



**AFFINITY  
INTERNATIONAL**

**2024**  
**ANNUAL REPORT**



# AFFINITY INTERNATIONAL

**Affinity International Limited, and Its Subsidiaries**

**(Registration number 52632)**

Consolidated annual financial statements for the year ended  
29 February 2024

These consolidated financial statements were prepared by:  
L Reyneke & Associates Incorporated

Issued : 11 October 2024

# GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	Bermuda
<b>Nature of business and principal activities</b>	Investment Holding
<b>Directors</b>	M Hewlett J Watlington L A de Koker
<b>Registered office</b>	Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
<b>Business address</b>	Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
<b>Postal address</b>	PO Box HM 833 Hamilton HM CX Bermuda
<b>BSX Listing Sponsor</b>	Clarien BSX Services Limited
<b>Auditors</b>	L Reyneke & Associates Inc. Chartered Accountants Registered Auditors
<b>Secretary</b>	Alexander Management LTD
<b>Issued</b>	11 October 2024



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**Published**

11 October 2024



# RISK MANAGEMENT AND INTERNAL AUDIT COMMITTEES

## INTERNAL AUDIT

The Risk Management and Internal Audit Committees considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan. All internal audit reports were reviewed and discussed at meetings and, where appropriate, recommendations were made to the Board.

Management has reviewed the internal control over internal financial controls, including disclosure and procedures, and presented their findings to the Audit and Risk Committee. Based on this review, nothing has come to the attention of the Committee to indicate that significant internal financial controls have not operated as intended.

## RISK MANAGEMENT

The Committee reviewed the Company risk register prior to it being presented to the Board. The Committee also had two meetings dedicated to risk during the year where matters of risk were discussed.

## GOING CONCERN STATUS

The Committee has considered the going concern status of the Company on the basis of review of the annual financial statements and the information available to the Committee and recommended such going concern status for the adoption by the Board.

The Board statement on the going concern status of the Company is contained on page 15 in the statement of directors' responsibilities.



## DISCHARGE OF RESPONSIBILITIES

The Committee is satisfied that during the financial year under review it has conducted its affairs, discharged its legal and other responsibilities as outlined in its charter. The Board concurred with this assessment

## ANNUAL REPORT

The Committee has considered all factors and risks that may impact the integrity of this annual report. The Committee has reviewed and discussed the audited financial statements with the external auditors and executive management as reported in the annual report. Apart from the annual financial statements set out on pages 17 to 77 that form part of the annual report, no other external assurance has been obtained for information contained in the annual report.

The Committee is satisfied that the report complies with the Bermuda Companies Act, 1981 and IFRS and has therefore recommended the annual financial statements for approval to the Board.

Signed by: Alon de Koker  
Signed at: 2024-10-21 19:14:46 +02:00  
Reason: Witnessing Alon de Koker



**A D de Koker**  
Chairman of Risk Management Committee

Signed by: Mandy Cronje  
Signed at: 2024-10-21 11:54:51 +02:00  
Reason: Witnessing Mandy Cronje



**M Cronje**  
Chairman of the Internal Audit Committee



# DIRECTORS' RESPONSIBILITIES AND APPROVAL

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The directors are required in terms of the Bermuda Companies Act 1981 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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





The directors have reviewed the Company's cash flow forecast for the year to 28 February 2025 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 13 to 77, which have been prepared on the going concern basis, were approved by the board of directors on 11 October 2024 and were signed on their behalf by:

### Approval of financial statements



**M Hewlett**  
Group Chief Executive Officer

Signed by:Lori Adiella De Koker  
Signed at:2024-10-21 19:52:20 +02:00  
Reason:Witnessing Lori Adiella De Koker



**L de Koker**  
Director



# REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of affinity international  
limited and its subsidiary



## REGISTRATION NUMBER : 52632

We have audited the Consolidated Annual Financial Statements of Affinity International Limited and Its Subsidiary set out on pages 17 to 77, which comprise the Statement of Financial Position as at 28 February 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

## OPINION

In our opinion, the Consolidated Annual Financial Statements present fairly, in all material respects, the financial position of Affinity International Limited and Its Subsidiary as at 28 February 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Annual Financial Statements of the current year. The matters were address in the context of our audit of the Consolidated Annual Financial Statements as a whole, and in forming our opinion there on, and we do not provide separate opinion on these matters.

We have determine that there are no key audit matters to communicate in our report.



## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to issuing this report. Other information does not include the Consolidated annual financial statements and our auditor's report thereon.

Our opinion on the Consolidated Annual 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 Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The group's directors are responsible for the preparation and fair presentation of the Consolidated Annual Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of Consolidated Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Annual 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 International Standards on Auditing 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 Annual Financial Statements.





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

- ④ Identify and assess the risks of material misstatement of the Consolidated Annual Financial Statements, whether due to fraud, error, or 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.
- ④ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ④ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ④ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ④ Evaluate the overall presentation, structure and content of the Consolidated Annual Financial Statements, including the disclosures, and whether the Consolidated Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

*L Reyneke & Associates Inc.*

**Leonard Reyneke**

*Director*

*Chartered Accountants • Registered Auditors*

11 October 2024

**L. REYNEKE & ASSOCIATES INCORPORATED**

Registered Auditors • Tax Advisors • Secretarial Practitioners • Management Consultants • Accountants

**PHYSICAL ADDRESS:**

**POSTAL ADDRESS:** PO Box 67376 Highveld 0169

**DIRECTOR:** L. Reyneke, CA (SA) RA

**POSTAL ADDRESS:** +27 11 315 4283

**ASSOCIATE:** ST Dawson, AGA (SA)



# DIRECTORS REPORT

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The directors have pleasure in submitting their report on the annual financial statements of Affinity International Limited, and Its Subsidiaries for the year ended 29 February 2024.

## 01 | INCORPORATION

The Company was incorporated in Bermuda under registration number 52632 on 05 June 2017, and obtained its certificate to commence business on the same day.

Affinity International Limited is an investment holding company and is listed on the Bermuda Stock Exchange (BSX). The business profile of the Affinity International Limited Group includes the supply of medical cover, medicine and other related services, financial services and information technology.

Affinity International Limited's registered office is located at Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda.

The BSX is a member of the World Federation of Exchanges (WFE), an affiliate member of the International Organisation of Securities Commission (IOSCO) and regulated by the Bermuda Monetary Authority (BMA). The BSX is recognised by the US Securities Exchange Commission as a Designated Offshore Securities Exchange (DOSM), and by the UK Financial Services Authority (FSA) as a 'Designated Investment Exchange'.

## 02 | REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The results of the Group are set out in the attached annual financial statements, reflected on pages 13 to 77.

## 03 | SHAREHOLDING AND CHANGES

The company was incorporated with an authorised capital of \$50,000, consisting of 1,000 shares of \$0.001 par value Class A Voting Shares (the Class A Voting Shares) and 49,999,000 shares of \$0.001 par value Class B Non-voting Shares (the Class B Non-Voting Shares).





The Company has issued 200 Class A Voting Shares since the date of incorporation on 23 October 2019, and 10,000,000 Class B Non-voting Shares at a par value of US\$0.001 per share on 23 October 2019. The authorised and issued share capital of the Company as at 29 February 2024 is set out in Note 12 “Share Capital” of the consolidated financial statements.

## 04 | ACCOUNTING PRACTICES

The financial statements for the year ended 29 February 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the IFRS Interpretations Committee (IFRS IC), interpretations applicable to companies reporting under IFRS, the Financial Reporting Standards Council. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

## 05 | DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

Dividend to the value of USD 709,009 was declared and paid during the year review.

## 06 | DIRECTORATE

Directors	Office	Designation	Nationality
M Hewlett	Chief Executive Officer	Executive	South African
L A de Koker		Non-Executive	Hungarian
J Watlington		Non- Executive	Bermudian
M F Wilson	Resigned on 20 September 2024		



## 07 | DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the Company had an interest and which significantly affected the business of the company.

## 08 | SOLVENCY CAPITAL

The directors note that the Company complied with the statutory capital requirements as at 29 February 2024. Please refer to the Solvency Capital section in Note 33: Risk and Capital Management for further details.

## 09 | EVENTS AFTER THE REPORTING PERIOD

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

## 10 | GOING CONCERN

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

## 11 | AUDITORS

L Reyneke & Associates Incorporated acted as auditors for the Company and Group for 2024.

## 12 | SECRETARY

The company secretary is Alexander Management Ltd.



## 13 | INTEREST IN SUBSIDIARY COMPANY

Name	Cost (USD)	Held by Company
Affinity Health (Botswana) Private Ltd	<u>12</u>	100%
	<u>12</u>	





# STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

Expressed in USD	Note(s)	Company (2024)	Company (2023)	Group (2024)	Group (2023)
<b>Assets</b>					
<i>Non-Current Assets</i>					
Property, plant and equipment	2	-	-	1,787,149	1,407,517
Investment property at fair value	3	-	-	7,153,461	-
Goodwill	4	-	-	1,413,790	175,128
Investment in subsidiary	5	12	12	-	-
Other financial assets	10	-	-	11,075,924	8,596,742
Loans to group companies	6	732,968	732,968	-	-
Deferred tax	7	-	-	-	36,750
		<b>732,980</b>	<b>732,980</b>	<b>21,430,324</b>	<b>10,216,137</b>
<i>Current Assets</i>					
Inventories	8	-	-	41,164	37,909
Trade and other receivables	9	-	-	702,006	534,519
Other financial assets	10	-	-	382,352	1,080,852
Current tax receivable		-	-	344,587	316,062
Cash and cash equivalents	11	-	-	24,622,301	24,021,283
		-	-	<b>26,092,410</b>	<b>25,990,625</b>
<b>Total Assets</b>		<b>732,980</b>	<b>732,980</b>	<b>47,522,734</b>	<b>36,206,762</b>
<b>Equity and Liabilities</b>					
<i>Equity</i>					
Share capital	12	10,000	10,000	10,000	10,000
Reserves		-	-	(6,935,758)	(5,534,508)
Retained income		-	-	45,366,584	35,023,271
Non-Controlling interest		-	-	28,542	11,694
		<b>10,000</b>	<b>10,000</b>	<b>38,469,368</b>	<b>29,510,457</b>
<i>Liabilities</i>					
<i>Non-Current Liabilities</i>					
Other financial liabilities	13	722,980	722,980	722,980	722,980
Insurance Contract Liabilities	16	-	-	246,418	-
Deferred tax	7	-	-	15	-
		<b>722,980</b>	<b>722,980</b>	<b>969,413</b>	<b>722,980</b>
<i>Current Liabilities</i>					
Trade and other payables	14	-	-	3,077,200	2,678,630
Finance Lease Liability	15	-	-	1,430	-
Other financial liabilities	13	-	-	271	15,131
Current tax payable		-	-	249,545	384,147
Insurance contract liabilities	16	-	-	4,755,507	2,895,417
		-	-	<b>8,083,953</b>	<b>5,973,325</b>
<b>Total Liabilities</b>		<b>722,980</b>	<b>722,980</b>	<b>9,053,366</b>	<b>6,696,305</b>
<b>Total Equity and Liabilities</b>		<b>732,980</b>	<b>732,980</b>	<b>47,522,734</b>	<b>36,206,762</b>



# STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

As at 29 February 2024

Expressed in USD	Note(s)	Company (2024)	Company (2023)	Group (2024)	Group (2023)
Revenue	17	-	-	58,458,648	66,836,783
Direct Costs		-	-	(21,022,188)	(25,275,899)
Insurance revenue (IFRS 17)	18	-	-	32,257,323	-
Insurance service expenses (IFRS 17)	19	-	-	(30,678,422)	-
<b>Gross profit</b>		<b>-</b>	<b>-</b>	<b>39,015,361</b>	<b>41,560,884</b>
Other operating income	20	-	-	1,928,555	207,521
Other operating expenses		-	-	(27,883,342)	(27,070,539)
<b>Operating profit</b>	22	<b>-</b>	<b>-</b>	<b>13,060,574</b>	<b>14,697,866</b>
Investment income and insurance finance results (IFRS 17)	21	-	-	30,146	-
Insurance finance expense for insurance contract issued (IFRS 17)	21	-	-	(19,457)	-
Investment income	23	-	-	1,705,411	1,755,100
Fair value adjustment	24	-	-	618,442	142,784
Finance costs	25	-	-	(7,698)	(155,527)
<b>Profit before taxation</b>		<b>-</b>	<b>-</b>	<b>15,387,418</b>	<b>16,440,223</b>
Taxation	27	-	-	(4,412,725)	(4,948,652)
<b>Profit for the year</b>		<b>-</b>	<b>-</b>	<b>10,974,693</b>	<b>11,491,571</b>
<b>Other comprehensive income:</b>					
Exchange differences on translating foreign operations		-	-	(1,401,250)	(5,103,672)
<b>Other comprehensive loss for the year net of taxation</b>		<b>-</b>	<b>-</b>	<b>(1,401,250)</b>	<b>(5,103,672)</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>9,573,443</b>	<b>6,387,899</b>
<b>Total comprehensive income attributable to:</b>					
Owners of Affinity International Limited, and Its Subsidiaries		-	-	9,556,595	6,417,845
Non-controlling interest		-	-	16,848	(29,946)
		<b>-</b>	<b>-</b>	<b>9,573,443</b>	<b>6,387,899</b>



# STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2024

Expressed in USD	Company Share Capital	Company Retained Income	Company Total Equity	Group Share Capital	Group Foreign Currency Translation Reserve	Group Retained Income	Group Non-Controlling Interest	Group Total Equity
<b>Balance at 01 March 2022</b>	10,000	-	10,000	10,000	(430,824)	23,501,754	41,640	23,122,558
Profit for the year	-	-	-	-	-	11,521,517	(29,946)	11,491,571
Other comprehensive income	-	-	-	-	(5,103,672)	-	-	(5,103,672)
<b>Total comprehensive income for the year</b>	-	-	-	-	(5,103,672)	11,521,517	(29,946)	6,387,899
<b>Balance at 01 March 2023</b>	10,000	-	10,000	10,000	(5,534,508)	35,023,271	11,694	29,510,457
Profit for the year	-	-	-	-	-	10,957,845	16,848	10,974,693
Other comprehensive income	-	-	-	-	(1,401,250)	-	-	(1,401,250)
Group share of reserves	-	-	-	-	-	-	-	-
- Business Combination	-	-	-	-	-	94,477	-	94,477
Acquisitions (Note 30)	-	-	-	-	-	(709,009)	-	(709,009)
Dividends paid (Note 26)	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	(1,401,250)	10,343,313	16,848	8,958,911
<b>Balance at 29 February 2024</b>	10,000	-	10,000	10,000	(6,935,758)	45,366,584	28,542	38,469,368
Note(s)	12			12				





# STATEMENT OF CASH FLOWS

Expressed in USD	Note(s)	Company (2024)	Company (2023)	Group (2024)	Group (2023)
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	-	-	13,845,769	9,212,974
Interest income		-	-	1,735,557	1,755,100
Finance costs		-	-	(27,155)	(155,527)
Dividends Paid	26	-	-	(709,009)	-
Tax paid	29	-	-	(4,539,087)	(6,937,197)
<b>Net cash from operating activities</b>		<b>-</b>	<b>-</b>	<b>10,306,075</b>	<b>3,875,350</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	2	-	-	(1,074,023)	(212,761)
Additions through merge of PPE	2	-	-	(124,159)	-
Proceeds on disposal of property, plant and equipment		-	-	8,610	-
Additions through merge of investment property at fair value	3	-	-	(8,778,389)	-
Additions of investment property at fair value	3	-	-	(781,381)	-
Proceeds of disposal of investment property		-	-	460,492	-
Business combinations and acquisitions		-	-	(217,598)	-
(Increase)/decrease in other financial assets		-	-	(1,291,687)	1,275,179
<b>Net cash from investing activities</b>		<b>-</b>	<b>-</b>	<b>(11,798,135)</b>	<b>1,062,418</b>
<b>Cash flows from financing activities</b>					
Increase in other financial liabilities		-	-	(14,860)	(15,131)
Increase / (decrease) in insurance contract liabilities		-	-	2,106,508	(2,744,771)
Finance lease payments		-	-	1,430	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>	<b>2,093,078</b>	<b>(2,759,902)</b>
<b>Total cash movement for the year</b>		<b>-</b>	<b>-</b>	<b>601,018</b>	<b>2,177,866</b>
<b>Total cash at the beginning of the year</b>		<b>-</b>	<b>-</b>	<b>24,021,283</b>	<b>21,843,417</b>
<b>Total cash at end of the year</b>	11	<b>-</b>	<b>-</b>	<b>24,622,301</b>	<b>24,021,283</b>



# ACCOUNTING POLICIES

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## CORPORATE INFORMATION

Affinity International Limited is a limited company incorporated and domiciled in Bermuda.

The annual financial statements for the year ended 29 February 2024 were authorised for issue in accordance with a resolution of the directors on 11 October 2024.

## 01 | SIGNIFICANT ACCOUNTING POLICIES

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

### 1.1 | BASIS OF PREPARATION

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Bermuda Companies Act of 1981

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

These accounting policies are consistent with the previous period, except for the changes set out in Accounting Policy 1.17

### 1.2 | CONSOLIDATION BASIS OF CONSOLIDATION

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

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



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

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

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

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

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

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

Where a subsidiary is disposed of and a non-controlling shareholding is retained. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## **Business combinations**

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

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.





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

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

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

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

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

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

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

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



## 1.3 | SIGNIFICANT JUDGEMENTS AND SOURCE OF ESTIMATIONS UNCERTAINTY

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

### **Critical judgements in apply accounting policies**

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

#### **Trade and other receivables:**

The Company assesses its trade and other receivables for impairment at the end of each reporting period. The areas of uncertainty lies with assessing the recoverability of the receivables and the ability of the third party to meet the obligation of payment. The expected credit loss is assessed by taking into account forward looking factors like cash flows which are not certain. Refer to note 31: Risk and Capital Management for further details.

#### **Insurance contract liabilities:**

Please refer to Note 16 relating to the significant judgements and source of estimation uncertainty relating to Insurance contract liabilities.

#### **Taxation:**

The tax expense and liability is managements' estimate of the final tax liability of the entity, which will be finalised once assessed by the South African Revenue Services.

Management believes that the estimates and assumptions that were used in respect of tax assets and liabilities at the end of the reporting period are reasonable

#### **Going Concern:**

Management and the directors' annual assesment of the Company's ability to continue as a going concern (refer to note 34: Going Concern) requires estimates to be made in respect of future income, expenses and cash flows, the impact of new business or business being lost and statutory capital requirements. This judgement has a major impact on the basis on which the financial statements are prepared.



Management believes that the estimates and assumptions that were used in order to determine the inputs that were used to make judgements in respect of the Company's ability to continue as a going concern at the end of the reporting period are reasonable.

## 1.4 | PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

Item	Depreciation Method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	10 years
Other property, plant and equipment	Straight line	5 years





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

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

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

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

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

## 1.5 | INVESTMENTS IN SUBSIDIARIES

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

## 1.6 | FINANCIAL INSTRUMENTS

### Initial recognition

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

The Company recognise a financial asset or a financial liability in the statement of financial position when the Company become party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



## **Financial assets - Assessment whether contractual cash flows are solely payments of principle and interest:**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Company's financial instruments consist primarily of the following instruments and their measurement principles:

### **Principles under IAS 39 Financial Instruments: Recognition and Measurement:**

- ④ Loans and receivables consist of other receivables and cash and cash equivalents.
- ④ Other financial liabilities consist of interest-bearing liabilities and other payables measured at amortised cost.

### **Principles under IFRS 9 Financial Instruments: Recognition and Measurement at cost:**

- ④ Financial assets at amortised cost consist of other receivables and cash and cash equivalents.
- ④ Other financial liabilities consists of interest-bearing liabilities and other payables.

### **Impairment of financial assets**

Impairment of Non-derivative financial assets

### **Principles under IAS 39 Financial Instruments: Recognition and Measurement at cost:**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.



For financial assets, measured at amortised cost using the effective interest method, the following objective evidence is considered in determining when an impairment loss has been incurred:

- ④ A breach of contract, such as default or delinquency in repayments; and
- ④ It is becoming probable that the debtor will enter bankruptcy or other financial Re-organisation (such as business rescue).

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. For financial assets measured at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance for credit losses account.

**Financial instruments held by the company are classified in accordance with the provisions of IFRS 9, Financial Instruments. Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:**

#### **Financial assets:**

- ④ Amortised cost
- ④ At fair value through profit or loss

#### **Financial liabilities:**

- ④ Amortised cost.
- ④ At fair value through profit or loss.

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

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





## Trade and other receivables

### **Classification:**

Trade and other receivables are classified as financial assets subsequently measured at amortised cost (note 9).

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

### **Recognition and measurement:**

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

They are subsequently measured at amortised cost.

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

### **Impairment:**

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

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



### **Measurement and recognition of expected credit losses:**

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

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

### **Write off policy:**

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

## **Trade and other payables**

### **Classification:**

Trade and other payables (note 14) are classified as financial liabilities subsequently measured at amortised cost.

### **Recognition and measurement:**

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

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

Other payables expose the company to liquidity risk. Refer to note 14 for details of risk exposure and management thereof.

### **Cash and cash equivalents:**

Cash and cash equivalents are carried at amortised cost.

The company has elected to classify cash flows from interest paid and received as operating activities, cash flows from dividends received as investing activities, and cash flows from dividends paid as financing activities.



## **Derecognition:**

### *Financial assets:*

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

### *Financial liabilities:*

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

## **1.7 | TAX**

### **Current tax assets and liabilities**

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

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

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

### **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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





## Tax expenses

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

- ④ A transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- ④ a business combination.

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

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

## 1.8 | LEASES

### Company as lessee:

Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis. The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.



Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

### **Company as lessor:**

Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.



Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

## 1.9 | INVENTORIES

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

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

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

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

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

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

## 1.10 | IMPAIRMENT OF ASSETS

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

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





- ④ tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- ④ tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

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

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

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

## 1.11 | SHARE CAPITAL AND EQUITY

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.



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

## 1.12 | EMPLOYEE BENEFITS SHORT-TERM EMPLOYEE BENEFITS

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

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

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

## 1.13 | PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- ④ the company has a present obligation as a result of a past event;
- ④ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- ④ a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating losses.

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



A constructive obligation to restructure arises only when an entity:

- ④ has a detailed formal plan for the restructuring, identifying at least;
  - ④ The business or part of a business concerned;
  - ④ The principal locations affected;
  - ④ The location, function, and approximate number of employees who will be compensated for terminating their services;
  - ④ The expenditures that will be undertaken; and
  - ④ When the plan will be implemented; and
- ④ has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

- ④ the amount that would be recognised as a provision; and
- ④ the amount initially recognised less cumulative amortisation. Contingent assets and contingent liabilities are not recognised.

## 1.14 | REVENUE FROM CONTRACTS WITH CUSTOMERS

The company recognises revenue from the following major sources:

- ④ Dividends received from its investments - Holding company
- ④ Sales of service in the form of medical cover contracts - Subsidiary company
- ④ Sale of goods in the form of medical supplies – Subsidiary company

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





## 1.15 | BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- ④ Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- ④ Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- ④ expenditures for the asset have occurred;
- ④ borrowing costs have been incurred, and
- ④ activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 1.16 | TRANSLATION OF FOREIGN CURRENCIES

### Foreign currency transactions

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

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





## 1.17 | INSURANCE AND REINSURANCE CONTRACT ACCOUNTING TREATMENT

### 1.17.1 Contracts not measured in terms of IFRS 17

Insurance Contract Liabilities consist of estimate of the total claims incurred after year end, but not yet paid: Claims reserves consist of two parts:

- ④ Claims incurred and reported and admitted during the financial period, which have as yet not been paid (IBNS).
- ④ Estimate of claims incurred during the financial period which have not as yet

The sum of the two reserves should equal the probability-weighted expected cash outflow, plus an explicit adjustment for risk, with discounting applied if material. Such provisions are applied for outstanding claims with Actuarial Guidance on the calculation of these reserves reflected in APN 304, published by the Actuarial Society of South Africa.

The IBNR is calculated using the basic chain- ladder method, which involves estimating cumulative claim development factors derived from past development periods to obtain an estimate of the ultimate claims for each claims month. The primary underlying assumption of the chain – ladder method is that historical loss development patterns are indicative of future loss development patterns.

The provision estimations techniques and assumptions are periodically reviewed. Whilst the directors consider the Insurance contract provisions to be fairly stated on the basis of information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustments to the amounts provided.

Claims reserves as mentioned above are held in separate claims account in the name of National Risk Managers (Pty) Ltd, as required by an Agreement entered into between National Risk Managers (Pty) Ltd and Lion of Africa Assurance Company Limited, being a duly registered Insurer in terms of the Laws of the Republic of South Africa.

### 1.17.2 Contracts measured in terms of IFRS 17

#### **Level of aggregation**

The Company accounts for a contract as an insurance contract when the Company, under the contract and in return for an insurance premium, accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder (or its nominated beneficiary) should a specified but uncertain future event, the insured event, affect the policyholder negatively.



Under IFRS 17, the Company is required to determine the level of aggregation for applying the standard. The Company divides all business written into portfolios, where a portfolio comprises of contracts with similar inherent risks and are managed together. Profitability assessments are also conducted on this level, in order to identify any possible onerous contracts. Within each portfolio, the Company has grouped insurance contracts into cohorts, where no cohort contains contracts issued more than one year apart. For portfolios measured under the Premium Allocation Approach (“PAA”), the cohorts are aligned to each valuation period, given the short contract boundary. At inception, contracts measured under the General Measured Model (“GMM”) were grouped into a single transition cohort. New contracts issued, since transition, will be grouped into new cohorts at each valuation.

### **Recognition**

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

- ④ The beginning of the coverage period of the group of contracts,
- ④ The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date,
- ④ For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

### **Onerous groups of contracts**

The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- ④ Pricing information,
- ④ Results of similar contracts it has recognized,
- ④ Profitability projections based on actuarial models,
- ④ Other operational and industry-wide factors.

### **Contract boundary**

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contracts services end when:



- ④ The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- ④ Both of the following criteria are satisfied:
  - ④ The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and
  - ④ The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The Company does not recognise any liability or asset relating to expected premiums or claims outside the boundary of the insurance contract. Such amounts relate to future insurance contracts.

### **Premium Allocation Approach (PAA) Methodology Decisions**

The majority of the business written by the Company is eligible for the PAA approach. The Company is required to disclose the key methodology decisions made in relation to the options available in the standard. These decisions are summarised in the table below:

	<b>Requirements of the standard</b>	<b>Approach followed by the Company</b>
PAA eligibility	Subject to certain criteria, the PAA can be adopted as a simplified approach to the IFRS 17 GMM.	The PAA has been applied to all groups of contracts where the coverage period was deemed one year or less.
Acquisition costs	Where coverage period of all contracts within a group is no longer than one year, acquisition costs can either be expensed as they arise, or capitalised and amortised over the coverage period. (For groups containing contracts longer than one year, acquisition costs must be capitalised.)	Acquisition costs are expensed as they arise.
Liabilities for remaining coverage ("LFRC"), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, an entity is not required to make an allowance for accretion of interest.	Allowance is made for the accretion of interest in the valuation of loss components recognised. For all other PAA measured business, there is no allowance as premiums are received within one year of the coverage period and hence there is no significant financing component.
Liabilities for incurred claims ("LIC"), adjusted for time value of money	Where claims are expected to be paid within a year of the event, it is not required to adjust these amounts for the time value of money.	Incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.
Insurance finance income and expenses	There is an option to disaggregate part of the movement in LFRC and LIC resulting from changes in discount rates from profit or loss and present this in Other Comprehensive Income ("OCI").	No allowance for the time value of money was allowed for in the LIC calculation and hence not relevant.



## **Measurement**

### *Initial measurement – GMM*

The GMM measures a group of insurance contracts as the total of:

- ④ Fulfilment cash flows (LFRC plus LIC)
- ④ The Contractual service margin (“CSM”) representing the unearned profit the Company will recognise as it provides service under the insurance contracts in the group

The Company includes the following cash flows that are within the contract boundary, when estimating future cash flows:

- ④ Premiums and any related cash flows.
- ④ Claims and benefits that have already been reported but not yet been paid, incurred claims for events that have occurred but for which claims have not been reported and all future claims for which the Company has a substantive obligation.
- ④ An allocation of insurance acquisition cash flows
- ④ Claims handling costs
- ④ Policy administration and maintenance costs
- ④ An allocation of fixed and variable overheads

In valuing the fulfilment cash flows, the Company estimates the probabilities and amounts of future payments under existing contracts based on information about reported claims, other information about the known or estimated characteristics of the insurance contracts, historical data and current pricing information.

The LFRC is the Company’s obligation to investigate and pay valid claims for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period) and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an insurance contract plus the CSM for that contract.

The LIC is the Company’s obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses. At initial recognition of a group of contracts, the liability for incurred claims is usually nil as no insured events have occurred.

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides insurance contract services in the future.





The Company measures the CSM on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

- ④ The initial recognition of an amount for the fulfilment cash flows,
- ④ Derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows,
- ④ Any cash flows arising from the contracts in the group at that date.

#### *Subsequent measurement – GMM*

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided. For the group of insurance contracts, the carrying amount of the CSM at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted as follows:

- ④ The effect of any new contracts added to the group;
- ④ Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition;
- ④ The changes in fulfilment cash flows relating to future service, except to the extent that:
  - ④ Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - ④ Such decreases in the fulfilment cash flows are allocated to the loss component; and
- ④ The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining period (before any allocation) over the current and remaining coverage period.



The CSM requires an adjustment for changes in fulfilment cash flows that relate to future service. These changes comprise:

- ④ Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows, measured on the relevant discount rates;
- ④ Changes in estimates of the present value of the future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk; and
- ④ Changes in the risk adjustment for non-financial risk that relate to future service.

The Company estimates the LIC as the fulfilment cash flows related to incurred claims. The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

#### *Initial measurement – PAA*

The Company has applied the PAA to the majority of its existing groups of insurance contracts, which meets the qualifying criteria. For a group of contracts that is not onerous at initial recognition, the Company measures the LFRC as the premiums, if any, received at initial recognition. There is no allowance for time value of money as the premiums are received within one year of the coverage period.

#### *Subsequent measurement – PAA*

The LFRC at the end of each reporting period is calculated as the liability for remaining coverage at the beginning of the reporting period plus premiums received in the period minus the amount recognised as insurance revenue for the coverage period.

The subsequent measurement of the LIC for PAA portfolios is similar to those measured under the GMM.

#### *Modification and derecognition*

The Company derecognises insurance contracts when:

- ④ The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- ④ The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.



## *Presentation*

The Company has presented separately, in the statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities. The Company does not have any reinsurance arrangements in place in the current financial year or the comparative period, however, in the comparative period some legacy balances were held for previous reinsurance arrangements. These balances have been since released.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion. The Company separately presents income or expenses from reinsurance contracts held, if necessary, from the expenses or income from insurance contracts issued.

## *Insurance revenue*

The IFRS 17 standard requires that the amount of insurance revenue recognised in a period depicts the transfer of promised services at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The total consideration for a group of contracts covers the following amounts:

- ④ Amounts related to the provision of services, comprising:
  - ④ Insurance service expenses, excluding any amounts relating to the loss component of the liability for remaining coverage;
  - ④ The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage;
  - ④ Actual less expected premiums relating to current service; and
  - ④ The contractual service margin
- ④ Amounts related to insurance acquisition cash flows





### *Loss components*

The Company has established a loss component of the LFRC for any onerous groups of contracts depicting the future losses recognised. The identified contracts were measured under the PAA and hence, accordingly the loss component will be zero by the end of the coverage period. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company monitors this on an annual basis by performing portfolio level profitability analyses.

### *Insurance finance income and expense*

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- ④ The effect of the time value of money and changes in the time value of money
- ④ The effect of financial risk and changes in financial risk

The Company has opted to include insurance finance income or expense for the period in profit or loss, as a matter of accounting policy choice.

## **02 | NEW STANDARDS AND INTERPRETATIONS**

### **2.1 | STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR.**

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

#### **Classification of Liabilities as Current or Non-Current - Amendment to IAS 1**

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.





The effective date of the company is for years beginning on or after 01 January 2023

The company has adopted the amendment for the first time in the 2024 financial statements.

The impact on the amendment is not material.

### **Definition of accounting estimates: Amendments to IAS 8**

The definition of accounting estimates was amended so that accounting estimates are now defined as “monetary amounts in annual financial statements that are subject to measurement uncertainty.”

The effective date of the company is for years beginning on or after 01 January 2023

The company has adopted the amendment for the first time in the 2024 financial statements.

The impact on the amendment is not material.

### **Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16**

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the company is for years beginning on or after 01 January 2023

The company has adopted the amendment for the first time in the 2024 financial statements.

The impact on the amendment is not material.

### **IFRS 17 Insurance Contracts**

IFRS17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

The effective date of the company is for years beginning on or after 01 January 2023.



## **Changes in classification and measurement**

The adoption of IFRS 17 did not result in any changes to the classification of the Company's insurance contracts compared to the previous classification under IFRS 4. All contracts previously measured under IFRS 4, are classified as "insurance contracts" under IFRS 17 and are therefore within the scope of measurement under the new accounting standard.

The Company has applied the General Measured Model ("GMM") to the legacy Goodall & Co closed book, which was also measured on a prospective basis under IFRS 4. The individual life open book was also subject to the GMM, however, due to materiality a simplified valuation approach was taken. All other insurance contracts were eligible for measurement under the Premium Allocation Approach ("PAA").

The relevant key principles of the new standard are summarised below:

- ④ The Company must identify insurance contracts as those under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects said policyholder.
- ④ All distinct investment components, embedded derivatives and distinct non-insurance goods and services must be separated from insurance contracts and accounted for in accordance with the relevant standards.
- ④ The Company must recognise and measure groups of insurance contracts at:
  - ④ A risk-adjusted present value of future cash flows that incorporates all fulfilment cash flows within the boundary of each contract in the group; and
  - ④ Specifically for contracts measured under the GMM, an amount representing the unearned profit in the group of contracts representing the Contractual Service Margin ("CSM").
- ④ Where a group of contracts is expected to be loss-making (i.e., onerous) over the remaining coverage period, the Company must recognise this loss immediately. For profit-making groups of contracts, the Company must recognise profits over the period the Company provides coverage, as the Company is released from risk.

More details on the classification and measurement of insurance contracts are explained in Note 11.



## **Changes in presentation and disclosure**

Regarding presentation in the statement of financial position, the Company aggregates groups of insurance contracts issued and reinsurance contracts held and presents separately the carrying amount of:

- ④ Groups of insurance contracts issued that are assets;
- ④ Groups of insurance contracts issued that are liabilities;

Significant changes in the line items reflected in the statement of profit or loss and other comprehensive income were necessitated by the adoption of IFRS 17. The standard requires separate presentation of:

- ④ Insurance revenue;
- ④ Insurance service expenses; and
- ④ Insurance finance income or expenses.

The Company discloses qualitative and quantitative information about:

- ④ The amounts recognised in its financial statements for contracts within the scope of IFRS 17;
- ④ The significant judgments, and changes in those judgements, made when applying IFRS 17; and
- ④ The nature and extent of the risks from contracts within the scope of IFRS 17.

## **Transition**

In order to fully retrospectively apply the IFRS 17 standard, the Company, on the transition date, 1 July 2022, has, where relevant:

- ④ Identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- ④ Derecognised any existing balances that would not exist had IFRS 17 always applied; and
- ④ Recognised any resulting net difference in equity.

On transition to IFRS 17, the Company applied the full retrospective method, per above, for all liabilities for incurred claims and loss components, whilst the fair value approach was used for the prospective liabilities and CSM held for those groups of insurance contracts measured on the GMM.

The following key methodology decisions were noted in the application of the fair value approach:





- ④ The transition Best Estimate Liability (“BEL”) was calculated based on an estimate of future cash flows
- ④ The transition risk adjustment was calculated based on the value at risk method, using an 80th percentile confidence interval, per industry averages.
- ④ Coverage units were taken as Sum Assureds per the best estimate liability model and are discounted.
- ④ Allowances were made for a targeted solvency ratio and an assumed shareholder return.

## 2.2 | STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR ADOPTED

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 01 March 2024 or later periods:

### **Supplier finance arrangements - amendments to IAS 7 and IFRS 7**

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows as well as on the entity’s exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company expects to adopt the amendment for the first time in the 2025 financial statements.

It is unlikely that the amendment will have a material impact on the company’s financial statements.





## **Non-current liabilities with covenants - amendments to IAS 1**

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company expects to adopt the amendment for the first time in the 2025 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.



## 2. Property, plant and equipment - Group

Expressed in USD	2024			2023		
	At cost	Accumulated depreciation	Carrying Value	At cost	Accumulated depreciation	Carrying Value
Furniture and fixtures	906,707	(704,305)	202,402	772,235	(621,018)	151,217
Motor vehicles	375,947	(329,883)	46,064	381,892	(305,165)	76,727
Office equipment	546,031	(405,861)	140,170	404,190	(380,017)	24,173
IT equipment	2,664,924	(1,816,389)	848,535	1,887,378	(1,452,459)	434,919
Computer software	648,299	(432,817)	215,482	557,078	(278,150)	278,928
Leasehold improvements	674,460	(376,970)	297,490	672,659	(250,393)	422,266
Other property, plant and equipment	742,018	(705,012)	37,006	693,423	(674,136)	19,287
<b>Total</b>	<b>6,558,386</b>	<b>(4,771,237)</b>	<b>1,787,149</b>	<b>5,368,855</b>	<b>(3,961,338)</b>	<b>1,407,517</b>

### Reconciliation of property, plant and equipment - 2024

Expressed in USD	Opening balance	Additions through merger	Additions	Disposal	Depreciation	Closing balance
Furniture and fixtures	151,217	964	133,507	-	(83,286)	202,402
Motor vehicles	76,727	3,225	87	(9,257)	(24,718)	46,064
Office equipment	24,173	116,045	25,798	(2)	(25,844)	140,170
IT equipment	434,919	171	777,214	(1)	(363,768)	848,535
Computer software	278,929	-	91,275	(39)	(154,683)	215,482
Leasehold improvements	422,266	-	1,301	-	(126,077)	297,490
Other property, plant and equipment	19,286	3,754	44,841	-	(30,875)	37,006
	<b>1,407,517</b>	<b>124,159</b>	<b>1,074,023</b>	<b>(9,299)</b>	<b>(809,251)</b>	<b>1,787,149</b>

### Reconciliation of property, plant and equipment - 2023

Expressed in USD	Opening balance	Additions	Transfers	Depreciation	Closing balance
Furniture and fixtures	142,368	55,841	43,294	(90,287)	151,217
Motor vehicles	120,047	32,037	1,681	(77,038)	76,727
Office equipment	106,402	6,355	(57,918)	(30,666)	24,173
IT equipment	758,409	-	(15,107)	(308,383)	434,919
Computer software	386,648	57,439	(5,523)	(159,635)	278,929
Leasehold improvements	436,082	60,524	70,451	(144,791)	422,266
Other property, plant and equipment	67,054	565	(33,088)	(15,245)	19,286
	<b>2,017,010</b>	<b>212,761</b>	<b>3,791</b>	<b>(826,045)</b>	<b>1,407,517</b>

### Property, plant and equipment encumbered as security

A motor vehicle is encumbered by an instalment sale agreement (Refer to note 15).





### *Property, plant and equipment encumbered as security*

A motor vehicle is encumbered by an instalment sale agreement (Refer to note 15).

### **3. Investment property at fair value**

#### *Reconciliation of property, plant and equipment - 2024*

<i>Expressed in USD</i>	<b>Opening balance</b>	<b>Additions through mergers and acquisitions</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing balance</b>
Investment property	-	8,778,389	781,381	(2,406,309)	7,153,461

#### *Details of property*

Erf 791, 3 Dingler Street, Rynfield.

Erf 794, 4 Miles Sharp Street, Rynfield.

Erf 4049, 1 Dingler Street, Rynfield.

Erf 1127, 73 Woburn Avenue, Benoni.

Erf 1125, 75 Woburn Avenue, Benoni.

Erf 1546, 32 Harpur Avenue, Benoni.

Erf 1548, 30 Harpur Avenue, Benoni.

Erf 790, 5 Dingler Street, Rynfield.

Erf 1550, 28 Harpur Avenue, Benoni.

Erf 789, 7 Dingler Street, Rynfield.

Erf 788, 9 Dingler Street, Rynfield.

Erf 787, 11 Dingler Street, Rynfield.

Erf 1, 1 Miles Sharp Street, Rynfield.

Erf 7645, 71 Woburn Avenue, Benoni.

Erf 144 Camps Bay, Cape Town

Erf 4049, 1 Dingler Street, Rynfield is encumbered by a mortgage loan





*Details of valuation*

The effective date of the revaluations of Erfes 1127, 1125, 1546, 1548, 1550, and 7645 was during March 2021. Revaluations were performed by an independent valuer, Mr Blignaut [ Professional Associate Valuer], of Nkunzi Property Valuers. Nkunzi Property Valuers are not connected to the company and have recent experience in the location and category of the investment property at fair value being valued.

The effective date of the revaluations of Erfes 791, 794, 4049, 1127, 1125, 1546, 1548, 790, 1550, 789, 788, 787 and 7645 was during March 2022. Revaluations were performed by an independent valuer, Mr Blignaut [Professional Associate Valuer], of Nkunzi Property Valuers. Nkunzi Property Valuers are not connected to the company and have recent experience in the location and category of the investment property at fair value being valued.

The valuation was based on open market value for existing use.

**4. Goodwill - Group**

	2024			2023		
	Cost	Accumulated amortisation	Carrying Value	Cost	Accumulated amortisation	Carrying Value
Goodwill	2,069,854	(656,064)	1,413,790	831,192	(656,064)	175,128

*Reconciliation of goodwill - 2024*

	Opening balance	Addition through business combinations	Total
Goodwill	175,128	1,238,662	1,413,790

*Reconciliation of goodwill - 2023*

	Opening balance	Addition through business combinations	Total
Goodwill	831,192	(656,064)	175,128



## 5. Investments in subsidiaries

The carrying amounts of subsidiaries are shown net of impairment losses

Shares at carrying value

12	12	-	
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## 6. Loans to group companies

### Subsidiaries

Affinity Health (Botswana) (Private) Ltd

732,968	732,968	-	-
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732,968	732,968	-	-
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Non-Current assets

732,968	732,968	-	-
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The loans are interest free, repayable on demand, but will not be repaid within 12 months

## 7. Deferred tax

Deferred tax liability

-	-	(15)	-
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Deferred tax asset

-	-	-	36,750
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**Total deferred tax (liability)/asset**

-	-	(15)	36,750
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The major components of the deferred tax balance are as follows:

### Deferred tax liability

#### Arising as a result of temporary differences on:

Business combination

-	-	-	-
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Fair value adjustment – Kruger Rands

-	-	(129,447)	-
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-	-	(129,447)	-
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### Deferred tax asset

#### Arising as a result of temporary differences on:

Benefit of previously unrecognised tax loss

-	-	15,002	36,750
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Investment properties at fair value

-	-	114,430	-
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-	-	129,432	-
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### Reconciliation of deferred tax asset/(liability)

Beginning of year

-	-	36,750	(4,497)
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#### Recognised in profit or loss:

Benefit of previously unrecognised tax loss

-	-	(21,748)	4,497
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Assessed losses utilized against taxable income

-	-	(129,447)	-
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Fair value adjustment – Kruger rands

-	-	114,430	-
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#### Other

Arising on business combination

-	-	-	36,750
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**At end of year**

-	-	(15)	36,750
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Expressed in USD

Company  
2024  
USDCompany  
2023  
USDGroup  
2024  
USDGroup  
2023  
USD**8. Inventories**

Merchandise	-	-	41,164	36,750
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**9. Trade and other receivables**

Trade receivables	-	-	355,634	436,874
Other receivables	-	-	327,156	97,645
Repayments	-	-	19,216	-
	-	-	<b>702,006</b>	<b>534,519</b>

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

At amortised cost	-	-	<b>702,006</b>	<b>534,519</b>
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**10. Other financial assets****At fair value**

Investments – Kruger Rands	-	-	11,075,924	1,190,141
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**At amortised cost**

Other loans and receivables	-	-	-	7,406,601
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The loans are interest free, repayable on demand, but will not be repaid within 12 months

**At amortised cost**

Other loans and receivables	-	-	382,352	1,080,852
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The loans are interest free and are repayable on demand.

<b>Total other financial assets</b>	-	-	<b>11,458,276</b>	<b>9,677,594</b>
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**Non-current assets**

At fair value	-	-	11,075,924	1,190,141
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At amortised cost	-	-	-	7,406,601
	-	-	<b>11,075,924</b>	<b>8,596,742</b>

**Current assets**

At amortised cost	-	-	382,352	1,080,852
	-	-	<b>11,458,276</b>	<b>9,677,594</b>





Expressed in USD

Company  
2024  
USD

Company  
2023  
USD

Group  
2024  
USD

Group  
2023  
USD

## 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	-	78,418	3,364
Bank balances	-	-	12,014,235	4,674,776
Call accounts	-	-	12,529,648	19,343,143
	-	-	<b>24,622,301</b>	<b>24,021,283</b>
Current assets	-	-	24,622,301	24,021,283
Current liabilities	-	-	-	-
	-	-	<b>24,622,301</b>	<b>24,021,283</b>

## 12. Share capital

### Authorised

1000 Directors Class A Voting shares at par value of \$0.001 per share	1	1	1	1
49 999 000 Class B Non Voting Shares at par value \$0.001 per share	49,999	49,999	49,999	49,999
	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

### Issued

200 Directors Class A Voting Shares of \$0.001 per share				
10 000 000 Class B Non Voting Shares of \$0.001 per share	10,000	10,000	10,000	10,000

## 13. Other financial liabilities

### At amortised cost

Other loans	722,980	722,980	723,251	738,111
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### Current Liabilities

At amortised cost	-	-	271	15,131
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### Non-current liabilities

At amortised cost	722,980	722,980	722,980	722,980
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The loans are unsecured, interest free and repayable on demand



Expressed in USD

Company  
2024  
USD

Company  
2023  
USD

Group  
2024  
USD

Group  
2023  
USD

## 14. Trade and other payables

Trade payables	-	-	550,169	553,196
Other payables – Amounts held on behalf of policyholders	-	-	2,398,410	1,326,315
Other payables	-	-	128,621	799,119
	-	-	<b>3,077,200</b>	<b>2,678,630</b>
<b><i>Financial instrument and non-financial instrument components of trade and other payables</i></b>				
At amortised cost	-	-	<b>3,077,200</b>	<b>2,678,630</b>

## 15. Finance lease liabilities

### Minimum lease payments which fall due

- within one year	-	-	1,430	-
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### Net finance lease liabilities

Non-current liabilities	-	-	-	-
Current liabilities	-	-	1,430	-
	-	-	<b>1,430</b>	-

It is company policy to lease certain motor vehicles under finance leases.

The average lease term is 5 years.

Interest rates are linked to prime at the contract date. All leases have repayments linked to the prime interest rate and no arrangements have been entered into for renewal clauses, purchase options, escalation clauses, contingent rent or subleases. There are no restrictions imposed by the leases.

The company's obligations under finance leases are secured by the leased assets. Refer note 2.



## 16. Insurance Contract Liabilities

1. Claims Reserves (Contracts not measured in terms of IFRS17)	-	-	1,657,520	2,895,417
	-	-	<b>1,657,520</b>	<b>2,895,417</b>

*National Risk Managers (Pty) Ltd is contracted per a Binder Agreement signed with Lion of Africa Life Assurance Company Limited, where funds received to cover expected claims are paid into specific Claims Bank Accounts in the name of National Risk Managers (Pty) Ltd, from which all valid claims in terms of pre-specified benefits are paid.*

*The value of current and expected unpaid claims as at year end which are held in the Claims Bank Accounts, are calculated by an Actuary in his capacity as a Fellow of the Actuary Society of South Africa. Such expected claims are calculated as set out in National Risk Managers (Pty) Ltd.'s accounting policy, relating to Insurance Contract Liabilities*

2. Claims Reserves (Contracts measured in terms of IFRS17)	-	-	3,344,405	-
	-	-	<b>3,344,405</b>	<b>-</b>

*The table below is a breakdown of the insurance contract liabilities held by the Company, based on the types of reserves raised at each valuation date. All insurance contracts were in a liability position for year-ends 2024.*

	2024		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Incurring but not yet reported reserves		987,387	987,387
Outstanding claims reserve		2,049,563	2,049,563
Prospective reserves	245,571		245,571
Contractual service margin	19,273		19,273
Premium debtors	9,317		9,317
Loss Component	33,294		33,294
<b>Total insurance contract liabilities as at 29/02/24</b>	<b>307,455</b>	<b>3,036,950</b>	<b>3,344,405</b>





## Reconciliation of opening and closing on insurance contract liabilities

The table below discloses the reconciliation of the opening and closing LFRC and LIC balances for all insurance contracts as a result of movements in the insurance service result and insurance related cash flows.

	2024					Total
	Liabilities for remaining coverage		Liabilities for incurred claims		Risk adjustment	
	Excluding Loss component	Loss component	Estimates of the present value of future cash flows			
Insurance contract (assets)	-	-	-	-	-	-
Insurance contract liabilities	248,448	26,331	96,931	4,820		376,530
<b>Net insurance contract (assets)/liabilities as at 01/07/23</b>	<b>248,448</b>	<b>26,331</b>	<b>96,931</b>	<b>4,820</b>		<b>376,530</b>
Insurance revenue	(32,257,323)					(32,257,323)
Insurance service expense						
<i>Incurred claims</i>			13,975,388	72,930		14,048,318
<i>Changes that relate to past service</i>				(4,973)		(4,973)
<i>Incurred directly attributable expenses</i>			16,627,890			16,627,890
<i>Losses on onerous contracts and reversal of those losses</i>		7,185				7,185
Insurance finance expenses for insurance contracts issued	19,457					19,457
Foreign exchange reserve						(94,119)
<b>Total changes in the statement of comprehensive income</b>	<b>(32,237,866)</b>	<b>7,185</b>	<b>30,603,278</b>	<b>67,957</b>		<b>(1,653,565)</b>
Premiums received	32,264,395					32,264,395
Claims and other expenses paid			(27,642,954)			(27,642,954)
<b>Total cash flows</b>	<b>32,264,395</b>	<b>-</b>	<b>(27,642,954)</b>	<b>-</b>		<b>4,621,441</b>
Insurance contract (assets)	-	-	-	-	-	-
Insurance contract liabilities	274,161	33,295	2,966,261	70 689		3 344 406
<b>Net insurance contract liabilities as at 29/02/24</b>	<b>274,161</b>	<b>33,295</b>	<b>2,966,261</b>	<b>70 689</b>		<b>3 344 406</b>



## Reconciliation of opening and closing on insurance contract liabilities for portfolios to which the GMM was applied

The table below shows a reconciliation of the opening and closing insurance contract liabilities for GMM portfolios, showing estimates of the present value of future cash flows, risk adjustments and CSM (Continued)

	2024			Total
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	
Insurance contract (assets)	-	-	-	-
Insurance contract liabilities	251,338	3,847	26,589	281,774
<b>Net insurance contract (assets)/ liabilities as at 01/07/23</b>	<b>251,338</b>	<b>3,847</b>	<b>26,589</b>	<b>281,774</b>
Changes that relate to current services				
<i>Contractual service margin recognised for services provided</i>			(2,176)	(2,176)
<i>Risk adjustment recognised for the risk expired</i>		(385)		(385)
<i>Experience adjustments</i>	(13,157)			(13,157)
Changes that relate to future services				
<i>Changes in estimates that adjust the contractual service margin</i>	6,746	99	(6,845)	-
Changes that relate to past services				
<i>Adjustments to liabilities for incurred claims</i>	739	36		775
<b>Insurance service result</b>	<b>(5,672)</b>	<b>(250)</b>	<b>(9,021)</b>	<b>(14,943)</b>
<b>Insurance finance expenses</b>	<b>16 863</b>	<b>291</b>	<b>1 705</b>	<b>18 859</b>
<b>Total changes in statement of comprehensive income</b>	<b>11 191</b>	<b>41</b>	<b>(7 317)</b>	<b>3 915</b>
Premiums received	1 020	-	-	1 020
Claims and other expenses paid	(15 786)	-	-	(15 786)
<b>Total cash flows</b>	<b>(14 766)</b>	<b>-</b>	<b>-</b>	<b>(14 766)</b>
Insurance contract (assets)	-	-		
Insurance contract liabilities	247 762	3 887	19 273	270 922
<b>Net insurance contract liabilities as at 29/02/24</b>	<b>247 762</b>	<b>3 887</b>	<b>19 273</b>	<b>270 922</b>



Expressed in USD

Company  
2024  
USDCompany  
2023  
USDGroup  
2024  
USDGroup  
2023  
USD

The impact on the CSM and insurance revenue per transition approach adopted

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance contract portfolios is disclosed in the table below:

	2024			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
Insurance revenue		32,504	32,224,819	32,257,323
<b>Contractual service margin as at 01/07/23</b>	-	<b>27,432</b>	-	<b>27,432</b>
Changes that relate to current services				
<i>Contractual service margin recognised for services provided</i>	-	(2,245)	-	(2,245)
Changes that relate to future services				
<i>Contracts initially recognised in the period</i>				
<i>Changes in estimates that adjust the contractual service margin</i>	-	(7,063)	-	(7,063)
<b>Insurance service result</b>	-	<b>(9,308)</b>	-	<b>(9,308)</b>
<b>Insurance finance expenses</b>	-	<b>1,759</b>	-	<b>1,759</b>
<b>Total changes in the statement of profit or loss and OCI</b>	-	<b>(7,549)</b>	-	<b>(7,549)</b>
Other movements	-	-	-	-
<b>Contractual service margin as at 29/02/24</b>	-	<b>19,884</b>	-	<b>19,884</b>

CSM recognition in profit or loss

The table below discloses the expectation related to the release of the CSM into insurance revenue over all future years:

	2024						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
Insurance contracts issued	1,397	1,163	947	732	527	15,118	19,884





## *Significant judgements and estimates relating to Insurance Contract Liabilities*

### *Measurement of insurance contracts*

#### *Liabilities for remaining coverage*

The prospective reserves, measured under the GMM, are valued on a discounted cash flow basis, using a deterministic projection model. Given that this relates to a closed book, with the majority of policies in a paid-up status, the following key assumptions were used when estimating future cash flows:

- Mortality rates: estimates are made as to the expected number of deaths and are based on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the company's own experience. An appropriate provision for future policyholder claim payments is made on the basis of these estimates.
- Expenses: based on historic incurred expenses.

#### *Liabilities for incurred claims*

For all business, where relevant, the LIC comprised of an Incurred But Not Reported ("IBNR") reserve and an Outstanding Claims Reserve ("OCR"). In some instances, a combined reserve was calculated and the OCR portion was split based on a separate listing of claims that have been reported but not yet paid. The reserves were valued using the Bornhuetter-Ferguson technique, for which the main assumptions relate to an expected long term loss ratio (i.e. gross claims / gross premiums) on a product basis, and the Company's past claims development experience. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

#### *Discount rates*

Where relevant, the LFRC is calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates used in the valuation were those published by the Prudential Authority for purposes of regulatory reporting. These rates were deemed compliant with IFRS 17 requirements. The illiquidity premium was determined with reference to general industry averages.

Discount rates applied for discounting of future cash flows are noted below:

	1 year		5 years		10 years		20 years	
	2024	2023	2024	2023	2024	2023	2024	2023
GMM LFRC	8.9%	9.5%	10.4%	10.4%	12.7%	12.6%	14.9%	14.5%



### Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of cash flows of groups of insurance contracts. This reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a confidence interval approach at the 80th percentile, which is in line with the industry average. The risk adjustment factors were derived using the underlying Solvency Capital Requirement stresses published by the Prudential Authority for regulatory reporting.

### Amortisation of the CSM

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group.
- Allocating the CSM at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration. For groups of life insurance contracts, the quantity of benefit is the contractually agreed sum insured over the duration of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period.

### Effect of sensitivities on insurance contract liabilities

The following sensitivity analysis shows the impact on insurance contract liabilities, profit before tax and equity for reasonably possible movements in key assumptions (with all other assumptions held constant). The method used for deriving sensitivity Information was the same for the current financial year and the restated comparative period.



Expressed in USD

Company  
2024  
USDCompany  
2023  
USDGroup  
2024  
USDGroup  
2023  
USD

2024

Stress      Impact on profit      Total

Discount rates	-100 bps	(15,337)	(11,196)
Mortality (and other claims)	+2.5%	(1,203)	(878)
Expenses	+2.5%	(186)	(135)

An underlying key assumption used in the valuation of insurance contract liabilities was stressed in each sensitivity. For the portfolios currently open to new business, the Trade receivables raised on the statement of financial position, was assumed to mirror any movements in the insurance contract liabilities. Hence, for the purposes of these results, only the movement in insurance contract liabilities for the legacy closed portfolios would impact profits, and therefore, equity.

Non-Current liabilities	246,418	-
Current Liabilities	4,755,507	2,895,417
	<b>5,001,925</b>	<b>2,895,417</b>

## 17. Revenue

Medical cover and related activities	-	-	58,458,648	66,836,783
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## 18. Insurance Revenue (IFRS 17)

The table below shows an analysis of the total insurance revenue recognised in the period:

	Notes	2024	2023
Expected insurance service expenses incurred in the period	<i>a</i>	29,662	-
Change in the risk adjustment for non-financial risk	<i>b</i>	398	-
Amount of CSM recognised in profit or loss	<i>c</i>	2,245	-
Actual less expected premiums relating to current service	<i>d</i>	199	-
<b>Amounts relating to the changes in the liability for remaining coverage</b>		<b>32,504</b>	<b>-</b>
<b>Amounts relating to contracts measured under the PAA</b>	<i>e</i>	<b>32,224,819</b>	<b>-</b>
<b>Insurance revenue</b>		<b>32,224,819</b>	<b>-</b>





Notes:

- a. Expected insurance service expenses incurred in the period comprise claims and other expenses which the Company expects to pay on insured events that occurred during the period.
- b. Change in risk adjustment shows amount of risk which expired during the period.
- c. The CSM recognised in profit or loss over the coverage period of the corresponding group of insurance contracts based on coverage units.
- d. Relates to premium variance on GMM measured portfolios.
- e. Premiums recognised in revenue over the period in relation to all groups of insurance contracts measured under the PAA.

**19. Insurance Revenue (IFRS 17)**

The table below shows an analysis of the total insurance service expenses recognised in the period:

	Notes	2024	2023
Changes that relate to current service			-
<i>Claims paid</i>	a	(10,915,060)	-
<i>Changes in IBNR BEL</i>		(945,768)	-
<i>Changes in OCR BEL</i>		(2,114,560)	-
<i>Changes in risk adjustments</i>		(72,931)	-
Changes that relate to past service			-
<i>Claims paid</i>	a	(100,004)	-
<i>Changes in IBNR BEL</i>		100,004	-
<i>Changes in OCR BEL</i>			-
<i>Changes in risk adjustments</i>		4,973	-
Incurred directly attributable expenses	b	(16,627,891)	-
Loss on onerous contracts and reversal of those losses	c	(7,185)	-
<b>Insurance service expenses</b>		<b>(30,678,422)</b>	



Notes:

- a. Claims paid relate to actual claims paid over the financial year, split between those relating to past and current service.
- b. Incurred directly attributable expenses are those expenses that are incurred solely in service of the existing insurance book.
- c. This relates to the losses incurred on onerous contracts in the current year, offset by the reversal of those losses in the prior year.

**20. Other operating income**

Discount received	-	-	1,128	11,588
Rental Income	-	-	292,133	-
Membership fees	-	-	3,367	-
Reversal of impairment loans	-	-	899,140	-
Recoveries received	-	-	386,532	-
Municipal costs recovered	-	-	70,944	-
Sundry income	-	-	275,311	195,933
			<b>1,928,555</b>	<b>207,521</b>

**21. Investment income and insurance finance results (IFRS 17)**

The tables below present an analysis of the total investment income and the insurance finance result recognized in profit or loss in the period:

	2024	2023
Investment returns	30,146	-
Fair value adjustments on ceded rights	-	-
Realised fair value adjustments on investments in securities - listed	-	-
Investment returns and impairments	30,146	-
Investment related expenses	-	-
<b>Total investment income</b>	<b>30,146</b>	<b>-</b>

	2024	2023
Interest accreted to insurance contracts using current financial assumptions	(15,613)	-
Interest accreted to insurance contracts using locked-in rates	(1,759)	-
Due to changes in interest rates and other financial assumptions	(2,085)	-
<b>Total insurance finance income/(expenses) from insurance contracts issued</b>	<b>(19,457)</b>	<b>-</b>



Assets backing existing insurance contract liabilities are mainly invested in short-term money market instruments as well as cash and cash equivalents. This is driven by the largely short-term nature of the insurance contract liabilities and the liquidity needs of the Company. The long boundary GMM measured business, driving the insurance finance result, is a small component of the total liabilities held and hence the overall investment strategy is driven more by the management of the short boundary business. This as well as impairments made on investment assets, skew any assessment of the relationship between investment income and the insurance finance result.

## 22. Operating profit

Operating profit for the year is stated after accounting for the following:

### Remuneration, other than to employees, for:

Auditors remuneration – Audit fees	-	-	108,400	70,471
Auditors remuneration - Other services	-	-	45,602	49,301
	-	-	<b>154,002</b>	<b>119,771</b>

### Operating lease charges

Premises				
• Contractual amounts	-	-	1,462,703	1,983,680
Equipment				
• Contractual amounts	-	-	27,820	9,644
Motor vehicles				
• Contractual amounts	-	-	-	63,804
	-	-	<b>1,490,522</b>	<b>2,057,128</b>
Loss on disposal of property, plant and equipment	-	-	689	5,959
Loss on disposal of investment property	-	-	1,945,817	-
Loss on foreign exchange	-	-	17,576	20,391
Depreciation on property, plant and equipment	-	-	809,721	826,045
Employee costs	-	-	14,823,998	15,718,958
Directors remuneration	-	-	233,029	149,945
Impairment of goodwill	-	-	-	656,064
Impairment of loans	-	-	-	1,002,152

## 23. Investment revenue

### Interest revenue

Bank	-	-	1,231,124	1,117,992
Other	-	-	474,287	637,108
	-	-	<b>1,705,411</b>	<b>1,755,100</b>





**24. Fair value adjustment**

Other financial assets	-	-	618,442	142,784
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**25. Finance costs**

Bank	-	-	5,405	144
Other	-	-	2,293	155,383
	-	-	7,698	155,527

**26. Dividends Paid**

Dividends	-	-	-	709,009
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Dividends were declared and paid during July 2023 to the previous shareholder of Affinity Life Limited.

**27. Taxation**

Major components of the tax expense

**Current taxation**

Local normal tax – current year	-	-	4,375,960	4,990,310
Under provision – prior year	-	-		77
	-	-	4,375,960	4,990,387

**Deferred taxation**

Local deferred tax – current year	-	-	36,765	(41,735)
	-	-	36,765	(41,735)
	-	-	4,412,725	4,948,652

The group has a subsidiary located in Botswana of which the current tax rate is 22%.

The group has fellow-subsiidiaries located in South Africa of which the current tax rate is 27%.



**28. Cash generated from operations**

Profit before taxation	-	-	15,387,418	16,440,223
<b>Adjustments for:</b>				
Depreciation	-	-	809,251	826,045
Loss on disposal of property, plant and equipment	-	-	689	-
Loss on disposal of investment property	-	-	1,945,817	-
Interest received	-	-	(1,735,557)	(1,755,100)
Impairment of investment in subsidiary	-	-	-	656,064
Finance costs	-	-	27,155	155,527
Fair value adjustments	-	-	(618,442)	(142,789)
Exchange differences on translating foreign operations	-	-	(1,401,250)	(4,830,423)
<b>Changes in working capital:</b>				
Inventories	-	-	(3,255)	160,641
Trade and other receivables	-	-	(167,487)	202,356
Trade and other payables	-	-	(398,570)	(2,499,570)
	-	-	<b>13,845,769</b>	<b>9,212,974</b>

**29. Tax paid**

Balance at beginning of the year	-	-	(68,085)	(1,911,394)
Current tax for the year recognised	-	-	(4,375,960)	(4,990,387)
Balance at end of the year	-	-	(95,042)	68,085
	-	-	<b>(4,539,087)</b>	<b>(6,937,197)</b>

**30. Group share of reserves - Business combinations**

As at 01 October 2023 National Risk Managers entered into the following merges

Affinity Enterprises Property (Pty) Ltd	-	-	94,477	-
	-	-	<b>94,477</b>	<b>-</b>

**31. Related Parties**

A director of Affinity International Limited, is also a director of certain companies to which loans have been extended which are currently disclosed where applicable under Other Financial Assets or Other Financial Liabilities.



**32. Financial instruments and Insurance contracts***Categories of financial instruments and insurance contracts**Categories of financial assets*

2024	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments at fair value	3	7,153,461		7,153,461
Trade and other receivables	9		702,006	702,006
Cash and cash equivalents	11		24,622,301	24,622,301
		<b>7,153,461</b>	<b>25,324,307</b>	<b>32,477,768</b>

2023	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments at fair value	3	-	-	-
Trade and other receivables	9	-	534,519	534,519
Cash and cash equivalents	11	-	24,021,283	24,021,283
		<b>-</b>	<b>24,555,802</b>	<b>24,555,802</b>

*Categories of financial liabilities*

2024	Notes	Insurance Contracts	Amortised cost	Total
Trade and other payables	14	-	3,077,200	3,077,200
Insurance Contract Liabilities	16	5,001,925	-	5,001,925
		<b>5,001,925</b>	<b>3,077,200</b>	<b>8,079,125</b>

2024	Notes	Insurance Contracts	Amortised cost	Total
Trade and other payables	14	-	2,678,630	2,678,630
Insurance Contract Liabilities	16	2,895,417	-	2,895,417
		<b>2,895,417</b>	<b>2,678,630</b>	<b>5,574,047</b>



### **33. Risk and capital management**

#### Objective and framework

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

The capital structure of the Company consists of invested share capital and retained earnings as disclosed on the Company's statement of financial position. The Company has no external borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, raise additional capital from shareholders or review the quantum of risk carried by the entity by passing on risk to reinsurers through proportional reinsurance structures.

The Company monitors and reports capital on the Solvency and Assessment management ("SAM") basis. The solvency capital requirements (SCR) and minimum capital requirements (MCR) are prepared in accordance with the financial standards published by the Prudential Authority.

A key component of the Enterprise and Risk Management ("ERM") framework is the risk assessment process. The Company's risk assessment process consists of risk identification, risk analysis, risk evaluation and the treatment/management of those risks that are relevant to the Company's strategic objectives. Risks are identified from a top-down (strategic) and bottom-up (operational) perspective to create and maintain an integrated view of material risk exposures. The top-down approach is undertaken at an executive and senior management level and considers strategic risks affecting the Company in the medium to long term.

In parallel, the bottom-up approach is undertaken by the ERM at a business unit level to assess all categories of risks from their perspectives with specific focus on underwriting, reinsurance and financial risks.

The following has been identified as key risk categories:

- insurance risk (consisting of underwriting and reinsurance risk);
- credit risk;
- market risk; and
- operational risk.





### Solvency Capital

The Prudential Authority ("PA") that governs the South African assurance companies came into effect on 1 July 2018, following the promulgation of the Insurance Act No 18 of 2017. This also brought about the Financial Soundness Standards which governs all insurers. These financial soundness standards necessitated a change to the Company's solvency capital requirement ("SCR") calculation.

The Financial Soundness Standards defines two levels of capital that an insurer is required to comply with at all times:

- The prescribed minimum capital requirement ("MCR") that refers to the absolute minimum level of eligible own funds that an insurer must hold to protect all its policyholders. The minimum MCR is R15 million and the minimum MCR ratio is 1.00; and
- The prescribed Solvency Capital Requirement ("SCR"), which refers to the level of eligible own funds that an insurer must hold to ensure that the value of its assets will exceed the technical provisions and other liabilities at a 99.50% confidence level over a one year time horizon. The minimum SCR ratio is 1.00.

The MCR / SCR model generally requires an additional surplus of assets (buffer) above liabilities to take account of potential adverse outcomes of both the inherent risk of underwritten portfolios and the future cost of claims of these portfolios. Should the insurer not have a sufficient buffer in place (i.e. the MCR and/or the SCR is below 1.00), the PA has various rights of response and intervention, commencing with closer supervision of the insurer, but which can eventually be escalated to judicial management and ultimately liquidation, should the situation not be rectified within an appropriate time.

The company complied with MCR and SCR, and reports the ratios to The Prudential Authority every quarter. The MCR for February 2024, is 3.0 and SCR of 1.6 for Affinity Life Limited, a fourth-tier subsidiary company of Affinity International Limited that reports to the Prudential Authority.

### Credit Risk

Counterparty default risk arises from potential losses due to credit default events, such as the default of the counterparty or issuer of a financial instrument held by an insurer. Counterparty default risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the Company is exposed to credit risk are:

- Cash and cash equivalents; and
- Trade and other receivables



### Expressed in USD

The Company determines counterparty credit quality by referencing the ratings from independent rating agencies or, where such ratings are not available, by internal analysis. The Company seeks to avoid concentration of credit to counterparties by diversification through business sectors, product types and geographical segments.

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

29 February 2024	BB	Not rated	Carrying value
Cash and cash equivalents	24,622,301	-	24,622,301
Trade and other receivables	-	702,006	702,006
	24,622,301	702,006	25,324,307

28 February 2024	BB	Not rated	Carrying value
Cash and cash equivalents	24,021,283	-	24,021,283
Trade and other receivables	-	534,519	534,519
	24,021,283	534,519	24,555,802

Trade and other receivables mainly consist of accounts receivable from the Company's customer base. The Company and contracted underwriting managers monitor the financial position of their customers, which include insurance clients, on an ongoing basis. Credit, other than in the insurance division, is extended in terms of an agreement and expected credit losses are based on the Expected Credit Loss ("ECL") model.

The carrying amount of the cash, trade and other receivables reflected above represents the maximum counterparty credit default exposure. At the end of the reporting period management assessed all balances subject to credit risk and did not identify any ECL to be recognised against these balances.

The following maturity analysis provides details on the expected settlement of financial and non-financial liabilities recognised at reporting date:

### Expressed in USD

	Notes	2024			Total
		Less than 1 year	1 to 5 years	Over 5 years	
Non-financial instruments					
Insurance contract liabilities	a	4,755,511	70,999	170,415	4,996,925
Financial instruments					
Trade and other payables	b	3,056,041	-	-	3,056,041

### Notes:



- a The majority of insurance contract liabilities in the current year relate to LICs, which are short- term in nature. The prospective liabilities and CSM span over a much larger period.
- b Trade and other payables are current liabilities and hence expected to be released within 12 months.

### Market Risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates and equity prices, besides those disclosed more specifically under interest rate risks. Key area where the Company is exposed to market risk is:

### **Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Exposure to interest rate risk is in the form of cash balances held at call with banks (see note 6), which earn interest at rates that vary on a daily basis.

At 29 February 2024, an increase or decrease of 2% in the interest rates relating to cash and cash equivalents would result in an increase in income of \$494,446 (2023: \$480,425) or a decrease in income of \$494,446 (2023: \$480,425) respectively. The Company monitors and manages this risk through the Company's audit committee.

### **Insurance Rate Risk**

Management continuously manages and monitors the Company's risk profile and reports the risk relating to the Company's insurance operations to the board committees.

#### *Types of insurance policies*

The Company writes long and short-term assurance business. This long and short-term business consists mainly of group life assurance and funeral benefits which cover both individual business and group schemes.

#### Management of insurance risks

The acceptance of insurance risk is the core activity of the Company. As a result, the risk management approach is to ensure that risks are within acceptable limits rather than totally nullified. The principal risk is that the frequency or severity of claims are greater than expected or that premiums have not been correctly rated for the level of risk adopted.

The underwriting results of each underwriting manager and of each risk class are monitored on a regular basis by the insurance portfolio management function and corrective measures are actioned where applicable. This can include the review of underwriting manager procedures for the acceptance of new business, rating procedures and claims administration, the rerating of existing business, where applicable, or the cancellation of contracts with underwriting managers when justified. There are clearly defined limits within which business may be written.



### Key insurance risk

#### Claims risk

Claims risk is the risk that the Company may pay claims not legitimately incurred. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims where required.

#### Lapse risk

Lapse risk is the risk of financial loss due to more policies lapsing than expected, particularly as it impacts the actuarially assessed policyholder liabilities. Lapse experience is monitored to ensure that negative experience is timeously identified and corrective action taken.

#### Price and Underwriting risk

The acceptance of insurance risk is the core activity of the Company. As a result, the risk management approach is to ensure that risks are within acceptable limits rather than totally nullified. The principal risk is that the frequency or severity of claims are greater than expected or that premiums have not been correctly rated for the level of risk adopted.

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure those risks have changed materially from the previous period due to the change in ownership and, hence, management of the Company over the financial year 2024. The change in ownership resulted in a material change in the mix of business sold, driven by new management's long-term strategy.

### **34. Going Concern**

Management makes an annual assessment of the going concern status of the Company. This assessment of the going concern assumption involves making a judgement, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain.

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.





## *Company Solvency and Liquidity position*

- At the reporting date the Company reflected a positive Net Asset Value (“NAV”) of \$38,4 million, backed by cash of \$24,6 million and various other assets. The Company is thus solvent.
- The Company’s current assets exceeded current liabilities by \$17,9 million, resulting in a Current asset to Current liability ratio of 3.20. The Company is therefore liquid.
- The Company has sufficient cash and equivalents to extinguish all policyholder and current liabilities. The directors have furthermore reviewed the Company’s cash flow forecast for the 2025 financial year-end and in light of this review and the current financial position, they are satisfied that the Company will be able to meet its cash obligations and working capital requirements for at least the next year through the initiatives taken by management to secure the required working capital.
- To efficiently and effectively manage cash flows and reserves, creditor terms are noted and utilised in the monthly payment cycles. Should there be delays in payments, this is usually as a result of account queries.

Based on the information above the Board concluded that the Company is to be regarded as a going concern.





# **AFFINITY INTERNATIONAL**

**Affinity International Limited**

**Reg no: 52632**

**admin@affinityinternational.bm**

**Tel: +1 441 535-4510**

**www.affinityinternational.bm**





11 October 2024

Leonard Reyneke  
L Reyneke & Associates Inc.  
P O Box 67376  
Highveld

Dear Sir

Affinity International Limited, and Its Subsidiary (Registration number 52632)

We confirm that, to the best of our knowledge and belief, and having made such enquiries as we considered necessary for the purpose of appropriately informing yourselves, the following:

**1. Consolidated Financial statements**

This Representation Letter is provided in connection with the consolidated financial statements for the year ended 29 February 2024. With this Representation Letter we confirm that, based on the documentation and information provided to you, you were in the position to compile consolidated financial statements which fairly present, in all material respects, the state of affairs, results of the operations and cash flows of Affinity International Limited, and Its Subsidiary in accordance with International Financial Reporting Standards.

In the consolidated financial statements compiled by you, all assets, obligations, risks and limitations that are to be reported on the Statement of Financial Position, and all expenses and income as well as all the information required have been taken into account.

**2. Management responsibility**

We are responsible for the preparation of the consolidated financial statements and the compilation of the management report in accordance with the applicable accounting requirements. This responsibility comprises in particular basic decisions on the presentation of business transactions and/or assets and liabilities in the consolidated financial statements, the selection and application of appropriate accounting and valuation methods and making accounting estimates reasonable with regards to the respective conditions.

We are responsible for the prevention and detection of fraud and error, and the establishment and maintenance of an appropriate internal control system.

We are responsible for the establishment of an adequate accounting and internal control system in order to ensure that business transactions with and between related parties are recorded as such in the accounting records and are disclosed in accordance with the financial reporting framework.

**3. Information provided**

All records, documentation, and information (particularly with regard to the risks for which accruals have to be set up, to contingent losses from pending transactions to pending and imminent legal and other disputes, and to the impairment of receivables) necessary for the compilation of the consolidated financial statements, were communicated to you.

All transactions subject to accounting in the abovementioned period were continuously and completely recorded in the submitted books and records.

We have ensured that even the data not printed out are available at any time within the scope of the legally stipulated retention duties and deadlines and can be rendered readable within a suitable period of time.

**4. Accounting estimates and fair value measurements**

We confirm that the following representations made to you or implied by us during the compilation are, to the best of our knowledge and belief accurate:

- (a) That the assumptions and models used in determining the accounting estimates are appropriate, and applied consistently throughout the process;
- (b) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- (c) That the assumptions appropriately reflect management's intent;
- (d) That disclosures related to accounting estimates are complete and appropriate and
- (e) That no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.



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**5. Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when compiling financial statements as well those that could be fundamental to the operational aspects of the business.

**6. Litigations and claims**

The estimated effect of pending or threatened litigation and claims against Affinity International Limited, and Its Subsidiary have been properly recorded or disclosed in the consolidated financial statements.

Except as disclosed in the notes to the consolidated financial statements, we are not aware of any additional claims that have been or are expected to be received.

**7. Related parties**

We have disclosed to you the identity of all related parties to Affinity International Limited, and Its Subsidiary and all related party relationships and transactions of which we are aware.

We have appropriately accounted for and disclosed the identity of, and balances and transactions with related parties.

**8. Going concern**

We have disclosed to you all information relevant to the preparation of the consolidated financial statements in accordance with the going concern assumption.

**9. Subsequent events**

All events subsequent to the date of the consolidated financial statements and for which require adjustment or disclosure have been adjusted for or disclosed in the consolidated financial statements and notes thereto.

**10. Fraud**

We understand that the term 'fraud' includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the consolidated financial statements to deceive consolidated financial statement users. Misstatements resulting from misappropriation of assets involve theft of an entity's assets, often accompanied by false or misleading records or documents to conceal the fact that the assets are missing or have been pledged without proper authorisation.

We acknowledge responsibility for the design, implementation, and operation of internal controls to prevent and detect fraud and error.

There have been no instances of fraud or suspected fraud that we are aware of and that affects the company and involves:

- (a) Management;
- (b) Employees who have significant roles in internal control; or
- (c) Others where the fraud could have a material effect on the consolidated financial statements.

There have been no allegations of fraud, or suspected fraud, affecting Affinity International Limited, and Its Subsidiary's consolidated financial statements communicated by employees, former employees, analysts, regulators, or others.

We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.

**11. Comparatives**

There are no significant matters that have arisen that would require a restatement of the comparatives.

**12. Current assets**

Current assets have a value, on realisation in the normal course of business or an expected cost benefit, at least equal to the amounts at which they are stated in the statement of financial position.

Receivables reported in the consolidated financial statements represent valid claims against debtors for sales or other charges arising on or before year-end date and appropriate provisions have been made for any impairment losses that may be sustained.

**13. Property, plant and equipment**

The carrying values at which property, plant and equipment are stated in the balance sheet were arrived at after:

- (a) Taking into account, as additions, all expenditure (excluding expenditure of a revenue nature) during the year, which represented capital outlay on these assets.
- (b) Writing off of all amounts relating to items which have been sold and scrapped by year-end date.
- (c) Providing for depreciation/amortisation on a scale to cover obsolescence as well as wear and tear and thus reduce the net book value of the assets to their estimated residual values over the economically useful lives thereof.





**14. Impairment**

We have reviewed the carrying amount of assets whenever events or changes in the circumstances have indicated that the carrying amount of assets may not be recoverable and have appropriately recorded any impairment adjustment.

**15. Financial instruments**

We confirm that we have reviewed all financial assets and liabilities outstanding as at 29 February 2024 and have correctly classified them as required by IFRS.

Financial assets and financial liabilities were offset and the net amount reported in the Statement of Financial Position only where the entity had an enforceable legal right to offset the recognised amounts; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Information regarding financial risk exposure and our financial risk management objectives and policies has been adequately disclosed in the notes to the consolidated financial statements, as required by IFRS..

The necessary information about financial instruments with off-balance-sheet risk and those financial instruments with credit risk and/or interest rate risk have been properly disclosed in the consolidated financial statements as required by IFRS.

**16. Income tax**

The deferred tax valuation has been determined pursuant to the provisions of IFRS including the company's estimation of future taxable income.

The deferred tax valuation has been recognised for all deductible temporary differences as required by IFRS..

**17. Contractual agreements**

The company has complied with all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance. All contractual arrangements entered into by the company have been properly reflected in the accounting records and where material or potentially material to the consolidated financial statements have been disclosed.

**18. Encumbrances**

The company has satisfactory title to all owned assets, and there are no loans or encumbrances on such assets, except those disclosed in the notes to the consolidated financial statements.

**19. Commitments**

At year-end date, there were no material commitments under contracts concluded for capital expenditure, forward contracts of purchase and sale of foreign exchange or amounts of capital expenditure authorised by the directors which had not been contracted for, other than those provided for or disclosed in the consolidated financial statements.

**20. Consolidated Financial statement disclosure**

The following have been properly recorded and when appropriate, adequately disclosed in the consolidated financial statements:

- (a) Losses arising from sale and purchase commitments;
- (b) Agreement and options to buy back assets previously sold;
- (c) Assets pledged as collateral;
- (d) Off-balance-sheet activities, including transactions with special purpose entities, non-consolidation and revenue recognition;
- (e) Significant common ownership or management control relationships;
- (f) Changes in accounting principles affecting consistency; and
- (g) Share repurchase options and agreements and share reserved for options, warrants, conversions and other requirements.

Except as disclosed in the consolidated financial statements or notes thereto, there are no:

- (h) Other gain or loss contingencies or other liabilities that are recognised or disclosed in the consolidated financial statements, including liabilities or contingencies arising from environmental matters resulting from illegal or possible illegal acts, or possible violations of human rights; or
- (i) Other environmental matters that may have a material impact on the consolidated financial statements.



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**21. Foreign currency translation reserve**

The company consolidates subsidiaries with different currencies into the currency of the Holding Company being US dollars. Any differences occurring from such foreign exchange conversions are allocated to a Foreign currency translation reserve, as stated in the Statement of changes in equity of the consolidated annual financial statements.

**22. Inventory**

All inventory as at year end has been taken into account, and the inventory has been correctly valued in accordance with the entity's accounting policy.

Yours faithfully

Signed by: Murray Hewlett  
Signed at: 2024-10-21 14:53:14 +02:00  
Reason: Witnessing Murray Hewlett



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Director

11 October 2024

To Directors  
Affinity International Limited  
Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda

Dear Sirs/Madam

**AFFINITY INTERNATIONAL LIMITED AND ITS SUBSIDIARY  
INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
FOR THE YEAR ENDED 29 FEBRUARY 2024**

We have audited the Consolidated Annual Financial statements of Affinity International Limited and Its Subsidiary in accordance with International Standards on Auditing "ISA's", for the year ended 29 February 2024, and have issued our report thereon dated 11 October 2024. Professional standards require that we provide you with the following information relating to our audit.

**Our Responsibility in Relation to the Consolidated Annual Financial Statements Audit**

Those standards require that we plan and perform the audit to obtain reasonable assurance that the Consolidated Annual Financial Statements are free of material misstatements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, 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 entity's internal control.

An audit is conducted to enable us to form and express an opinion on the Consolidated Annual Financial Statements that have been prepared by directors with the oversight of the Audit Committee. The audit of the annual financial statements does not relieve the directors of their responsibilities.

**Planned Scope and Timing of Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Directors have the responsibility to select and use appropriate accounting policies. The significant accounting policies adopted by Affinity International and Its Subsidiary is included in Note 1 to the Consolidated Annual Financial Statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas, for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the Consolidated Annual Financial Statements prepared by the directors, and are based on directors current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Consolidated Annual Financial Statements and because of the possibility that future events affecting them may differ markedly from directors' current judgements.

The most sensitive accounting estimates affecting the Consolidated Annual Financial Statements were:

- Management's estimate of the useful lives of depreciable capital assets.
- The assumptions used in the actuarial valuations of the Insurance Contract Liabilities.

### *Consolidated Annual Financial Statement Disclosure*

The disclosure in the Consolidated Annual Financial Statements, is clear and understandable. We have further completed an IFRS disclosure checklist, and no exceptions were found.

## **Identified or suspected Fraud**

We have not identified or have not obtained information that indicates that fraud may have occurred.

## **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with directors relating to the performance of the audit.



## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the directors.

Further, professional standards require us to also communicate the effect of uncorrected misstatements on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements as a whole. In addition, professional standards require us to communicate to you all material, corrected misstatements as a result of our audit procedures.

None of the misstatements detected as a result of audit procedures, were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Groups financial statements, or the auditors' report. No such disagreements arose during the course of the audit.

## **Representations Requested from Directors**

We have requested and received necessary written representations from directors where applicable.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

This report is intended solely for the information and use by the Board of Directors, and is not intended to be, and should not be used by anyone other than the above-mentioned party.

Yours faithfully  
L Reyneke & Associates Incorporated