	270 010	**3 160 262**	3 430 272
Liabilities per statement of financial position			
Borrowings	-	**1 436 703**	1 436 703
Accounts payable**	-	**81 172**	81 172
	-	**1 517 875**	1 517 875
31 March 2021			
Assets per statement of financial position			
Unlisted shares	66 960	**-**	66 960
Loans and receivables	-	**2 842 627**	2 842 627
Accounts receivable*	-	**31 736**	31 736
Bank balances at amortised cost	-	**84 552**	84 552
Bank balances at fair value through profit and loss	286 394	**-**	286 394
	353 354	**2 958 915**	3 312 269
Liabilities per statement of financial position			
Borrowings	-	**1 544 003**	1 544 003
Accounts payable**	-	**55 299**	55 299
	-	**1 599 302**	1 599 302

* The accounts receivable amount excludes pre-paid insurance and pre-paid expenses as these are not financial instruments, as defined.

**Trade and other payables excludes VAT payable and prepaid income as they do not meet the definition of financial liabilities.

2.6 Capital management

The Group's objectives in managing its capital are:

- to safeguard and optimise the Group's ongoing strong liquidity position;
- to protect the going concern status in order to continue providing returns to shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital with which to support the development and growth of the business.

Capital adequacy and the use of capital are monitored by the Group's management. The Group monitors capital using a debt equity ratio within the limits stipulated in the Memorandum of incorporation ("MOI"). The maximum borrowing levels in terms of the MOI are calculated by multiplying equity (as defined by the MOI) by a factor of 1,4.

Capital for the reporting period under review is summarised as follows:

	GROUP		COMPANY	
	2022 R000	2021 R000	**2022 R000**	2021 R000
Share capital	**173 001**	173 001	**173 001**	173 001
Fair value and other reserves	**84 187**	86 866	**79 513**	81 378
Retained earnings	**3 608 566**	3 349 736	**3 082 871**	2 917 989
Total capital	**3 865 754**	3 609 603	**3 335 385**	3 172 368
Gross borrowings	**1 436 703**	1 544 003	**1 414 744**	1 519 082
Cash and cash equivalents	**(332 455)**	(370 946)	**(309 873)**	(350 422)
Net borrowings level	**1 104 248**	1 173 057	**1 104 871**	1 168 660
Overall financing level (Total equity plus borrowings)	**4 970 002**	4 782 660	**4 440 256**	4 341 028
Capital-to-overall financing ratio	**78%**	75%	**75%**	73%

3. Cash and cash equivalents

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Bank current and call accounts	**253 413**	300 079	**259 934**	306 041
Funds held in trust on behalf of third parties	**79 042**	70 867	**49 939**	44 381
	332 455	370 946	**309 873**	350 422

Cash and cash equivalents are held by two financial institutions namely Standard Bank with a credit rating of BB- and Nedbank with a credit rating of BB. The cash and cash equivalents disclosed above and in the cash flow statements includes funds held in trust of R79,0 million (2021: R70,9 million). These funds are held with Nedbank and Standard Bank. These funds are specifically available for their intended use.

Cash held in Nedbank is held in a money market account amounting to R 208,5 million (2021: R286,4 million). These funds are measured at fair value.

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
4. Accounts receivable				
Rent debtors	**9 833**	10 427	**6 039**	5 922
Gross rent debtors	**29 753**	26 779	**15 765**	14 135
Less: Allowance for impairment	**(19 920)**	(16 352)	**(9 726)**	(8 213)
Trade receivables	**17 007**	15 091	**4 809**	4 809
Insurance pre-paid and claims receivable	**1 187**	1 114	**878**	756
Sundry deposits	**5 727**	5 838	**3 401**	3 348
Pre-paid expenses	**10 486**	10 097	**10 414**	10 033
Other	**53**	380	**1 944**	2 310
	44 293	42 947	**27 485**	27 178
5. Loans and receivables				
Gross loans and receivables	**3 405 325**	3 314 187	**3 405 325**	3 314 187
Less: effective interest rate (EIR) adjustment	**(16 468)**	(12 356)	**(16 468)**	(12 356)
Gross loans and receivables net of EIR adjustment	**3 388 857**	3 301 831	**3 388 857**	3 301 831
Less: Allowance for impairment	**(385 128)**	(459 204)	**(385 128)**	(459 204)
• Stage 1	**(19 504)**	(21 396)	**(19 504)**	(21 396)
• Stage 2	**(29 613)**	(24 799)	**(29 613)**	(24 799)
• Stage 3	**(336 011)**	(413 009)	**(336 011)**	(413 009)
Carrying value of loans and receivables	**3 003 729**	2 842 627	**3 003 729**	2 842 627
Long-term portion	**2 479 535**	2 324 691	**2 479 535**	2 324 691
Short-term portion	**524 194**	517 936	**524 194**	517 936
	3 003 729	2 842 627	**3 003 729**	2 842 627

5.1 Loans and receivables by loan type

5.1.1 Interest-bearing loans

These loans are secured and are priced at market rates representative of the risk of the investment and the quality and extent of the collateral pledged. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 4,75 and 27,00 percent (2021: 4,00 and 27,00 percent) per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Gross interest-bearing loans	**3 046 874**	2 968 875	**3 046 874**	2 968 875
Less: allowance for impairment	**(345 586)**	(412 283)	**(345 586)**	(412 283)
• Stage 1	**(18 257)**	(19 414)	**(18 257)**	(19 414)
• Stage 2	**(26 922)**	(23 072)	**(26 922)**	(23 072)
• Stage 3	**(300 407)**	(369 797)	**300 407**	(369 797)
	2 701 288	2 556 592	**2 701 288**	2 556 592

5.1.2 Shareholders' loans

These loans are unsecured, and are priced at interest rates between zero and 5,00 percent (2021: zero and 5,00 percent) per annum. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to the prime rate. Should the repayment terms of the loan be indeterminable the loan is recognised at cost. The amortised cost of the shareholders' loans approximates fair value.

Gross shareholders' loans	**176 423**	161 312	**176 423**	161 312
Less: allowance for impairment	**(13 148)**	(12 797)	**(13 148)**	(12 797)
• Stage 1	**(538)**	(752)	**(538)**	(752)
• Stage 2	**(273)**	(273)	**(273)**	(273)
• Stage 3	**(12 337)**	(11 772)	**(12 337)**	(11 772)
	163 275	148 515	**163 275**	148 515

5.1.3 Royalty agreements

The cash flows expected from royalty agreements are determined by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between 1,00 and 18,50 percent (2021: 1,00 and 27,00 percent). The amortised cost of royalty agreements approximates fair value.

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Royalty agreements	**165 560**	171 644	**165 560**	171 644
Less: allowance for impairment	**(26 394)**	(34 124)	**(26 394)**	(34 124)
• Stage 1	**(704)**	(1 230)	**(704)**	(1 230)
• Stage 2	**(2 423)**	(1 454)	**(2 423)**	(1 454)
• Stage 3	**(23 267)**	(31 440)	**(23 267)**	(31 440)
	139 166	137 520	**139 166**	137 520
Gross loans and receivables	**3 388 857**	3 301 831	**3 388 857**	3 301 831
Less: Allowance for impairment	**(385 128)**	(459 204)	**(385 128)**	(459 204)
Total for loans and receivables	**3 003 729**	2 842 627	**3 003 729**	2 842 627

At the reporting date, although the Group has not sold or repledged any of the collateral held, the Group has ceded contingent rights to its loans and receivables as collateral for a loan facility in the amount of approximately R1 billion (refer note 19.1 for detail on Borrowings).

6. Other investments

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Fair value through other comprehensive income financial assets	**61 468**	66 960	**61 464**	66 956
Carrying value of other investments	**61 468**	66 960	**61 464**	66 956
6.1 The movement in fair value through OCI financial assets is as follows:				
Fair value – beginning of year	**66 960**	83 017	**66 956**	83 013
Disposals	**(2 366)**	(20 376)	**(2 366)**	(20 376)
Acquisitions	**-**	65	**-**	65
Fair value (deficit)/surplus transferred to equity	**(3 126)**	4 254	**(3 126)**	4 254
Fair value – end of year	**61 468**	66 960	**61 464**	66 956
Fair value through OCI financial assets include the following:				
Listed securities	**449**	337	**449**	337
Unlisted securities	**61 019**	66 623	**61 015**	66 619
	61 468	66 960	**61 464**	66 956

The above investments at fair value through other comprehensive income comprise listed and unlisted shares. The fair value of listed shares is determined with reference to quoted prices on the relevant securities exchange. The fair value of unlisted shares is determined with reference to recognised valuation techniques performed by the suitably qualified personnel. The directors approve the valuation techniques.

7. Assets held for resale

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Repossessed properties - at the beginning of the year	**46 770**	35 888	**31 698**	35 882
Additions	**389**	15 067	**395**	-
Disposals	**(15 427)**	(4 085)	**(361)**	(4 084)
Impairment	**-**	(100)	**-**	(100)
Balance - end of year	**31 732**	46 770	**31 732**	31 698

Assets comprising mainly of properties were acquired on auction in order to recover the indebtedness of clients. These repossessed assets are reflected at the lower of cost or net realisable value.

8. Investments in associates

Audited financial statements are used to account for the share of associated companies' earnings. For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. For the current year, the impact is estimated to amounting to a profit of R0,3 million before tax (2021: profit before tax of R0,1 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Unlisted shares at cost	**1 459**	1 458	**1 459**	1 458
Share of retained earnings	**91 372**	90 250	**-**	-
Total for unlisted associates	**92 831**	91 708	**1 459**	1 458
Fair value of investment in associates	**333 916**	330 219	**333 916**	330 219

The valuation methods applied to determine the directors' valuation are consistent with the valuation guidelines recommended by the Southern African Venture Capital and Private Equity Association (SAVCA).

The movement in investments in associates is as follows:

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Balance – beginning of year	**91 708**	90 449	**1 458**	1 462
Share of results before tax (refer note 21)	**15 504**	14 057	**-**	-
Share of tax	**(4 527)**	(4 814)	**-**	-
Other movements (net of acquisitions and disposals)	**(9 854)**	(7 984)	**1**	(4)
Balance – end of year	**92 831**	91 708	**1 459**	1 458

The Group has investments in 342 associates (2021: 352), a list of which is available at the Company's registered office for inspection. The detail of the Groups' investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held, are not disclosed as these investments are not individually material to the results of the Group.

All balances included in investments in associates are from continued operations and do not have discontinued operations.

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9. Investments in subsidiaries and loans

	2022	2021
9.1 Investments in subsidiaries		
Unlisted shares at cost	**12**	9
	12	9
9.2 Loans to/(from) subsidiaries		
Loans to subsidiaries		
Interest free loans	**487 008**	478 096
Interest-bearing loans	**14 313**	17 971
	501 321	496 067
Loans (from) subsidiaries	**(73 092)**	(22 472)
Interest free loans		
	428 229	473 595

Interest-bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to purchase a property. The loan has a tenure of 10 years and interest is charged at prime less one percent.

The Company's interest in the aggregate net profits and losses of subsidiaries are:

	2022	2021
Profits	**85 220**	46 223
Losses	(3 660)	(16 727)

The details of the subsidiaries are disclosed in note 34.

9.3 Unconsolidated structured entities

The Group holds a 6,67 percent (2021: 6,67 percent) interest held by Business Partners Limited ('BPL') in Business Partners International Southern Africa Fund LLC ('SAF') and a 16,8 percent (2021: 16,8 percent) interest held by BPL in Business Partners International East Africa LLC ('EAF'). These entities are not consolidated.

SAF and EAF are USD 30 million and USD 35,7 million funds respectively incorporated in Mauritius and have the objective of investing capital, knowledge and skills in viable SMEs in Southern Africa (Malawi, Namibia and Zambia) and in East Africa (Kenya, Rwanda and Uganda) respectively. These funds are financed by issuing shares to investors.

SAF and EAF are managed by Business Partners International (Pty) Limited ('BPI'), a subsidiary of BPL. BPI earns a fee based on 2% of the fee commitment on EAF and 4% on SAF. The total fee income for the year is R13,6 million (2021: R15,9 million).

A fair value loss of R2,1 million (2021: R3,3 million loss) is included as 'Fair value adjustment on financial assets held at fair value through other comprehensive income' in the statement of comprehensive income being the change in fair value of BPL's interest in SAF and EAF.

The investment by the Group in SAF as at 31 March 2022 is USD 1.6 million (2021: USD 1,6 million) and of that USD 0,4 million (2021: 0,3 million) has been distributed back.

The total committed by the Group in EAF as at 31 March 2022 is USD 6,0 million (2021: USD 6,0 million) and of that USD 4.7 million (2021: 4.7 million) has been drawn down.

SAF is an investment fund with a 5 year investment period and 3 year disinvestment period, which ended on 31 March 2022. As a result of the disinvestment phase ending of 31 March 2022 it is the intention of management to collect all loans that are deemed to be recoverable by 30 September 2022, after which the liquidation process is expected to begin.

The table below reflects the sensitivity of the carrying amount of the unlisted shares as a result of changes in foreign exchange rates or the underlying net asset value of the funds.

		Effect on the carrying amount (R000)			
		SAF		EAF	
		2022	2021	**2022**	2021
Movement in foreign exchange rate by 1 USD\ZAR	Increase	**503**	824	**4 282**	4 186
	Decrease	**(503)**	(824)	**(4 282)**	(4 186)
Movement in foreign exchange rate by 1 USD\ZAR	Increase	**678**	1 242	**6 764**	8 209
	Decrease	**(678)**	(1 242)	**(6 764)**	(8 209)

10. Investment properties

	Industrial Sector R000	**Retail Sector R000**	Office Sector R000	**Other R000**	Total R000
GROUP					
31 March 2022					
Fair value – beginning of year	1 221 370	**424 280**	19 770	**50**	1 665 470
Acquisitions	39 129	**-**	3 556	**-**	42 685
First time consolidated investment properties	-	**-**	-	**-**	-
Improvements	2 487	**55**	-	**-**	2 542
Disposals	(7 249)	**-**	-	**-**	(7 249)
Fair value adjustment	21 209	**15 626**	(2 745)	**-**	34 090
Fair value – end of year	1 276 946	**439 961**	20 581	**50**	1 737 538
31 March 2021					
Fair value – beginning of year	1 196 875	**405 800**	45 799	**50**	1 648 524
Acquisitions	13 925	**-**	262	**-**	14 187
First time consolidated investment properties	-	**-**	(25 611)	**-**	(25 611)
Improvements	3 021	**688**	-	**-**	3 709
Disposals	-	**-**	-	**-**	-
Fair value adjustment	7 549	**17 792**	(680)	**-**	24 661
Transfer to property, plant and equipment	-	**-**	-	**-**	-
Fair value – end of year	1 221 370	**424 280**	19 770	**50**	1 665 470

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	Industrial Sector R000	**Retail Sector R000**	Office Sector R000	**Other R000**	Total R000
COMPANY					
31 March 2022					
Fair value – beginning of year	668 993	**211 490**	19 770	**51**	900 304
Acquisitions	-	**-**	-	**-**	-
Improvements	1 726	**-**	-	**-**	1 726
Disposals	(4 030)	**-**	-	**-**	(4 030)
Fair value adjustment	13 072	**(665)**	(2 744)	**-**	9 663
Fair value – end of year	679 761	**210 825**	17 026	**51**	907 663
31 March 2021					
Fair value – beginning of year	635 428	**209 160**	20 450	**51**	865 089
Acquisitions	13 426	**-**	-	**-**	13 426
Improvements	1 341	**600**	-	**-**	1 941
Disposals	-	**-**	-	**-**	-
Fair value adjustment	18 798	**1 730**	(680)	**-**	19 848
Fair value – end of year	668 993	**211 490**	19 770	**51**	900 304

All investment properties generated rental income during the financial year. The Group has not classified nor accounted for properties subject to an operating lease as investment property. As at 31 March 2022, the Group was committed to investing in properties to the value of R7,1 million (2021: R6,8 million).

10.1 Basis for Valuation

The valuation of the investment properties were performed internally by suitably qualified personnel using the discounted cash flow method. The discounted cash flow methodology calculates the net present value (fair value) of expected future income. The net cashflow of an asset for a period of 5-10 years is determined and are then discounted by the appropriate discount rate. The discount rates are calculated by applying the appropriate capitalisation rate as sourced from Rode's Report, the discount rate is determined with reference to the capitalisation rate and adjusted for specific property risk factors. These rates are approved by the valuation panel. Income assumptions take into account current rentals, market rentals and operating recoveries which are used to determine the gross rentals cashflows. Vacancy factors, capex assumptions and property expenses informed by actual and historical trends are then applied to determine the net operating cashflows for each period in the valuation model. The valuation parameters are reviewed and approved by the valuation panel.

On an annual basis a number of properties with consultation with members of the audit committee, are selected to be valued by external valuators to assess if the external values are aligned with the valuations of the internal valuation panel. The properties are selected on a rotational basis to avoid repeated valuations. The professional valuers, namely Quadrant Properties (Pty) Ltd are registered valuers in terms of the Property Valuers Professional Act, No. 47 of 2000 and are RICS Registered Valuers. The name of the valuers are Peter Parfitt and Natalie Azeredo who are a qualified valuers with over 20 years of experience valuing properties.

The estimated impact on the fair value of investment properties increase of R34,1 million (2021:increase of R24,1 million).

Significant unobservable inputs

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining the fair value for the Group's property portfolio were in the following range.

	Significant unobservable inputs (%, unless otherwise stated)			
	Industrial Sector	Retail Sector	**Office Sector**	Other*
Total property portfolio				
Discount rate	**15,49%**	14,85%	**15,19%**	19,15%
Average capitalisation note	**10,98%**	10,35%	**10,69%**	14,65%
Vacancies	**3,46%**	3,94%	**4,14%**	1,00%

* Other properties include Lichtenburg (residential)

Other key assumptions:

Rental escalations
SAPOA market rental escalation rates were assessed to determine an acceptable escalation rate per type of property in the portfolio. Based on the SAPOA November 2021 report, the following escalation rates were applied per industry classification:
i) industrial sector escalations: Year 1-5 at 5,0% and 5,5% from year 6-11;
ii) office sector escalations: Year 1-5 at 5,0% and 5,0% from year 6-11; and
iii) retail sector escalations: Year 1-5 at 5,0% and 5,5% from year 6-11"

Discount rate
The MSCI discount rates was used as a basis for the DCF calculation with an additional risk factor adjustment applied to the discount rates due to the age of buildings maintained in the portfolio:

- an additional risk factor of 2,5% applied to buildings erected post to 31 March 2006
- an additional risk factor of 1,5% applied to buildings erected prior to 31 March 2006

Inflation rate
Property expenses were escalated using an inflation rate of 6% whilst insurance and municipal expenses were escalated by 5% and 7% respectively.

Understanding the unobservable input

Discount rate
The discount rate is the annual return that a prudent, rational investor requires in order to invest in the property in a competitive market.

Vacancy rate
The vacancy rate refers to vacancies caused by difficulties in placing tenants in properties as a result of tenant movements and the rental market relationship between supply and demand for rental space. In the current year, vacancy rates include the impact of the COVID-19 pandemic and related government economic restrictions.

Rental growth
The rental growth factor refers to the anticipated growth in market rentals over the observed period of 10 years. Different growth rates were applied to different sectors.

Expense growth
The anticipated growth of investment property operating costs over the observable period of 10 years.

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Sensitivity analysis
Rental escalations and vacancies are the most sensitive inputs in the discounted cash flow model. The impact on the Group financial position that would arise from changes in vacancy rates and rental escalations are set out below. This illustrates the impact in respect of both owned properties and its share of those properties held in property equity partner transactions.

	Group R000	Company R000
Fair value at 31 March 2022	**1 737 538**	907 663
Impact of changes in inputs on fair value of investment properties:		
Increase in capitalisation / discount rates by 50bps	**1 668 546**	871 142
Increase in capitalisation / discount rates by 100bps	**1 605 518**	837 661
Decrease in capitalisation / discount rates by 50bps	**1 813 402**	947 679
Decrease in capitalisation / discount rates by 100bps	**1 897 220**	991 705

Geographical footprint
A register of the property portfolio is available for inspection at the Company's registered office. The geographical split of the property portfolio is set out below.

	GROUP		COMPANY	
	2022 R000	2021 R000	**2022 R000**	2021 R000
Province				
Eastern Cape	**208 110**	170 120	**61 832**	61 150
Free State	**20 317**	20 644	**3 199**	3 570
Gauteng	**670 377**	696 265	**178 530**	189 781
KwaZulu-Natal	**367 103**	374 448	**327 924**	337 660
Limpopo Province	**46 502**	44 280	**46 502**	44 280
Mpumalanga	**51 278**	43 150	**51 278**	43 150
North West	**47 598**	43 053	**47 598**	43 053
Northern Cape	**5 846**	5 650	**5 846**	5 650
Western Cape	**320 407**	267 860	**184 954**	172 010
	1 737 538	1 665 470	**907 663**	900 304

High-level portfolio summary 31 March 2022

	Industrial Portfolio	**Retail Portfolio**	Office Portfolio	**Other Portfolio**	Total
GROUP					
Number of properties	96	**17**	5	**1**	119
GLA m²	303 726	**39 497**	5 524	**140**	348 887
Vacancy m²	21 699	**2 919**	834	**-**	25 452
Vacancy %	7,1	**7,4**	15,1	**-**	7,3
Value R000	1 276 946	**439 961**	20 581	**50**	1 737 538
Value R000/ m²	4,2	**11,1**	3,7	**0,4**	5,0
COMPANY					
Number of properties	75	**9**	4	**1**	89
GLA m²	195 608	**15 418**	5 377	**140**	216 543
Vacancy m²	14 206	**2 497**	834	**-**	17 537
Vacancy %	7,3	**16,2**	15,5	**-**	8,1
Value R000	679 762	**210 826**	17 025	**50**	907 663
Value R000/ m²	3,5	**13,7**	3,2	**0,4**	4,2

Investment property items included in the statement of comprehensive income

The following items, regarding the investment properties, are included in the profit and loss component of the statement of comprehensive income:

	GROUP		COMPANY	
	2022 R000	2021 R000	**2022 R000**	2021 R000
• Rental income	**208 676**	190 883	**117 423**	109 422
• Recoveries	**111 944**	101 367	**65 747**	61 049
• Repairs and maintenance expenses	**17 170**	12 325	**9 147**	6 913
• Other operating expenses	**146 433**	137 917	**79 538**	75 517

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11. Property, equipment |and right-of-use asset

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
11.1 Equipment				
Cost – beginning of year	**40 720**	45 173	**39 543**	38 793
Acquisitions	**2 357**	1 028	**3 383**	1 000
Transfers from investment property	**1 023**	52	**-**	52
Disposals	**(583)**	(5 533)	**(519)**	(302)
Cost – end of year	**43 517**	40 720	**42 407**	39 543
Accumulated depreciation – beginning of year	**(35 456)**	(32 808)	**(34 388)**	(31 951)
Depreciation charged	**(2 176)**	(2 772)	**(2 144)**	(2 717)
Exchange differences	**21**	(157)	**-**	-
Depreciation on disposals	**491**	281	**491**	280
Accumulated depreciation – end of year	**(37 120)**	(35 456)	**(36 041)**	(34 388)
Closing net carrying value	**6 397**	5 264	**6 366**	5 155
11.2 Land and buildings				
Cost – beginning of year	**112 357**	105 934	**-**	-
Additions	**-**	25 612	**-**	-
Improvements	**-**	-	**-**	-
Disposals	**-**	(19 189)	**-**	-
Cost – end of year	**112 357**	112 357	**-**	-
Accumulated depreciation – beginning of year	**(11 275)**	(14 289)	**-**	-
Depreciation charged	**(1 108)**	(1 108)	**-**	-
Depreciation on disposals	**-**	4 122	**-**	-
Accumulated depreciation – end of year	**(12 383)**	(11 275)	**-**	-
Closing net carrying value	**99 974**	101 082	**-**	-

Included in land and buildings are owner occupied properties at a carrying amount of R100,0 million (2021: R101,1 million).

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
11.3 Right-of-use asset				
Cost – beginning of year	**28 023**	25 139	**95 816**	75 307
Additions	**-**	4 205	**1 739**	21 224
Improvements	**-**	-	**-**	-
Exchange differences	**(151)**	(606)	**-**	-
Disposals	**(1 186)**	(715)	**(1 186)**	(715)
Cost – end of year	**26 686**	28 023	**96 369**	95 816
Accumulated depreciation – beginning of year	**(13 655)**	(6 702)	**(32 954)**	(14 736)
Depreciation charged	**(5 975)**	(7 196)	**(17 416)**	(18 325)
Depreciation on disposals	**1 112**	107	-	107
Exchange differences	**(316)**	136	**-**	-
Accumulated depreciation – end of year	**(18 834)**	(13 655)	**(50 370)**	(32 954)
Closing net carrying value	**7 852**	14 368	**45 999**	62 862
The right-of-use asset relates to property.				
The right-of-use assets' titles are restricted by the lease liabilities as disclosed in note 18.				
Total net carrying value for property, equipment and right-of-use asset	**114 223**	120 714	**52 365**	68 017

12. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 27 percent (2021: 28 percent).

An aging of deferred tax assets and deferred tax liabilities are as follows:

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Deferred tax asset				
• Deferred tax assets to be recovered after more than 12 months	**31 414**	28 814	**30 278**	27 618
• Deferred tax assets to be recovered within 12 months	**146 888**	174 770	**152 981**	182 206
	178 302	203 584	**183 259**	209 824
Deferred tax liability				
• Deferred tax liabilities to be recovered after more than 12 months	**(43 352)**	(52 164)	**(43 271)**	(52 067)
• Deferred tax liabilities to be recovered within 12 months	**(222 983)**	(227 718)	**(207 412)**	(218 293)
	(266 335)	(279 882)	**(250 683)**	(270 360)
Net deferred tax liabilities	**(88 033)**	(76 298)	**(67 424)**	(60 536)

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The corporate income tax rate will reduce to 27 percent (from 28 percent) with effect for years of assessment ending on and after 31 March 2023. The deferred tax was calculated on a principle rate of 27 percent as it relates to income tax payable in future periods. The Group has concluded that the deferred tax assets are recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to continue generating taxable income into the foreseeable future.

The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Balance - beginning of the year	**(76 298)**	(69 283)	**(60 536)**	(59 756)
Charge to profit and loss component of the statement of comprehensive income				
• Provisions	**(13 158)**	21 776	**(11 501)**	20 114
• Investment properties	**(1 783)**	(11 476)	**1 343**	(4 538)
• Fair value adjustments: financial instruments	**764**	(1 068)	**784**	(1 444)
• Defined benefit pension fund surplus	**408**	(4 922)	**408**	(4 922)
• Assessed losses	**(43)**	(1 335)	**-**	-
Charged directly to other comprehensive income	**2 077**	(9 990)	**2 078**	(9 990)
Balance - end of the year	**(88 033)**	(76 298)	**(67 424)**	(60 536)
Net deferred tax liabilities consist of temporary differences relating to:				
Provisions	**129 936**	142 943	**123 363**	134 713
Investment properties	**(123 891)**	(122 108)	**(99 163)**	(100 506)
Fair value adjustments: financial instruments	**(30 312)**	(31 606)	**(27 805)**	(29 119)
Defined benefit pension fund surplus	**(63 819)**	(65 624)	**(63 819)**	(65 624)
Assessed losses	**53**	97	**-**	-
Net deferred tax liability	**(88 033)**	(76 298)	**(67 424)**	(60 536)

13.1 Post-employment benefits

13.1.1 Defined contribution pension fund

The Group pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Group has no legal or constructive obligation to pay additional contributions to the fund apart from those contributions that are contractual between the employer and employee. Should the fund not hold sufficient assets to pay employee benefits, no liability to make any additional contribution can or will accrue to the Group. The amounts included in the statement of comprehensive income under staff costs for the defined contribution fund are R10,8 million (2021: R10,6 million).

13.1.2 Defined benefit pension fund

The Group operates a defined benefit pension fund for the benefit of pensioners providing a guaranteed level of pension payable. The fund is closed to new members and has no active members.

The Trustees of the Pension Fund and the Board of Directors resolved to settle the defined benefit pension liability and post-employment medical benefit liability through the purchase of two insurance policies for defined benefit pensioners and post-employment medical benefit retirees respectively, additional information on the post-employment medical benefit is included in note 13.2. The plan assets of the Pension Fund were used to settle the defined benefit liability and the post-employment medical benefit liability.

The insurance policy was purchased effective 1 June 2021 and from this date, Sanlam Life Insurance Ltd is responsible for the payment of the monthly pensions, the Group was therefore liable for expenses for two months in the current financial period . On approval from the Financial Sector Conduct Authority ("FSCA"), the owner of the insurance policy will be amended from the Pension Fund to the respective defined benefit pensioners.

As at 31 March 2022 the Group had not yet received approval from the FSCA and consequently, the defined benefit liability and the corresponding insurance policy asset are attributable to Business Partners Ltd.

The Pension Funds Second Amendment Act of 2001 ("the PF Act") regulates surplus apportionment and avoids the inappropriate distribution of surpluses. In terms of the rules of the Fund, the surpluses in the Fund are for the benefit of the employer and are recognised in full as an asset on the statement of financial position. The net increase in the value of the surplus of R2,0 million (2021: decrease of R70,1 million) after considering the costs of settlement is accounted for in the statement of comprehensive income.

	Group R000	Company R000
13.1.3 Amount recognised in the statement of financial position		
Market value of assets	**330 479**	315 524
Present value of defined benefit obligation	**(94 110)**	(81 154)
Defined benefit pension fund surplus	**236 369**	234 370
13.1.4 Defined benefit plan reconciliations		
Defined benefit pension fund surplus - beginning of year	**234 370**	163 901
Movement in obligation	**(14 412)**	(14 640)
Movement in plan assets	**17 637**	85 868
Expenses and tax paid	**(1 226)**	(759)
Defined benefit pensions fund surplus - end of year	**236 369**	234 370
Reconciliation of the movement in the defined benefit obligation:		
Defined benefit obligation - beginning of year	**81 154**	75 332
Interest expense	**1 556**	8 663
Benefits paid	**(1 456)**	(8 818)
Benefit improvement	**11 860**	-
Remeasurements	**93 114**	75 177
	996	5 977
Change in actuarial assumptions - loss/(gain)	**996**	8 049
Experience adjustments - (gain)	**-**	(2 072)
Defined benefit obligation - end of year	**94 110**	81 154
Reconciliation of the movement in the plan assets:		
Market value of assets - beginning of year	**315 524**	239 233
Investment return	**17 456**	26 999
Remeasurement	**181**	58 869
Benefits paid	**(1 456)**	(8 818)
Expenses and tax paid	**(1 226)**	(759)
Market value of assets - end of year	**330 479**	315 524

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	Group R000	Company R000
13.1.5 Nature of the pension fund assets		
The pension fund assets are administered by asset managers in accordance with prudential guidelines, and consist of the following:		
Equity assets and other	**-**	195 291
Capital market assets	**-**	76 255
Money market assets	**-**	37 180
Property related assets	**-**	6 798
Investment fund	**165 591**	-
Qualifying insurance policies	**164 888**	-
	330 479	315 524

The Pension Fund assets are invested in insurance policies that adhere to Regulation 28 of the Pension Funds Act.

R164,9 million of the pension fund assets was utilised to purchase insurance policies to settle the defined benefit pension fund and post-employment medical aid benefit scheme on 1 June 2021.

	Group R000	Company R000
13.1.6 Movements in defined benefit plan accounted for in the statement of comprehensive income		
Investment return	**15 900**	18 336
Expenses and tax paid	**(1 226)**	(759)
Benefit improvement	**(11 860)**	-
Total included in staff costs (refer note 24)	**2 814**	17 577
Remeasurements and movement recognised in other comprehensive income before tax	**(819)**	**52 892**
Actual return on assets	**181**	58 869
Change in financial assumptions - gain/(loss)	**-**	(8 049)
Change in demographic assumptions - gain/(loss)	**-**	-
Experience adjustments - (loss)/gain	**(1 000)**	2 072
Total recognised in the statement of comprehensive income	**1 995**	70 469

13.2 Post-employment medical benefits

The Group operates a post-employment medical aid benefit scheme for employees and pensioners who were in the service of the Group on or before 1 April 1999. The Board of Directors resolved to settle the liability by purchasing an insurance policy for the retirees and to pay a lump sum to the current employees' retirement fund. The employer surplus of the Pension Fund was utilised to settle of the liabilities in compliance with the Pension Funds Act and the rules of the Pension Fund.

It was the policy of Business Partners Ltd to increase the post-employment medical benefit by 89% of inflation annually. As part of the settlement terms of the post-employment medical benefit, the subsidy amount was increased by a once off amount of 10%. The insurance policy ensures annual increases at 100% of inflation.

The insurance policy was purchased effective 1 June 2021 and from this date Sanlam Life Insurance Ltd is responsible for the payment of the monthly post-employment medical benefits. On approval from the FSCA, the owner of the insurance policy will be amended from the Pension Fund to the respective post-employment medical benefit retirees.

As at 31 March 2022 the Group had not yet received approval from the FSCA and consequently the post-employment medical benefit liability and the corresponding insurance policy asset are attributable to Business Partners Ltd

	Group R000	Company R000
The real discount rate was determined as follows:		
Nominal rate on high quality interest bearing bond	**11,11%**	11,11%
Real rate on high quality interest bearing bond	**3,86%**	3,86%
Implied price inflation	**6,98%**	6,98%
Subsidy inflation rate (89 percent of implied price inflation)	**6,21%**	6,21%
Nominal rate on high quality interest bearing bond	**11,11%**	11,11%
Subsidy inflation rate	**6,21%**	6,21%
Real discount rate	**4,61%**	4,61%
13.2.1 Amount recognised in the statement of financial position		
Liability - beginning of year	**83 791**	75 634
Benefits paid	**(4 228)**	(5 709)
Benefit improvement recognised in comprehensive income for the year	**10 661**	-
Recognised in comprehensive income for the year	**3 450**	9 498
Recognised in other comprehensive income before tax	**2**	4 368
Liability - end of year	**93 676**	83 791
13.2.2 Movements in post-employment medical benefits accounted for in the statement of comprehensive income		
Interest expense	**64**	8 977
Current service cost	**123**	521
Benefit improvement	**10 661**	-
Total included in staff costs (refer note 24)	**10 848**	9 498
Remeasurements and movement recognised in other comprehensive income before tax	**2**	4 368
Change in economic assumptions - loss / (gain)	**2**	8 294
Experience adjustments - loss/ (gain)	**-**	(1 294)
Change in demographic profile - loss/ (gain)	**-**	(2 632)
Total recognised in the statement of comprehensive income	**10 850**	13 866

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13.4 Cash flow impact

No contributions will be made to the defined benefit pension fund and the post-employment medical benefit in the coming financial year. Contributions to the defined contribution fund are expected to approximate R10,3 million.

The defined benefit pension fund and the post-employment medical aid benefit are expected to be settled within 12 months after the financial year end.

The expected maturity analysis of the undiscounted pension and post-employment medical benefits at 31 March 2022 is set out below

	Less than 1 year R000	**Between 1 and 2 years R000**	Between 2 and 5 years R000	**Over 5 years R000**	Total R000
Defined benefit pension fund	94 110	**-**	-	**-**	94 110
Post-employment medical benefits	93 676	**-**	-	**-**	93 676
	187 786	**-**	-	**-**	187 786

	GROUP		COMPANY	
	2022 R000	2021 R000	**2022 R000**	2021 R000
14. Share capital				
14.1 Authorised				
400 000 000 ordinary shares of R1 each	**400 000**	400 000	**400 000**	400 000
14.2 Issued				
173 000 594 (2021: 173 000 594) ordinary shares of R1 each	**173 001**	173 001	**173 001**	173 001
	173 001	173 001	**173 001**	173 001

		Net actuarial (loss)/gain on post-retirement benefits R000	**Fair value adjustment to financial instruments R000**	Foreign currency translation reserve R000	**Share of other comprehensive income of associates R000**	Total R000
15. Fair value and other reserves*						
GROUP						
Balance at 01 April 2021		95 483	**1 567**	(12 513)	**2 329**	86 866
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	(819)				(819)
	- tax	1 396				1 396
Post-employment medical benefits	- gross	2				2
	- tax	151				151
Revaluation of financial instruments	- gross		**1 480**			1 480
	- tax		**(303)**			(303)
Currency translation differences	- gross			(4 440)		(4 440)
	- tax			833		833
Share of associates' other comprehensive income					**(979)**	(979)
Balance at 31 March 2022		96 213	**2 744**	(16 120)	**1 350**	84 187
Balance at 01 April 2020		60 546	**(1 784)**	4 133	**2 289**	65 184
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	52 892				52 892
	- tax	(14 810)				(14 810)
Post-employment medical benefits	- gross	(4 368)				(4 368)
	- tax	1 223				1 223
Revaluation of financial instruments	- gross		**4 319**			4 319
	- tax		**(968)**			(968)
Currency translation differences	- gross			(21 210)		(21 210)
	- tax			4 564		4 564
Share of associates' other comprehensive income					**40**	40
Balance at 31 March 2021		95 483	**1 567**	(12 513)	**2 329**	86 866

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		Net actuarial (loss)/gain on post-retirement benefits R000	**Fair value adjustment to financial instruments R000**	Foreign currency translation reserve R000	**Share of other comprehensive income of associates R000**	Total R000
COMPANY						
Balance at 01 April 2021		95 483	**1 567**	(15 672)	**-**	81 378
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	(819)				(819)
	- tax	1 396				1 396
Post-employment medical benefits	- gross	2				2
	- tax	151				151
Revaluation of financial instruments	- gross		**1 480**			1 480
	- tax		**(303)**			(303)
Currency translation differences	- gross			(4 605)		(4 605)
	- tax			833		833
Balance at 31 March 2022		96 213	**1 567**	(12 513)	**-**	79 513
Balance at 31 March 2020		60 546	**(1 784)**	140	**-**	58 902
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	52 892				52 892
	- tax	(14 810)				(14 810)
Post-employment medical benefits	- gross	(4 368)				(4 368)
	- tax	1 223				1 223
Revaluation of financial instruments	- gross		**4 319**			4 319
	- tax		**(968)**			(968)
Currency translation differences	- gross			(20 376)		(20 376)
	- tax			4 564		4 564
Balance at 31 March 2021		95 483	**1 567**	(15 672)	**-**	81 378

* The nature and purpose of each reserve is detailed in the respective accounting policies.

	GROUP		**COMPANY**	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
16. Accounts payable				
Tenant deposits held	**26 333**	23 098	**16 534**	15 024
Funds held in trust	**15 780**	14 829	**-**	-
Trade vendors	**14 073**	10 169	**6 421**	(4 869)
Statutory vendors	**17 441**	(194)	**8 100**	(1 642)
Prepaid and deferred income	**14 149**	20 978	**9 854**	17 464
Other	**7 545**	7 396	**3 273**	3 365
	95 321	76 276	**44 182**	29 342

	Leave Pay R000	**Bonus R000**	Total R000
17. Provisions			
GROUP			
Balance at 01 April 2020	17 762	**28 698**	46 460
Provided for the year	3 007	**25 662**	28 669
Utilised during the year	(2 787)	**(25 012)**	(27 799)
Balance at 31 March 2021	17 982	**29 348**	47 330
Balance at 01 April 2021	17 982	**29 348**	47 330
Provided for the year	1 651	**37 778**	39 429
Utilised during the year	(2 357)	**(30 245)**	(32 602)
Balance at 31 March 2022	17 276	**36 881**	54 157
COMPANY			
Balance at 01 April 2020	17 024	**27 807**	44 831
Provided for the year	3 137	**25 032**	28 169
Utilised during the year	(2 835)	**(24 184)**	(27 019)
Balance at 31 March 2021	17 326	**28 655**	45 981
Balance at 01 April 2021	17 326	**28 655**	45 981
Provided for the year	1 634	**37 850**	39 484
Utilised during the year	(2 456)	**(30 245)**	(32 701)
Balance at 31 March 2022	16 504	**36 260**	52 764

The provision for leave pay is determined in terms of the contractual obligations incorporated in the conditions of employment. The provision for bonuses is payable within three months after finalisation of the audited financial statements.

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	GROUP		COMPANY	
	2022	2021	2022	2021
	R000	R000	R000	R000
18. Lease liability				
Lease liability	**8 993**	16 422	**51 573**	68 200
Non-current	**2 324**	10 342	**32 798**	51 324
Current	**6 669**	6 080	**18 775**	16 876
Lease liabilities reconciliation				
Opening balance	**16 422**	19 266	**68 200**	63 137
Additions	**-**	4 205	**1 739**	21 224
Terminations or cancellations	**-**	(777)	**(1 472)**	(777)
Interest expense	**1 092**	1 852	**5 126**	6 657
Payments	**(7 396)**	(7 217)	**(22 020)**	(22 041)
Payment of principal portion	**(6 304)**	(5 364)	**(16 893)**	(15 384)
Payment of interest portion	**(1 092)**	(1 853)	**(5 127)**	(6 657)
Exchange and other movements	**(1 125)**	(907)	**-**	-
Closing balance	**8 993**	16 422	**51 573**	68 200

19. Borrowings				
19.1 Non-current				
Interest free Jobs Fund loan	**29 498**	31 651	**29 498**	31 651
Interest-bearing long-term loans	**915 576**	950 523	**893 617**	925 602
	945 074	982 174	**923 115**	957 253
Current				
Short-term portion of long-term loans	**491 629**	561 829	**491 629**	561 829
	1 436 703	1 544 003	**1 414 744**	1 519 082

The nature and terms of the interest-bearing long-term loans are as follows:

- Loans secured by bonds amounting to R692 million over properties and incurring interest at rates between prime minus 0,6 percent and prime minus 1,0 percent.
  The loans' repayment terms are 5 and 10 years respectively. Refer note 2.3.3."

- Two loans are secured by a cession amounting to R2,85 billion of loans and receivables and incurring interest at prime minus 1,5 percent. The loan's repayment terms are 10 years.

The nature and terms of the Interest-free Jobs Fund loan is as follows:

The Group obtained a facility amounting to R48,7 million during the 2014 financial year. This interest free loan is intended to facilitate the establishment of new franchises through the advancement of loans to SMEs. Drawdowns took place over a 3 year period and the disbursement period has come to an end in 2021 after a 5 year period. All capital recovered has been distributed in terms of the agreement.

Some of the Company's loan agreements (classified as non-current during the year) are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company exceeded the upper limits of the 90 days arrears percentage on loan's receivable, for a facility with an outstanding balance of R133,3 million at the financial year-end. The funder, a South African development finance institution has waived the event of default. The full outstanding balance was settled in April 2022.

	GROUP		COMPANY	
	2022	2021	2022	2021
	R000	R000	R000	R000
19.2 Net debt reconciliation				
Net debt by repayment term				
Cash and cash equivalents	**332 445**	370 496	**309 873**	350 422
Borrowings - repayable within one year (including overdraft)	**(491 629)**	(561 829)	**(491 629)**	(561 829)
Borrowings - repayable after one year	**(945 074)**	(982 174)	**(923 115)**	(957 253)
Net debt	**(1 104 258)**	(1 173 507)	**(1 104 871)**	(1 168 660)
Net debt by interest structure				
Cash and cash equivalents	**332 445**	370 496	**309 873**	350 422
Gross debt - fixed interest rates	**(29 498)**	(31 651)	**(29 498)**	(31 651)
Gross debt - variable interest rates (including overdraft)	**(1 407 205)**	(1 512 352)	**(1 385 246)**	(1 487 431)
Net debt	**(1 104 258)**	(1 173 507)	**(1 104 871)**	(1 168 660)
19.3 Total borrowings reconciliation				
Opening balance	**1 544 003**	1 653 794	**1 519 082**	1 653 794
Interest	**73 322**	86 887	73 322	86 887
Repayments	**(379 659)**	(316 047)	**(379 659)**	(316 047)
Drawdowns	**204 153**	104 462	204 153	104 462
Other movements	**(5 116)**	14 907	(2 154)	(10 014)
	1 436 703	1 544 003	1 414 744	1 519 082

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
20. Revenue				
Interest income	**357 670**	336 748	**359 487**	340 069
Interest on loans and receivables	**255 332**	224 009	**257 235**	227 436
Interest on surplus funds	**9 181**	11 381	**9 095**	11 275
Royalty fees	**93 157**	101 358	**93 157**	101 358
Interest expense	**(76 519)**	(89 230)	**(76 519)**	(89 230)
Interest on loans and receivables	**(76 519)**	(89 230)	**(76 519)**	(89 230)
	281 151	247 518	**282 968**	250 839
21. Investment income and gains				
Investment income	**94 657**	29 670	**65 177**	36 995
Interest on loans and receivables	**59 957**	29 667	**65 261**	36 898
Interest on surplus funds	**34 685**	-	**(248)**	-
Royalty fees	**15**	3	**164**	97
Investment gains	**49 223**	35 268	**9 312**	16 709
Interest on loans and receivables	**15 504**	14 057	**-**	-
Interest on surplus funds	**34 090**	24 191	**9 663**	19 749
Royalty fees	**(371)**	(2 980)	**(351)**	(3 040)
	143 880	64 938	**74 489**	53 704
22. Net property revenue				
22.1 Property revenue				
Revenue from contracts with tenants				
Total contracted rental income	**208 676**	190 883	**117 423**	109 422
Contracted rental income	**208 676**	203 302	**117 423**	118 103
COVID-19 contracted rental income discounts	**-**	(12 419)	**-**	(8 681)
Electricity recovered	**45 903**	41 928	**24 469**	22 968
Assessment rates recovered	**26 961**	23 238	**16 069**	14 471
Security recovered	**13 663**	12 287	**8 966**	8 099
Other costs recovered	**25 417**	23 914	**16 243**	15 511
Non-contractual revenue				
Penalty interest	**1 237**	1 178	**669**	718
Lease administration fee	**1 378**	1 729	**1 378**	1 728
Commission earned	**200**	4	**200**	4
	323 435	295 161	**185 417**	172 921

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
22.2 Property expenses				
Property expenses	**146 433**	137 917	**79 538**	75 517
Property maintenance	**17 170**	12 325	**9 147**	6 913
Impairments	**3 657**	11 451	**1 601**	5 188
Bad debts	**3 921**	2 641	**1 923**	1 599
	171 181	164 334	**92 209**	89 217
23. Net credit losses				
Loans and receivables written off	**59 354**	35 170	**56 331**	35 169
Legal and other expenses incurred on recovery	**8 152**	4 079	**8 152**	4 074
Impairments (released)/created	**(74 076)**	79 123	**(74 076)**	79 125
Stage 1	**(1 892)**	(32 878)	**(1 892)**	(32 878)
Stage 2	**4 814**	(17 973)	**4 814**	(17 973)
Stage 3 (includes suspended interest in Stage 3)	**(76 998)**	129 974	**(76 998)**	129 976
Recovery of loans and receivables written off	**(16 503)**	(21 104)	**(16 503)**	(21 099)
	(23 073)	97 268	**(26 096)**	97 269
24. Staff costs				
Remuneration at cost to company	**153 406**	150 146	**144 757**	140 841
Post-employment medical benefits (refer note 13.2.1)	**14 111**	9 498	**14 111**	9 498
Bonuses and provisions	**38 227**	30 695	**37 096**	29 796
	205 744	190 339	**195 964**	180 135
Defined benefit pension fund gain (refer note 13.1.6)	**(2 814)**	(17 577)	**(2 814)**	(17 577)
Indirect staff costs	**4 550**	2 031	**4 521**	1 980
	204 217	174 793	**194 408**	164 538
25. Other operating expenses				
Computer expenses	**16 137**	15 540	**16 063**	15 474
Depreciation	**9 259**	11 078	**19 560**	20 936
Office expenses	**3 825**	3 581	**25 451**	25 073
Professional services	**25 149**	21 946	**22 619**	19 094
Public relations and advertising	**9 094**	5 035	**9 059**	5 033
Telephone, postage, printing and stationery	**2 962**	2 792	**2 821**	2 683
Other sundries	**1 925**	1 442	**(9 834)**	(13 788)
	68 351	61 414	**85 739**	74 505

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
26. Profit from operations				
The following items have been included in arriving at profit from operations:				
Depreciation on property and equipment	**3 284**	3 880	**2 144**	2 717
Directors' emoluments:				
• as directors (refer note 32.2)	**3 113**	2 513	**3 113**	2 513
• as management (refer note 32.2)	**12 656**	6 923	**12 656**	6 923
Auditor's remuneration:				
• audit	**6 291**	5 794	**5 338**	4 867
• other services	**96**	360	**96**	358
Surplus on realisation of property and equipment	**(84)**	(3)	**(84)**	(3)
27. Tax expense				
27.1 Tax charge though profit and loss component of comprehensive income				
Income tax - current year	**50 787**	30 215	**32 182**	18 614
- prior year	**-**	-	**-**	-
Deferred tax - current year	**13 812**	(2 975)	**8 965**	(9 211)
- prior year	**1 923**	1 289	**827**	-
	66 522	28 529	**41 974**	9 403
Dividends withholding tax	**-**	106	**-**	-
Tax of associated companies	**4 527**	4 814		
Capital gains tax	**20 957**	8 215	**14 700**	8 215
	92 006	41 664	**56 674**	17 618
27.2 Reconciliation of rate of taxation				
South African normal tax rate (%)	**28,00**	28,00	**28,00**	28,00
Adjusted for:	**-1,86**	2,33	**-2,42**	-3,94
Income not subject to tax (%)	**0,00**	0,00	**-0,02**	-0,04
Non-deductible expenses (%)	**0,05**	0,48	**-0,07**	0,23
Dividends withholding tax (%)	**0,00**	0,08	**0,00**	0,00
Income subject to capital gains tax (%)	**-2,23**	-1,01	**-1,91**	-4,32
Prior year adjustments (%)	**0,10**	0,72	**0,16**	0,19
Other (%)	**0,22**	2,07	**-0,58**	0,00
Effective tax rate on profit before taxation (%)	**26,14**	30,33	**25,58**	24,06

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
27.3 Tax charge through other comprehensive income				
Actuarial remeasurement on defined benefit pension fund	**1 396**	(14 810)	**1 396**	(14 810)
Actuarial remeasurement on post-retirement medical aid obligation	**151**	1 223	**151**	1 223
Fair value adjustment of financial assets held at fair value through other comprehensive income	**(303)**	(968)	**(303)**	(968)
Foreign currency translation movement	**833**	4 564	**833**	4 564
Other comprehensive income	**2 077**	(9 991)	**2 077**	(9 991)

28. Earnings per share

Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during the year.

28.1 Basic earnings per share		
Net profit after tax	**257 861**	94 122
Weighted number of ordinary shares ('000)	**173 001**	173 001
Basic earnings per share (cents)	**149.1**	54.4
28.2 Headline earnings per share		
Net profit	**257 861**	94 122
Adjustments net of tax		
• Capital profit on sale of equipment	**(65)**	(2)
• Profit on realisation of property investments	**(26 916)**	-
• Profit on realisation of associates	**(46 527)**	(23 022)
• Fair value adjustment of investment properties	**(26 454)**	(18 772)
Headline earnings	**157 899**	52 326
Headline earnings per share (cents)	**91,3**	30,2

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29. Dividend per share

A dividend of 25,0 cents per share and a special dividend of 5,0 cents (2021: Rnil) was declared in respect of the 2022 financial year.

The dividend is subject to a dividend withholding tax at 20 percent . Tax payable is 6,0 cents per share, which results in a net dividend of 24,0 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

A dividend in respect of 2022 of 25 cents per share was declared on 01 June 2022, due to shareholders registered on 17 August 2022, payable on or about 23 August 2022.

30. Commitments and lease agreements

30.1 Capital commitments

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Loans and receivables approved but not advanced	**370 427**	385 279	**370 427**	385 279
Capital committed in respect of purchase of investment properties	**7 070**	6 850	**7 070**	6 850
	377 497	392 129	**377 497**	392 129

30.2 Lease commitments – group company as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 6 years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

The amount paid in respect of operating leases during the year amount to R7,4 million (2021: R7,2 million) for Group and R22,0 million (2021: R22,0 million) for Company.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
• 1 year	**7 095**	7 147	**22 375**	22 001
• between 1 and 5 years	**2 376**	10 455	**36 997**	58 094
• after 5 years	**-**	-	**-**	-
	9 471	17 602	**59 372**	80 095

30.3 Lease receivables – group company as lessor

The Group leases its properties to tenants under long-term operating leases with rentals payable monthly. The future minimum lease payments receivable from these long-term operating leases are as follows:

	Less than 1 year R000	Between 1 and 5 years R000	**Over 5 years R000**	Total R000
Group	**174 897**	199 195	**16 978**	391 070
Company	**92 435**	94 115	**10 153**	196 703

31. Cash flow information

31.1 Non-cash adjustments

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
Income from associated companies (refer note 21)	**(15 504)**	(14 057)	**-**	-
Surplus on sale of assets	**(94 726)**	(29 671)	**(65 907)**	(36 901)
Fair value adjustment of investment properties (refer note 21)	**(34 090)**	(24 191)	**(9 663)**	(19 749)
Fair value adjustment of financial instruments	**(9 757)**	(18 022)	**(9 757)**	(18 022)
Depreciation (refer note 11)	**9 259**	11 076	**19 560**	20 935
Net credit losses	**(6 570)**	118 372	**(9 593)**	118 367
• Loans and receivables written off (refer note 23)	**59 354**	35 170	**56 331**	35 169
• Legal and other expenses incurred on recovery (refer note 23)	**8 151**	4 079	**8 151**	4 074
• Impairments (released) / created (refer note 23)	**(74 075)**	79 123	**(74 075)**	79 124
Credit losses - rent debtors	**7 492**	14 614	**3 437**	6 820
Movement on post-retirement benefits	**(11 224)**	(8 079)	**(11 224)**	(8 079)
	(155 120)	50 042	**(83 147)**	63 371

31.2 Adjustment for net interest income per income statement

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Deduct interest income (refer note 20)	**(357 670)**	(336 748)	**(359 487)**	(340 069)
Add back interest expenses (refer note 20)	**76 519**	89 230	**76 519**	89 230
	(281 151)	(247 518)	**(282 968)**	(250 839)

31.3 Adjustment for net interest received in cash

	GROUP 2022 R000	GROUP 2021 R000	COMPANY 2022 R000	COMPANY 2021 R000
Interest income received in cash	**244 179**	211 932	**244 179**	211 932
Interest expense paid in cash	**(75 810)**	(84 223)	**(75 810)**	(84 233)
	168 369	127 709	**168 369**	127 699

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	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
31.4 Other movements in assets and liabilities				
Provisions	**2 600**	(4 839)	**2 554**	(4 558)
Decrease/ (increase) in assets held for resale	**15 038**	(10 882)	**(28)**	4 185
Decrease/ (increase)in accounts receivable	**(1 346)**	1 937	**(306)**	894
Decrease/ (increase) in accounts payable	**19 045**	(3 779)	**14 832**	(9 360)
	35 337	(17 563)	**17 052**	(8 839)
31.5 Taxation paid				
Taxation (liability) / asset - beginning of year	**(13 209)**	47 730	**(15 014)**	46 709
Tax provision for the year	**(92 006)**	(41 664)	**(56 674)**	(17 618)
Deferred tax	**13 812**	(2 975)	**8 965**	(9 211)
Paid by associated companies	**4 527**	4 814	**-**	-
Taxation liability/ (asset) - end of year	**(3 726)**	13 209	**(543)**	15 014
Taxation paid during the year	**(90 602)**	21 114	**(63 266)**	34 894
31.6 Dividends paid				
Dividends payable - beginning of year	**(2 320)**	(2 415)	**(2 320)**	(2 415)
Dividends declared	**-**	-	**-**	-
Dividends payable - end of year	**1 173**	2 320	**1 173**	2 320
Dividends paid during the year	**(1 147)**	(95)	**(1 147)**	(95)

32. Related parties

The Group defines related parties as:

- subsidiaries;
- key management personnel, being the Board of directors and executive members of the Group; and
- close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependants.

All transactions with related parties were at arms' length.

In the current reporting period, no contracts were entered into in which directors or key management personnel had an interest and which significantly affected the business of the Group.

The directors had no interest in any third-party or company responsible for managing any of the business activities of the Group.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
32.1 Loans to / from related parties				
Loans to subsidiaries			**473 595**	549 678
Balance - beginning of the year			**(62 245)**	(76 083)
Amount (repaid) during the year				
			411 350	473 595
Balance - end of the year			**-**	-
Dividends received from subsidiaries			**-**	-
Refer note 34 for the details of the loans to subsidiaries				
32.2 Director's Remuneration				
Mr CW Ceaser			**200**	170
Ms O Kotze			**312**	263
Ms M Lubbe			**150**	138
Mr AM Mahosi			**238**	175
Mr MD Matshamba			**125**	18
Mr N Martin			**525**	500
Mr F Meisenholl			**388**	250
Ms H Moliea Tshivhase			**175**	175
Mr D Moshapalo			**325**	275
Mr SST Ngcobo			**225**	213
Mr NJ Williams			**450**	336
Total			**3 113**	2 513
Key management are the Prescribed Officer and the Public Officer.				
Executive directors				
Mr BD Bierman			**6 231**	5 123
- Salary			**3 900**	3 900
- Bonuses and performance related payments*			**2 331**	1 223
Ms RA Dolphin (appointed as an executive director on the 7th of July 2021)**			**4 520**	1 800
- Salary			**2 520**	1 800
- Bonuses and performance related payments*			**2 000**	-
Mr J Lang (appointed as an executive director on the 7th of July 2021)			**1 905**	-
- Salary			**1 905**	-
- Bonuses and performance related payments***			**-**	-
Grand total			**15 769**	9 436

Notes to the consolidated and separate financial statements
for the year ended 31 March 2022

* The bonuses and performance related payments paid during 2021 resulted from bonuses and performance related payments earned and accrued for during 2020.

** Ms RA Dolphin also serves as a prescribed officer.

*** The bonuses and performance related payments paid during 2022 resulted from bonuses and performance related payments earned and accrued for during 2021. Please note that the remuneration for Mr J Lang does not reflect an incentive portion due to his appointment being post incentive date, furthermore his salary is proportional to date of appointment.

	GROUP		COMPANY	
	2022	2021	**2022**	2021
	R000	R000	**R000**	R000
33. Loans to associates				
Balance - beginning of the year	**1 124 269**	1 185 493	**1 124 269**	1 185 493
Loans advanced during the year	**218 695**	106 170	**218 695**	106 170
Loan repayments received	**(173 970)**	(151 956)	**(173 970)**	(151 956)
Loans written off	**(21 765)**	(15 438)	**(21 765)**	(15 438)
Balance - end of the year	**1 147 229**	1 124 269	1 147 229	1 124 269
Loans to associates consist of the following:				
– Interest bearing loans	**970 806**	952 488	**970 806**	952 488
– Shareholders loans	**176 423**	171 781	**176 423**	171 781
Total loans to associates	**1 147 229**	1 124 269	1 147 229	1 124 269
The allowance for impairment as disclosed in note 5 as it relates to loans to associates is as follows:				
Impairment provision - beginning of the year	**88 393**	113 288	**88 393**	113 288
Impairment allowance raised on new investments	**2 778**	364	**2 778**	364
Impairment reversed on investments written off / repaid	**(8 942)**	(14 500)	**(8 942)**	(14 500)
Increase in impairment allowance on existing investments	**17 435**	22 826	**17 435**	22 826
Decrease in impairment allowance on existing investments	**(23 494)**	(33 585)	**(23 494)**	(33 585)
Impairment provision - end of the year	**76 170**	88 393	**76 170**	88 393

The loans provided to associates are part of the investment activities of the Group and comprise of interest-bearing loans and shareholders' loans. The interest bearing loans have an average payment period of seven years. The majority of shareholders' loans have no scheduled repayment date. Loans to associates are not required to be settled in the associate's shares.

	Share percentage held		Shares at cost		Loans	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**R**	R	**R000**	R000
34. Principal subsidiaries						
Business Partners International (Pty) Ltd	**100**	80	**100**	80	**9 180**	6 545
Business Partners Properties 002 (Pty) Ltd	**100**	100	**1 000**	1 000	**459 472**	451 088
Business Partners Property Brokers (Pty) Ltd	**100**	100	**100**	100	**(2 449)**	(2 453)
Business Partners Ventures 1 (Pty) Ltd	**100**	100	**100**	100	**(5 142)**	(5 187)
Cussonia Trust (Pty) Ltd	**100**	100	**3**	3	**(51 559)**	(2 185)
Fifth Season Investments 114 (Pty) Ltd	**80**	80	**96**	96	**3 235**	3 802
Finance for the Third Millennium (Pty) Ltd 1	**100**	100	**100**	100	**692**	682
JRC Properties (Pty) Ltd	**100**	100	**100**	100	**(12 509)**	(11 409)
Labrihof Properties (Pty) Ltd 2	**53**	53	**530**	530	**4 586**	5 105
Lindros Investments (Pty) Ltd	**100**	100	**4 000**	4 000	**-**	-
SF Coetzee Eiendomme (Pty) Ltd 2	**-**	60	**-**	72	**-**	3 441
Unitrade 106 (Pty) Ltd	**100**	100	**100**	100	**(1 432)**	(1 237)
Yeoman Properties 1016 (Pty) Ltd 2	**80**	80	**80**	80	**-**	-
K2014214395 (South Africa) (Pty) Ltd 2	**73**	73	**730**	730	**9 203**	9 203
Shock Proof Investments 232 (Pty) Ltd 2	**80**	80	**800**	800	**1 500**	1 500
Vargalor (Pty) Ltd 2	**60**	60	**600**	600	**13 452**	14 700
2771 Holdings (Pty) Ltd 2	**85**	85	**850**	850	**-**	-
BECA Properties (Pty) Ltd 2	**60**	60	**600**	600	**-**	-
R300 Warehouse Park (Pty) Ltd 2	**70**	70	**700**	700	**-**	-
Franchize Partners (Pty) Ltd - indirectly held 3						
Business Partners International Madagascar Société Anonyme - indirectly held 4						
Business Partners International Kenya Ltd - indirectly held 5						
Business Partners International Rwanda Ltd - indirectly held 4						
Business Partners International Adviser Ltd - indirectly held 5						
Business Partners International Namibia (Pty) Ltd - indirectly held 4						
Business Partners International Zambia Ltd - indirectly held 5						
			10 589	10 641	**428 229**	473 595

Notes to the consolidated and separate financial statements
for the year ended 31 March 2022

All holdings are in the ordinary share capital of the entity concerned.

1. Dormant subsidiaries.
2. The financial year of these subsidiaries is 28 February. Consolidation of the results are based on the latest audited financial statements received.
3. Franchize Partners Proprietary Limited is a wholly-owned subsidiary of Business Partners Ventures 1 Proprietary Limited.
4. This is a wholly-owned subsidiary of Business Partners International Proprietary Limited.
5. These subsidiaries are owned by Business Partners Limited (1 percent shareholding) and Business Partners International Proprietary Limited (99 percent shareholding).

35. Events subsequent to the statement of financial position date

The FSCA approved the transfer of the two insurance policies from the pension fund to the respective beneficiaries on 14 April 2022 with an effective date of 1 August 2021.

The FSCA approved the transfer to settle the post-employment medical benefit for current employees on 12 May 2022.

The impact of the above transactions is a reduction of the defined benefit pension fund surplus of R187,4 million and the derecognition of the post-employment medical benefit liability of R93,7 million in the 2023 financial year.

Annexures to the report

Glossary

BER	Bureau for Economic Research
Business Partners Limited, BPL or the company	Business Partners Limited
COSO	Committee of Sponsoring Organisations
ERM	Enterprise risk management
IAR	Integrated annual report
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
<IR> Framework	Integrated Reporting Framework
King IV	King Report on Corporate Governance™ for South Africa, 2016
SBDC	Small Business Development Corporation Limited
SDGs	United Nations Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SEDA	Small Enterprise Development Agency
SMEs	small and medium enterprises
SMMEs	small, micro and medium enterprises
the board	the board of directors
the Companies Act	Companies Act, 71 of 2008, as amended

Notes

Notes

Business Partners Limited
Company registration number: 1981/000918/06

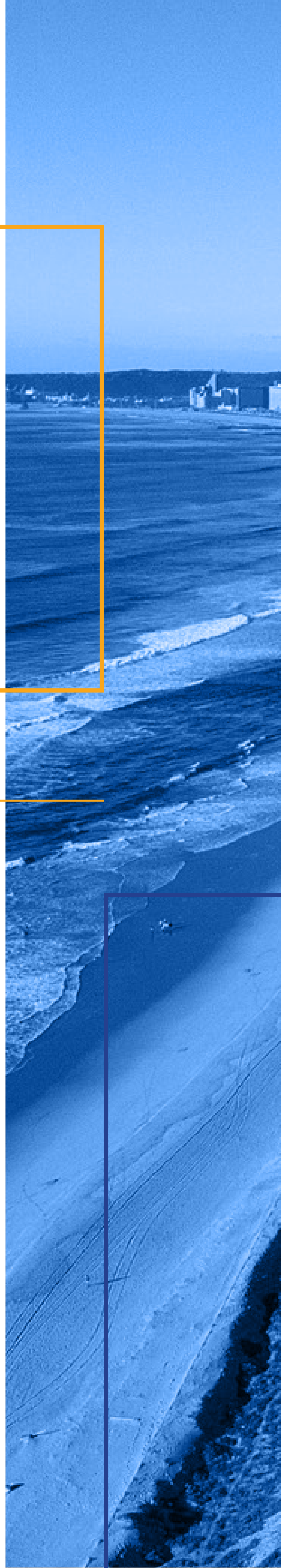
Registered office
37 West Street
Houghton Estate
Johannesburg 2198
South Africa

PO Box 7780
Johannesburg 2000

+27 (0)11 713 6600

businesspartners.co.za
smetoolkit.businesspartners.co.za
eoy.co.za

enquiries@businesspartners.co.za



South African offices

South Africa (+27)

Entrepreneurs Growth Centre	(0)861 763 346
Bellville	(0)21 464 3600
Bethlehem	(0)58 303 7842
Bloemfontein	(0)51 430 9846
Cape Town	(0)21 464 3600
Durban (Westville)	(0)31 240 7700
East London	(0)43 721 1525
East London (Arcadia)	(0)43 743 5485
East Rand (Boksburg)	(0)11 395 4150
George	(0)44 873 6112
Johannesburg	(0)11 713 6600
Kimberley	(0)76 879 9402
Pietermaritzburg	(0)33 347 0120
Polokwane	(0)15 297 1571
Port Elizabeth	(0)41 367 1082
Pretoria	(0)12 347 3208
Richards Bay	(0)35 789 7301
Umhlanga	(0)31 566 5626
Upington	(0)54 331 1172

International offices
businesspartners.africa

Kenya (+254)
Nairobi (0)20 280 5000/1
enquiries@businesspartners.co.ke

Malawi (+265)
Blantyre (0)1 811 769
T (0)212 248 563/564
F (0)1 873 768
enquiries@businesspartners.mw

Namibia (+264)
Windhoek (0)61 273 668
F (0)61 273 669
enquiries@businesspartners.com.na

Rwanda (+250)
Kigali (0)252 585 065
enquiries@businesspartners.rw

Uganda (+256)
Kampala T (0)414 505 236
enquiries@businesspartners.co.ug

This annual report cover is inspired by all the entrepreneurs of KwaZulu Natal that have had to rebuild their businesses post the July 2021 social unrest and 2022 floods.