



**AFRICAN AND OVERSEAS
ENTERPRISES LTD**

EST. 1947

Consolidated and Separate Annual Financial Statements
for the year ended 30 June 2023

Audited Financial Statements

in compliance with the Companies Act of South Africa

Prepared by: WD Nel

Professional designation: CA(SA)

Title: Chief Financial Officer

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

Index

Companies Act notice	2
Directors' responsibility statement	2
Approval of group and company annual financial statements	2
CEO and CFO responsibility statement	3
Company secretary's certificate	3
General Information	4 - 5
Directors' Report	6 - 9
Audit committee report	10 - 12
Independent Auditor's Report	13 - 20
Statements of Financial Position	21 - 22
Statements of Profit or Loss and Other Comprehensive Income	23 - 24
Statement of Changes in Equity - Group	25
Statement of Changes in Equity - Company	26
Statements of Cash Flows	27
Accounting Policies	28 - 56
Notes to the Consolidated and Separate Financial Statements	57 - 126
Supplementary information: Unaudited shareholders' information	127 - 128

The supplementary information presented on page 127 to 128 does not form part of the financial statements and is unaudited.

These financial statements were authorised by the board of directors on 3 November 2023 and published on 3 November 2023.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

Companies Act notice

These financial statements of African and Overseas Enterprises Limited (registration number: 1947/027461/06) have been audited in terms of the Companies Act 71 of 2008 (as amended) ("the Companies Act") and have been prepared under the supervision of the Chief Financial Officer, WD Nel CA(SA).

Directors' Responsibility Statement

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of African and Overseas Enterprises Limited, which comprises the statements of financial position as at 30 June 2023 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the directors are furthermore responsible for the preparation of the Directors' Report, which forms part of the annual financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as preparation of the supplementary schedules included in the annual financial statements. Furthermore, the directors are responsible for implementing controls and security to maintain the integrity of the company's website.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group and company annual financial statements

The group and company annual financial statements of African and Overseas Enterprises Limited, as identified in the first paragraph, were approved by the board of directors on 3 November 2023 and signed by:



MR Molosiwa
Chairman
Authorised Director



MA Golding
Chief Executive Officer
Authorised Director

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

CEO and CFO responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

The financial statements set out on pages 21 to 128 fairly present in all material respects the financial position, financial performance and cash flows of African and Overseas Enterprises Limited in terms of IFRS. To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading. Internal financial controls have been put in place to ensure that material information relating to the African and Overseas Enterprises Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements of African and Overseas Enterprises Limited. The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies. We are not aware of any fraud that involves directors.



MA Golding
Chief Executive Officer
Authorised Director



WD Nel
Chief Financial Officer
Authorised Director

Company secretary's

I certify that African and Overseas Enterprises Limited has filed all returns and notices as required by a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.



A Gihwala
Company Secretary

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

General information

Country of Incorporation and Domicile	South Africa
Registration Number	1947/027461/06
JSE Share Codes	AOO – AON – AOVP
ISIN	ZAE000000485 – ZAE000009718 – ZAE000000493 Listed on the JSE Limited under the sector Consumer Services - Retail - General Retailers - Apparel Retailers
Nature of Business and Principal Activities	The group is an investment holding company. The group has investments in fashion retail, property, water infrastructure and media and broadcasting
Directors	MA Golding (CEO) WD Nel (CFO) LK Sebatane PM Naylor MR Molosiwa (Chairman) HB Roberts
Registered Office	Unit 1, Rex Trueform Office Park 263 Victoria Road Salt River Cape Town 7925 Tel: 021 460 9400 Fax: 021 460 9575
Bankers	Standard Bank Group Limited Investec Bank Limited
Auditor	PricewaterhouseCoopers Inc 5 Silo Square V&A Waterfront Cape Town 8002 (PO Box 2799, Cape Town, 8001)
Company Secretary	A Gihwala Unit 1, Rex Trueform Office Park 263 Victoria Road Salt River Cape Town 7925

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

General information

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Bierman Avenue
Rosebank, Johannesburg, 2196
(Private Bag X9000, Saxonworld, 2132)
Tel: 011 370 5000
Fax: 011 688 5248

Sponsors

Java Capital Trustees and Sponsors Proprietary Limited
6th Floor, 1 Park Lane, Wierda Valley
Sandton, Johannesburg, 2196
(PO Box 522606, Saxonworld, 2132)

Website addresses

<http://www.rextrueform.com>
<http://www.queenspark.com>
<http://www.telemedia.co.za>
<http://www.saww.co.za>
<http://www.programbuyer.com>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

Directors' report

Nature of business

African and Overseas Enterprises Limited is an investment holding company incorporated in South Africa and listed on the Johannesburg Stock Exchange Limited ("JSE") in the "apparel retailers" sector. The company has investments in fashion retail, property, water infrastructure and media and broadcasting. The company and its subsidiaries are collectively referred to as "the group". Subsidiaries held directly are presented in note 8 of the annual financial statements.

The retail segment consists of the retail sales of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through Queenspark branded outlets located in South Africa.

The group's property portfolio consists of developed and undeveloped properties, held directly and indirectly through the its subsidiaries, Rex Trueform Group Limited, Queenspark Distribution Centre Proprietary Limited and Belper Investments Proprietary Limited.

Water infrastructure investments are held via the groups' investment in Ombrecorp Trading (RF) Proprietary Limited and SA Water Works Holding Company (RF) Proprietary Limited and its subsidiaries. Operations consist of two water concession businesses operating in Mpumalanga and KwaZulu-Natal, which provide water and water services to residential, industrial and commercial consumers pursuant to concession agreements executed with municipalities in the respective areas.

The media and broadcasting segment comprises of the group's investments in Telemedia Proprietary Limited ("Telemedia") and Program Buyer Limited ("Program Buyer"). Telemedia is a broad-based media broadcast facility, manufacturer and supplier. Services include the installation of satellite transmission and radio and television signal distribution and the supply of microwave and satellite news gathering services including broadcasting, studio recording and services ancillary thereto. The group acquired 20.83% of the share capital of Program Buyer during June 2023 via Telemedia. Program Buyer is an online screening portal that showcases TV content from around the world.

Financial results

The financial results of the company and the group for the year are set out in the financial statements.

During the current year, the comparative information for June 2022 was retrospectively adjusted in the process of finalising the accounting for the acquisition of Telemedia Proprietary Limited. The details are set out in note 39 of the financial statements.

Authorised and issued share capital

The share capital of the company, both authorised and issued, is set out in note 17 to the financial statements.

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

Dividend

Details of dividends paid during the year are as follows:

	2023 R'000	2022 R'000
Dividends on 6% cumulative preference shares		
Half-year ended 31	16	16
Half-year ended 30 June	17	17
	<u>33</u>	<u>33</u>

The directors have not proposed a dividend per share (2022: R nil) in respect of the ordinary and "N" ordinary shares.

Solvency and liquidity test

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

Holding company

The company's holding company is Geomer Investments Proprietary Limited who holds a 77.25% (2022: 55.17%) voting interest and a 40.24% (2022: 37.04%) economic interest in the company.

Investments

Full details of the company's investments are set out in notes 8, 9 and 14 to the financial statements.

Special resolutions

At the annual general meeting of African and Overseas Enterprises Limited held on 28 November 2022 the shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

- Special resolution 1: Financial assistance
- Special resolution 2: General authority to acquire shares
- Special resolution 3: Allotment and issue of shares to directors and prescribed officers

Corporate governance

During the financial year under review, the directors subscribed to the principles of corporate governance as set out in King IV. Specific applicable disclosure requirements are dealt with in the integrated annual report. Please note the corporate governance report in the integrated annual report in particular in this regard.

Board committees

The reports of the various board committees are included in the Integrated Annual Report.

Auditors

PricewaterhouseCoopers Incorporated will continue in office for the 2024 financial year, in accordance with Section 90(1) of the Companies Act of South Africa.

Directors and Company Secretary

The detail of emoluments paid to the executive and non-executive directors of the company are reflected in note 34 of the financial statements. The group's company secretary is A Gihwala.

The following changes in the composition of the board of directors occurred during the year:

Director	Event	Date
PM Naylor	Retired by rotation	28 November 2022
	Re-elected	28 November 2022
HB Roberts	Retired by rotation	28 November 2022
	Re-elected	28 November 2022
LK Sebetane	Retired by rotation	28 November 2022
	Re-elected	28 November 2022

There were no other changes to the composition of the board of directors during the year.

HB Roberts and PM Naylor will retire at the 2023 annual general meeting in accordance with the company's Memorandum of Incorporation but, being eligible, will offer themselves for re-election.

Directors' interests in shares

The interest of directors in the ordinary and "N" ordinary shares of the company at 30 June was as follows:

Director	Direct Holding	Indirect Holding	Total
2023			
MA Golding ¹	-	4,764,722	4,764,722
HB Roberts ²	-	5,910,141	5,910,141
WD Nel	63,360	-	63,360
Total	63,360	10,674,863	10,738,223
2022			
MA Golding ¹	-	4,385,820	4,385,820
HB Roberts ²	-	5,910,141	5,910,141
WD Nel	63,360	-	63,360
Total	63,360	10,295,961	10,359,321

¹ Shares held via Geomer Investments Proprietary Limited and Geomer Employees Investments Proprietary Limited

² Shares held via Ceejay Trust, Gingko Investments 2 Proprietary Limited and Gingko Trading Proprietary Limited

There have been no changes in the directors' interests in shares between 30 June 2023 and the date of approval of the annual financial statements of the company.

Employee share incentive scheme

Full details of share awards and options granted and exercised are reflected in note 34 to the financial statements.

Litigation statement

Other than the matters referred to in note 40 of the financial statements, there are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of the group. Also refer to note 8 and 9 with regards to significant judgements and key assumptions.

Events after reporting date

On 5 June 2023, Telemedia Proprietary Limited entered into an agreement with Telelet Proprietary Limited and The Bretherick Family trust where Telemedia Proprietary Limited would be purchasing nine (9) properties for a purchase consideration R51.5m. The acquisition shall be funded by a cash consideration of R6.9m and a R44.6m loan from a bank against security of the registration of a first mortgage bond over the Property. As at 30 June 2023, the properties have not as yet transferred to Telemedia Proprietary Limited.

On 28 September 2023, Telemedia Proprietary Limited entered into an agreement to acquire a 35% interest in Interactive Television Africa Proprietary Limited for a cash consideration of R18m.

During 2015, Siza Water raised a tariff dispute against Umgeni Water and the Minister of Water and Sanitation, when they increased our bulk water tariff with 37.9%. Umgeni Water and the Minister of Water and Sanitation lost their case in the Kwazulu-Natal High Court and their appeal in The Supreme Court of Appeal. Both parties approached the Constitutional Court of South Africa for leave to appeal. On 5 February 2020, the Constitutional Court of South Africa dismissed Umgeni Water's application for leave to appeal with costs. Thereafter the company and Umgeni Water signed a full and final settlement agreement based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020 and it was agreed to release the funds held in escrow.

The Constitutional Court allowed Umgeni Water to present their case with the Minister's application, which was heard on 10 November 2020. On 23 July 2021 the Constitutional Court overturned the decisions of the High Court as well as Supreme Court of Appeal to rule that Umgeni Water's tariff was enforceable. We have reflected the higher tariff in our financial statements. The Constitutional Court made no reference to the full and final settlement that was concluded based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020. The amount in dispute is R106.2 million excluding VAT and income taxes. Legal advice obtained by the company indicates that the full and final settlement agreement is probably valid and enforceable. The directors are of the view that no material losses will arise in respect of the full and final settlement agreement at the date of these financial statements.

In 2019, Buhle Waste Proprietary Limited instituted proceedings out of the Mpumalanga High Court, in terms of which it sought an order setting aside (i) the decision taken by the City of Mbombela Municipality to consent to the Change in Control request presented by Silulumanzi (RF) (Pty) Ltd to the Municipality, and (ii) the agreement concluded by the Municipality and Silulumanzi (RF) (Pty) Ltd on 14 November 2018, in terms of which the consent decision was given effect to and be formally recorded. Silulumanzi (RF) (Pty) Ltd, SA Water Works (RF) (Pty) Ltd and SA Water Works Holdings (RF) (Pty) Ltd have opposed the Application. This Mpumalanga Divisional High Court matter which included six other respondents (including Silulumanzi (RF) (Pty) Ltd) under case number 2640/2019, was heard on 26 May 2022. On 17 August 2022 judgement was handed down which had the effect of setting aside the transfer of Silulumanzi (RF) (Pty) Ltd and SA Water Works Utilities (Pty) Ltd shares to SA Water Works (RF) (Pty) Ltd and Brain Gear Investments (RF) (Pty) Ltd. An application for leave to appeal was heard by the same High Court on 8 September 2022 which was consequently dismissed with costs. The Buhle Waste (Pty) Ltd versus the City of Mbombela and other respondents (including SA Water Works (RF) (Pty) Ltd) court case is still ongoing. The Supreme Court of Appeal ("SCA") has granted leave to appeal. In addition to leave being granted the costs order of the Court a quo in dismissing the application for leave to appeal has been set aside and the costs of the application for leave to appeal to the SCA and the Court a quo costs will be costs in the SCA appeal. The Notice of Appeal has been lodged and the record of the proceeding was submitted on 30 June 2023. The Heads of Argument, amongst other ancillary compliance, was filed on 16 August 2023. We now await confirmation of the date for the matter to be heard.

Management has considered the impact of the legal case as noted above on going concern. The appeal to the Supreme Court is to effect settlement of this case and to have the company operate under the concession agreement for the remaining period and whilst this appeal is ongoing the company is operating as normal and the case is expected to take more than 12 months to conclude. The lawyers are of the view that there are reasonable prospects of success for the notice of appeal to succeed.

Silulumanzi is in the process of registering an Employee Share Trust. The company will then issue 5% of its ordinary shares to the Trust. The Trust shall hold and administer the Company's shares for the benefit of the employees. The transaction is expected to be finalised within the following 12 months.

All events subsequent to the date of the consolidated and separate annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company's current liabilities exceeds its current assets by R10.3m (2022: 7.0m). The company has the balance of the loan facility from Rex Trueform Group Limited which it can utilise to settle its debts as they fall due.

The group is sufficiently capitalised and has sufficient cash resources to settle debts as they fall due. Cash and cash equivalents held by the group as at 30 June 2023 amounted to R50,450,154 (2022: R90,730,182).

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

Audit committee report

The Audit Committee (“the committee”) is pleased to present its report to the shareholders of African and Overseas Enterprises Limited for the financial year ended 30 June 2023.

Introduction

This report is issued in compliance with the requirements of the Companies Act and King IV.

Audit committee mandate

The audit committee is governed by formal terms of reference that is reviewed regularly, delegated to it by the board of directors, which regulate the committee’s functioning, processes and procedures. The committee fulfilled its responsibilities in accordance with its terms of reference during the 2023 financial year.

Members of the audit committee and attendance at meetings

All members of the committee are independent non-executive directors, with the committee being chaired by Patrick Naylor, the lead independent non-executive director of the company. The members of the committee have the necessary academic qualifications, or experience, financial literacy and skills to execute their duties effectively.

The committee met twice during the year under review, specifically prior to the publication of (and to review) the company’s and the group’s interim and final results (in addition to reviewing the reports of the external auditors and the group’s risk committees).

The committee meetings were attended by the internal auditor, external auditors, the chairman of the board and the executive directors. Each committee meeting is preceded by meeting dates and topics agreed well in advance each year and by the distribution of an Audit Committee pack to each attendee, comprising the distribution of a comprehensive committee pack containing all information required in order to assist the committee in fulfilling its duties.

Role and responsibilities of the committee

The committee’s role and responsibilities include the following:

- ensuring that appropriate financial procedures have been established and are operating;
- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing the effectiveness of the company’s finance function and considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director;
- overseeing the internal audit process;
- acting as an integral part of the risk management process;
- nominating the external auditor and overseeing the external audit process;
- complying with any further responsibilities included in the committee’s terms of reference and / or the Companies Act and the regulations thereto, to the extent not specifically addressed above; and
- external auditor’s appointment, independence and oversight of the external audit process.

External auditor’s appointment, independence and oversight of the external audit process

The committee has nominated PwC for appointment by shareholders as the company’s external auditor, at the 2023 annual general meeting with Richard Jacobs as the designated registered auditor for the 2024 financial year, the committee having satisfied itself (as required by the JSE Listings Requirements) that the:

- audit firm is accredited by the JSE; and
- quality of the external audit is satisfactory (after referencing the most recent inspection reports issued by the Independent Regulatory Board for Auditors (IRBA) in respect of both the audit firm and the designated audit partner).

The committee also gave due consideration to the independence of the external auditor and is satisfied that PwC is independent of the group and executive and senior management and therefore able to express an independent opinion of the group's annual financial statements.

The external auditor is afforded unrestricted access to the group's records and to management. Any significant issues arising from the annual audit (if any) are brought to the committee's attention. In this regard, it is noted that the audit adjustments identified by the external auditor were considered by the committee, applicable adjustments to the financial statements were made (having regard to applicable materiality levels) and an unmodified external auditor's report was issued.

The nature and extent of the non-audit services that the external auditor provides to the company and group have been agreed by the committee, being rental turnover advisory-related non-audit services, and the external auditor (via separate departments and utilising personnel who are not involved in the external audit process in respect of the group) is only permitted to provide such pre-agreed non-audit services to the group. Any proposed agreement with the external auditor for the provision of non-audit services is pre-approved by the committee.

Internal audit

A formal internal audit charter governs the internal auditing of the group. The internal auditor role was vacant until February 2023, when the function was filled. The committee has unlimited access to the internal auditor employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter. The committee reviews and approves the internal audit charter and internal audit plans. During the year under review the committee considered and evaluated the independence, effectiveness and performance of the internal auditor and the arrangements for internal audit (including after meeting with management without the internal auditor being present) and confirmed that it was satisfied with same.

Expertise and experience of financial director and evaluation of the finance function

As required by the JSE Listings Requirements, read with King IV, the committee has considered the appropriateness of the expertise and experience of the chief financial officer, and the effectiveness of the finance function (including after meeting with the external auditor without the financial director and any representatives of the finance function being present).

In this regard, the committee is of the view that Damien Franklin, the chief financial officer, possesses the appropriate expertise and experience to fulfil his responsibilities in that position. The committee, after having furthermore considered the expertise, resources and experience of the finance function, has confirmed that such function is effective, including having regard to the nature, complexity and size of the group's operations.

Combined assurance

The group subscribes to a combined assurance model that attempts to limit or control risk in its businesses by making use of both internal and third-party assurance providers (including the group's own internal line functions, risk committees, internal auditor and external auditor). During the year under review the committee evaluated the processes in place for combined assurance and considers this process to be effective.

Internal financial controls

The committee noted that there were weaknesses in the design, implementation or execution of internal financial controls. The weaknesses have been disclosed to the committee and external auditors and steps are being taken to remedy the deficiencies. None of the control weaknesses resulted in a material financial loss, fraud, corruption or error.

The audit committee is therefore of the opinion that:

- notwithstanding the weaknesses identified, the internal financial controls are effective (including in their implementation) and accounting practices are appropriate, which both form the basis for the preparation of reliable financial statements in respect of the year under review; and
- the company has established appropriate financial reporting procedures and that these procedures are operating effectively.

Financial statements and accounting practices

Following the review by the committee of the annual financial statements for the year ended 30 June 2023, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act as well as International Financial Reporting Standards and fairly present the group and the company's financial position at that date and the results of operations and cash flows for the year then ended.

Integrated annual report

The committee will satisfy itself as to the integrity of the remainder of the integrated annual report due to be published on 3 November 2023.

Conclusions

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Having achieved its objectives, the committee has recommended the annual financial statements and will recommend the integrated annual report for the year ended 30 June 2023 for approval by the board.

The board has subsequently approved the annual financial statements, and will approve the integrated annual report, which will be open for discussion at the forthcoming annual general meeting.

On behalf of the committee



PM Naylor
Audit Committee Chairman
3 November 2023



Independent auditor's report

To the Shareholders of African and Overseas Enterprises Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African and Overseas Enterprises Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

African and Overseas Enterprises Limited's consolidated and separate financial statements set out on pages 21 to 126 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

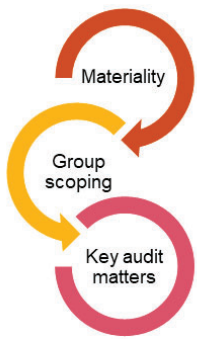
Independence

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

PricewaterhouseCoopers Inc.,
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za

Our audit approach

Overview

	<p>Overall group materiality</p> <ul style="list-style-type: none"> Overall group materiality: R8.1 million, which represents 0.9% of consolidated revenue from continued operations.
	<p>Group audit scope</p> <p>The group consists of ten components. We performed full scope audits at four components, and audits of specific financial statement line items at two components.</p> <p>On the remaining components, which were not significant individually and in aggregate, we performed analytical procedures at a group level to confirm our risk assessment.</p>
	<p>Key audit matters</p> <ul style="list-style-type: none"> Final accounting for Telemedia acquisition Assessment of recoverability of loans to associate companies

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



<i>Overall group materiality</i>	R8.1 million
<i>How we determined it</i>	0.9% of consolidated revenue from continued operations
<i>Rationale for the materiality benchmark applied</i>	We chose consolidated revenue from continued operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is commonly measured when profit before taxation is volatile. Consolidated revenue from continued operations is also reflective of the Group’s intentions to grow revenue over time in the Retail and non-Retail segments. We chose 0.9% based on our professional judgement, after consideration of the range of qualitative materiality thresholds that we would typically apply when using revenue to compute materiality

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of the financial significance of the components as well as the sufficiency of work planned to be performed over material financial statement line items. We identified two financially significant components based on its contribution to the consolidated revenue from continued operations, namely Queenspark (Pty) Ltd and Telemedia (Pty) Ltd. We included Rex Trueform Limited (company) and Ombrecorp Trading (RF) (Pty) Ltd in the scope of our group audit, based on indicators such as their contribution to consolidated total assets. We performed analytical procedures over the remaining insignificant components.

For the financially significant component we performed a full scope audit and for the other in scope components we performed a combination of full scope audits, a review and specified audit procedures. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence to form an opinion on the consolidated financial statements as a whole. As all in scope entities are managed from Cape Town we did not require the use of any component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="329 449 748 472"><i>Final accounting for Telemedia acquisition</i></p> <p data-bbox="329 499 857 615">This key audit matter relates to both the consolidated and separate financial statements. Refer to note 39 (Business combinations and note 2 of the accounting policies to the consolidated financial statements.</p> <p data-bbox="329 646 829 789">During the prior year, the group acquired a 75% share in Telemedia Pty (Ltd) for a consideration of R67.5 million, of which R10.0 million related to African and Overseas Enterprises' consideration payable .</p> <p data-bbox="329 821 634 844">This consisted of the following:</p> <ul data-bbox="375 875 854 1018" style="list-style-type: none"> • Cash paid • Ordinary shares issued • Contingent consideration – share price underpin • Contingent consideration – profit warranties <p data-bbox="329 1079 846 1398">As at 30 June 2023, the contingent consideration relating to profit warranties were fair valued to R10.4m, resulting in an adjusted total consideration of R30.4 million. Refer to note 40. The acquisition resulted in the recognition of total net assets (at fair value) of R58.2 million (of which African and Overseas Enterprises' share is R6.6 million) and a gain on bargain purchase of R3.6 million. Total assets assumed at fair value consisted mainly of the right-of-use asset, property, plant and equipment, trade and other receivables and cash.</p> <p data-bbox="329 1430 857 1514">Management, with expert involvement, performed the purchase price allocation as required by IFRS 3, Business Combinations.</p> <p data-bbox="329 1545 846 1629">We considered the accounting for the acquisition of Telemedia to be a matter of most significance to our current year audit due to the following:</p> <ul data-bbox="375 1640 837 1831" style="list-style-type: none"> • The judgement and estimates involved in allocating the purchase price to the net assets identified in the business combinations. • The valuation of the contingent considerations. • The judgements and estimates involved in 	<p data-bbox="889 499 1390 674">Regarding the valuation of assets acquired and liabilities assumed, we obtained the analysis prepared by management, and the purchase price allocation prepared by management's expert, that identifies and values the assets and liabilities acquired.</p> <p data-bbox="889 705 1406 879">Based on discussions with management, inspection of the purchase agreements and applying our understanding of the business and industry, we critically assessed the processes followed for the identification of the assets and liabilities acquired, including assessment of the completeness thereof.</p> <p data-bbox="889 911 1422 1199">The identification and valuation of separately identifiable intangible assets were included in the purchase price allocation. Utilising our valuation experts, we assessed the valuation of the identified intangible assets. Our valuation experts assessed the methodology adopted and the underlying assumptions applied for each type of intangible asset identified. Immaterial exceptions were noted. We noted no matters in relation to the independence and competence of the expert used by management.</p> <p data-bbox="889 1230 1398 1346">Utilising our valuation experts, we independently recalculated the WACC applied by management by considering relevant industry benchmarks and economic forecasts.</p> <p data-bbox="889 1377 1422 1665">We assessed the valuation performed by management in determining the fair value of the assets. Our procedures included testing the property, plant and equipment with reference to the prices and useful lives of similar aged assets. We assessed the reasonableness of the fair values by assessing past actual market prices received on similar assets considering their remaining useful life. Differences were noted in the fair values and useful lives testing, however, not material to be adjusted.</p> <p data-bbox="889 1696 1422 1831">We assessed the assumptions and inputs applied by management in determining the forecasted June 2024 profit by obtaining the audited trial balance which is used as the base year. In assessing the growth factor applied, we considered the historical</p>



<p>determining the fair values and useful lives of property, plant and equipment items</p>	<p>growth trend in conjunction with any expected future changes in the business.</p> <p>We assessed the consolidation entries as well as the accounting treatment and entries processed by management to account for the acquisition, through input from our Corporate Mergers and Acquisitions Accounting experts in the prior year.</p> <p>No material exceptions were noted.</p>
<p><i>Assessment of recoverability of loans to associate companies</i></p> <p>This relates to the loan receivable in the consolidated financial statements per note 9 (Investment in associates).</p> <p>Refer to note 40 (Events after the reporting date) and note 2 of the accounting policies to the consolidated financial statements.</p> <p>The group has a loan to associate amounting to R197 million (before impairments).</p> <p>There have been no new substantial developments in the existing legal matters which arose in the two operating entities within the associate in prior years.</p> <p>We considered the recoverability of the loan to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> • The outcome of each legal case is uncertain and gives rise to various potential scenarios and outcomes, which may impact the recoverability of the loans as at 30 June 2023. • The range of probabilities and its assigned weighting is considered to be sensitive and an area of significant judgement. 	<p>We considered, with reference to the requirements of ISA 560, whether the subsequent events as per note 40 to the consolidated financial statements were adjusting or non adjusting events in the 30 June 2023 financial results. As these conditions existed at year end, these have been considered and assessed as part of the impairment assessment performed for the year ended 30 June 2023.</p> <p>We obtained the discounted cash flow valuation model prepared relating to the operating entities of the investment in associate. These were performed by management’s experts as at 31 December 2021. We assessed their expertise with reference to their reputation and experience. Based on the procedures performed, no areas requiring additional consideration were noted.</p> <p>We assessed the inputs and assumptions applied in management’s updated forecasted future expected cash flows of the underlying operating subsidiaries in the investment in associate, as at 30 June 2023, in the form of dividend distributions, with reference to historical growth rates, and available applicable future factors. We updated the calculation to take into account any preferential obligations which would impact the loss given default rate in the determination of the expected credit loss calculation. The WACC rate was obtained from management, which is based on the rate obtained by management’s expert and rolled forward to 30 June 2023. No exceptions were noted.</p>

In determining the probability of default, we evaluated the completeness of the scenarios applied and range of possible outcomes used to determine the probability-weighted expected credit loss amount, with reference to the agreements provided by management. We assessed the logic applied in determining:

- the range of probabilities, being probable; possible and remote and
- the probability weighting percentage per scenario.

We did so with reference to management's legal experts' representations in respect of the probability of the scenarios. We obtained our own legal experts' view on the legal representations. We assessed the disclosure of this as a significant judgement in accordance with IFRS 9.

We recalculated the impact on the discounted cash flow valuation per scenario as well as the cumulative weighted probability and resulting expected credit loss.

An immaterial reversal of impairment was noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African and Overseas Enterprises Limited Consolidated and Separate Annual Financial statements for the year ended 30 June 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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



Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of African and Overseas Enterprises Limited for three years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: RJ Jacobs
Registered Auditor
Cape Town, South Africa
3 November 2023

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statements of Financial Position

Figures in R `000	Notes	Group 2023	Group 2022 Restated*	Company 2023	Company 2022
Assets					
Non-current assets					
Property, plant and equipment	5	151,626	64,991	-	-
Right-of-use asset	24	189,880	182,092	-	-
Investment property	6	253,434	58,683	-	-
Intangible assets	7	28,707	31,660	-	-
Investment in associate	9	202,133	172,675	-	-
Net interest in subsidiary companies	8	-	-	27,178	27,149
Deferred tax asset	12	8,772	7,862	-	-
Other investments	14	11,833	17,114	3	3
Loans receivable	15	-	20,280	-	-
Total non-current assets		846,385	555,357	27,181	27,152
Current assets					
Inventories	10	152,023	124,960	-	-
Trade and other receivables	11	37,640	32,576	48	172
Income tax receivable	13	1,032	17,676	-	-
Loans receivable	15	88	-	-	-
Forward exchange contracts		712	788	-	-
Accrued operating lease asset		2,407	567	-	-
Cash and cash equivalents	16	50,450	90,729	2	69
Total current assets		244,352	267,296	50	241
Total assets		1,090,737	822,653	27,231	27,393
Equity and liabilities					
Equity					
Ordinary share capital	17	9,163	9,163	9,163	9,163
Preference share capital	17	550	550	550	550
Share premium	18	6,616	6,616	6,616	6,616
Other Reserves	20	110	(16,517)	396	(5,687)
Share-based payments reserve	19	2,743	2,743	-	-
Retained earnings		204,599	156,266	3,421	1,101
Total equity attributable to owners of the parent		223,781	158,821	20,146	11,743
Non-controlling interests		219,961	183,006	-	-
Total equity		443,741	341,827	20,146	11,743

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statements of Financial Position

Figures in R `000	Notes	Group 2023	Group 2022 Restated*	Company 2023	Company 2022
Liabilities					
Non-current liabilities					
Provisions	22	4,961	14,294	-	-
Deferred tax liability	12	10,709	11,340	-	-
Loan from subsidiary	8	-	-	-	4,984
Lease liability	24	169,158	190,229	-	-
Interest-bearing borrowings	25	276,196	89,792	-	-
Post-retirement liability	26	143	85	62	76
Total non-current liabilities		461,167	305,740	62	5,060
Current liabilities					
Provisions	22	16,728	33,106	-	9,956
Trade and other payables	23	94,699	89,883	550	634
Income tax payable	13	2,068	-	-	-
Loan from subsidiary	8	-	-	6,473	-
Lease liability	24	53,307	52,097	-	-
Interest-bearing borrowings	25	19,027	-	-	-
Total current liabilities		185,829	175,086	7,023	10,590
Total liabilities		646,996	480,826	7,085	15,650
Total equity and liabilities		1,090,737	822,653	27,231	27,393

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2023	Group 2022 Restated	Company 2023	Company 2022
Revenue	27	899,284	665,671	-	-
Retail Sales		719,621	598,840	-	-
Cost of sales		(365,199)	(271,166)	-	-
Gross profit		354,422	327,674	-	-
Other revenue		179,663	66,831	-	-
Net foreign exchange gain		8,385	-	-	-
Other operating costs	28	(408,456)	(309,060)	(922)	(1,246)
Operating profit/(loss)		134,014	85,445	(922)	(1,246)
Finance income	29	32,773	24,765	-	-
Finance costs	30	(47,331)	(32,425)	(597)	(625)
Impairment losses on financial assets		(2,883)	(113)	-	-
Fair value gains on contingent consideration		8,500	-	3,872	-
Bargain purchase gain		-	3,578	-	-
Share of loss from equity accounted investments	9	(4,256)	(4,269)	-	-
Profit before tax		120,817	76,981	2,353	(1,871)
Income tax expense - continuing operations	31	(32,656)	(26,262)	-	-
Profit from continuing operations		88,161	50,719	2,353	(1,871)
Loss from discontinued operations	32	-	(93)	-	-
Profit for the year		88,161	50,626	2,353	(1,871)
Profit / (loss) for the year attributable to:					
Owners of Parent		48,366	29,198	2,353	(1,871)
Non-controlling interest		39,795	21,521	-	-
		88,161	50,719	2,353	(1,871)
Profit / (loss) for the year attributable to equity shareholders arises from:					
Continuing operations					
Equity holders		48,366	29,147	2,353	(1,871)
Non-controlling interest		39,795	21,563	-	-
Discontinuing operations					
Equity holders		-	(51)	-	-
Non-controlling interest		-	(42)	-	-
		88,161	50,626	2,353	(1,871)

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2023	Group 2022 Restated	Company 2023	Company 2022
Earnings per share from continuing and discontinuing operations attributable to owners of the parent during the year					
Basic earnings per share					
Basic earnings per share from continuing operations	33	408.19	251.08	-	-
Basic loss per share from discontinuing operations	33	-	(0.44)	-	-
Total basic earnings per share		408.19	250.64	-	-
Diluted earnings per share					
Diluted earnings per share from continuing operations	33	408.19	251.08	-	-
Diluted loss per share from continuing operations	33	-	(0.44)	-	-
Total diluted earnings per share		408.19	250.64	-	-
Other comprehensive income/(loss) net of tax					
Components of other comprehensive income/(loss) that will not be reclassified to profit or loss					
(Losses) / gains on remeasurements of defined benefit plans		(146)	135	-	-
Assets held at fair value through other comprehensive income		(4,140)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss					
Assets held at fair value through other comprehensive income		-	876	-	-
Total other comprehensive (loss)/income net of tax		(4,286)	1,011	-	-
Total comprehensive income		83,875	51,637	2,353	(1,871)
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of parent		46,138	29,645	2,353	(1,871)
Comprehensive income, attributable to non-controlling interests		37,737	21,992	-	-
		83,875	51,637	2,353	(1,871)

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

African and Overseas Enterprises Limited

(Registration Number 1937/009839/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statement of Changes in Equity - Group

Figures in R '000	Ordinary share capital	Preference share capital	Treasury Shares	Share premium	Other Reserves	Share-based payments reserve	Retained Earnings*	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 July 2021	3,079	550	(243)	6,616	1,874	3,891	125,311	141,078	132,098	273,176
Changes in equity										
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	29,105	29,105	21,521	50,626
Other comprehensive income for the year										
Gain on post retirement defined benefit plan	-	-	-	-	74	-	-	74	61	135
Fair value adjustment on assets held at fair value through other comprehensive income	-	-	-	-	466	-	-	466	410	876
Total comprehensive income for the year					540		29,105	29,645	21,992	51,637
Issue of equity	6,084	-	-	-	-	-	7,607	13,691	6,966	20,657
Preference dividends paid	-	-	-	-	-	-	(33)	(33)	(17)	(50)
Change in control	-	-	-	-	(75)	(157)	(6,947)	(7,179)	7,179	-
Equity-settled share based payment	-	-	-	-	-	(748)	1,223	475	232	707
Business combination	-	-	-	-	-	-	-	-	14,556	14,556
Delivery of treasury shares	-	-	243	-	-	(243)	-	-	-	-
Put option liability	-	-	-	-	(18,856)	-	-	(18,856)	-	(18,856)
Balance at 30 June 2022	9,163	550	-	6,616	(16,517)	2,743	156,266	158,821	183,006	341,827
Balance at 1 July 2022	9,163	550	-	6,616	(16,517)	2,743	156,266	158,821	183,006	341,827
Changes in equity										
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	48,366	48,366	39,795	88,161
Other comprehensive income for the year										
Loss on post retirement defined benefit plan	-	-	-	-	(76)	-	-	(76)	(70)	(146)
Fair value adjustment on assets held at fair value through other comprehensive income	-	-	-	-	(2,153)	-	-	(2,153)	(1,987)	(4,140)
Total comprehensive income for the year					(2,229)		48,366	46,137	37,737	83,874
Preference dividends paid	-	-	-	-	-	-	(33)	(33)	(17)	(50)
Asset Acquisition	-	-	-	-	-	-	-	-	(766)	(766)
Put option as liability	-	-	-	-	18,856	-	-	18,856	-	18,856
Balance at 30 June 2023	9,163	550	-	6,616	110	2,743	204,599	223,781	219,961	443,741
Notes	17			18	20	19				

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

African and Overseas Enterprises Limited

(Registration Number 1937/009839/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statement of Changes in Equity - Company

Figures in R '000

	Ordinary share capital	Preference share capital	Share premium	Other Reserves	Share-based payments reserve	Retained earnings	Total
Balance at 1 July 2021	3,079	550	6,616	397	433	2,614	13,689
Changes in equity							
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,871)	(1,871)
Other comprehensive income for the year							
Gain on post retirement defined benefit plan							
Total comprehensive income for the year							
Preference dividends paid						(1,871)	(1,871)
Shares issued as consideration for business combination	6,084						6,084
Equity-settled share based payment					(433)	391	(42)
Put option liability				(6,084)			(6,084)
Balance at 30 June 2022	9,163	550	6,616	(5,687)	-	1,101	11,743
Balance at 1 July 2022	9,163	550	6,616	(5,687)	-	1,101	11,743
Changes in equity							
Total comprehensive income for the year							
Profit for the year						2,353	2,353
Other comprehensive income for the year							
Gain on post retirement defined benefit plan							
Total comprehensive income for the year							
Preference dividends paid						(33)	(33)
Put option liability				6,083			6,083
Balance at 30 June 2023	9,163	550	6,616	396	-	3,421	20,146
Note	17	17	18	20	19		

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Statements of Cash Flows

Figures in R `000	Notes	Group 2023	Group 2022 Restated	Company 2023	Company 2022
Operating profit before working capital changes		200,415	162,376	(937)	(1,064)
Working capital changes		(36,989)	(49,217)	39	63
Cash generated from/ (used in) operating activities	35	163,426	113,159	(898)	(1,002)
Dividends paid	35	(50)	(50)	(33)	(33)
Dividends received	35	379	1,493	-	-
Interest paid	35	(35,175)	(23,931)	(2)	(444)
Interest received	35	4,776	6,716	-	-
Income taxes paid	35	(14,345)	(33,261)	-	-
Net cash flows from / (used in) operating activities		119,011	64,126	(933)	(1,479)
Cash flows (used in) / from investing activities					
Business combination acquisition, net of cash acquired	38	-	17,821	-	-
Asset acquisition, net of cash acquired	38	221	-	-	-
Acquisition of interests in associates	9	(5,924)	-	-	-
Other investments		-	(14,103)	-	-
Proceeds from disposal of property, plant and equipment		66	314	-	-
Purchase of property, plant and equipment	5	(113,468)	(13,029)	-	-
Purchase of investment property	6	(89,109)	(230)	-	-
Purchase of intangible assets	7	(2,501)	(60)	-	-
Loan advanced	35	(88)	(20,204)	(28)	(21)
Repayment of loans	35	-	998	-	445
Cash flows (used in) / from investing activities		(210,803)	(28,493)	(28)	423
Cash flows from / (used in) financing activities					
Loans received		109,500	-	895	1,049
Repayment of loans	35	(952)	-	-	-
Repayments of lease liabilities	24	(57,035)	(55,543)	-	-
Cash flows from / (used in) financing activities		51,513	(55,543)	895	1,049
Net decrease in cash and cash equivalents		(40,279)	(19,910)	(66)	(6)
Cash and cash equivalents at beginning of the year		90,729	110,639	68	74
Cash and cash equivalents at end of the year	16	50,450	90,729	2	68

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Corporate information

Reporting entity

African and Overseas Enterprises Limited (the “company”) is a company domiciled in South Africa (company registration number: 1947/027461/06). The financial statements for the year ended 30 June 2023 comprise the company and its subsidiaries (together referred to as the “group”).

Where reference is made to the “group” in the accounting policies, it should be interpreted as referring to the company where the context requires, and unless otherwise noted.

The company’s registered office is at Unit 1, Rex Trueform Office Park, 263 Victoria Road, Salt River, Cape Town, 7925.

The financial statements were authorised for issue by the directors on 3 November 2023.

2. Accounting policies

Basis of preparation

The group financial statements are presented in South African Rands, which is the company’s functional currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern and historical cost basis, unless otherwise stated.

These financial statements comprise the financial statements of the company (“separate financial statements”) and the group financial statements of the company and its subsidiaries (“consolidated financial statements”) and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act No. 71 of 2008.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

2.1 Basis of consolidation

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Indebtedness to or from subsidiaries is presented as part of net interest in subsidiaries, but accounted for as financial instruments.

Interests in consolidated structured entities

Rex Trueform Share Trust

The Rex Trueform Share Trust is a consolidated structured entity of the group. The financial statements of the trust are included in the consolidated financial statements from the date of registration of the trust. The Rex Trueform Share Trust purchases or subscribes for “N” ordinary shares in Rex Trueform and awards these shares to the share trust participants. When the trust transfers these shares to the participants, it is considered to be in substance, two transactions, a distribution of shares from the trust back to the company as treasury shares, followed by a distribution of those shares to the share trust participants.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

The company measured its investments in subsidiaries in its separate financial statements at cost less accumulated impairment losses.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Equity accounted investments

Investments accounted for using the equity method consist of associates (entities in which the group has significant influence, but not control - normally accompanying a shareholding of between 20% and 50% of voting rights in the investment).

Equity method of accounting

Under the equity method of accounting, investments are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the carrying value of the investment is adjusted to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income, with the corresponding entry accounted for in the statement of comprehensive income. The carrying value of the investment is also adjusted to recognise the group's share of other equity movements, which is accounted for directly in equity. Dividends received are accounted for against the carrying value of the investment.

The group determines whether there is any objective evidence that its investments are impaired at each reporting date. An impairment is the difference between the recoverable amount of the equity accounted investment and its carrying value and is recognised in the income statement.

If the ownership interest in an equity accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the group's ownership interest are likewise treated as part disposals.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
 - amount of any non-controlling interest in the acquired entity, and
 - acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value, with changes in fair value recognised in profit or loss.

2.2 Property, plant and equipment

Owned assets

Items of property, plant and equipment are measured at cost or deemed cost, less accumulated depreciation (see below) and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When there is a change in intended use the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

Where significant components of an item of property, plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment.

Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

All other costs are recognised in profit or loss as an expense as incurred.

Recognition

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Cost model

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each significant component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows for the current and comparative periods:

- | | |
|-------------------------------|----------------|
| • Buildings | 20 to 50 years |
| • Plant | 5 to 10 years |
| • Equipment and shop fittings | 3 to 20 years |
| • Vehicles | 3 to 5 years |

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.

2.3 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Buildings are depreciated to their residual values on a straight-line basis over their expected useful lives. The estimated useful lives of buildings are 20 to 50 years for the current and comparative periods.

When there is a change in intended use the group transfers assets to or from property, plant and equipment to or from investment property. Where investment property is carried at cost, transfers do not change the carrying amount of the asset transferred and they do not change the cost of that asset for measurement and disclosure purposes.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

For disclosure purposes an external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Rental income from investment property is accounted for as described in the rental income accounting policy. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in profit or loss.

Recognition

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

Initial measurement

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the initial measurement.

The initial cost of investment property interest held under a lease is recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Subsequent measurement - Cost model

After initial recognition, investment property is measured at cost less any accumulated depreciation and any accumulated impairment.

A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

In determining the carrying amount of investment property under the fair value model, assets or liabilities that are recognised as separate assets or liabilities are not double counted.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

Investment property is measured at cost, and is depreciated using the straight-line method over a useful life of each item.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of investment property that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Disposals

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of the retirement or disposal.

2.4 Intangible assets

Computer Software

Computer software that is acquired by the group and have finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Market Knowledge and Customer Relationships

Market knowledge and customer relationships were acquired as part of a business combination (see note 40 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on the timing of projected cash flows of the market knowledge and customer relationships over their estimated useful lives.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the useful life of the asset as based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Computer Software 3 to 10 years
- Customer Relationships 10 years
- Market Knowledge 7 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. In the absence of an active market the residual value is presumed to be nil.

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

2.5 Financial instruments

Financial instruments comprise cash and cash equivalents, trade and other receivables / payables, loans receivable / payable, amounts receivable from / payable to subsidiary companies, loan to associate, other investments and forward exchange contracts.

Recognition and de-recognition of financial instruments

Financial instruments are recognised when, and only when, the group becomes a party to the contractual provisions of the particular instrument.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

The group de-recognises a financial asset when and only when:

- The contractual rights to the cash flows arising from the financial asset have expired; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

All purchases and sales of financial assets measured at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the group commits to purchase or sell the asset.

A financial liability is de-recognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Initial measurement

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A trade receivable without a significant financing component is initially measured at the transaction price.

Fair value measurement considerations

The fair values of quoted financial assets are based on quoted prices. If the market for a financial asset is not active, the group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Classification and measurement

Financial assets

IFRS 9 contains three principal classification categories for financial assets that are debt instruments: measured at amortised cost, fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

A financial asset is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

A financial asset is classified as a financial asset at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are debt instruments not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise derivative financial instruments such as forward exchange contracts which the group uses to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes. After initial recognition financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses being recognised directly in profit or loss.

Foreign exchange gains or losses between the bill of lading date and settlement of the supplier is recognised in operating expenses. Interest earned whilst holding financial assets at fair value through profit or loss is included in finance income.

Financial assets carried at fair value through profit or loss also comprise of shareholder funding provided to associate. The shareholder funding provided to associate are classified as an equity instrument in terms of IFRS 9. The equity instrument is measured at fair value at initial recognition and each subsequent period.

Financial assets at amortised cost

Loans receivable and trade and other receivables

Loans receivable and trade and other receivables, including those made to fellow group undertakings, are subsequently measured at amortised cost using the effective interest method less any impairment losses. Interest received is recognised as part of finance income. Finance income, foreign exchange gains and losses and impairment are recognised in profit or loss. All loans receivable and trade and other receivables are recognised when cash is advanced or expected from borrowers. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash on hand and deposits held at call with financial institutions.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. After initial recognition financial assets at fair value through other comprehensive income are measured at fair value with resulting fair value gains or losses being recognised in other comprehensive income and presented within equity in other reserves. This category comprises of other investments.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss comprise derivative financial instruments such as forward exchange contracts which the group uses to economically hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes. After initial recognition financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses being recognised directly in profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of rental deposits, loan payable and amounts payable to subsidiary companies and are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss as finance costs. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The impairment model per IFRS 9 applies to financial assets measured at amortised cost and FVOCI (for example loans receivable, trade and other receivables and cash and cash equivalents), but not to investments in equity instruments.

The group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and is included in the carrying value of the financial assets.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). 12-month ECLs are applicable to loans receivable and loans receivable from subsidiary companies. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Refer to note 37.

The group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Classification

Until 30 June 2022, the group classified its financial assets and financial liabilities in the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

The company could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the company could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the company had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9 - refer to description above.

Loans and receivables and held-to-maturity investments were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at fair value through profit or loss – in profit or loss within other gains / (losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Details on how the fair value of financial instruments is determined are disclosed in the note on Fair value measurements.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Impairment

The company assessed at the end of each reporting period whether there was any objective evidence that a financial asset or group of financial assets was impaired. If any such evidence existed, the extent of the impairment was determined.

Impairment losses in financial assets carried at amortised cost were recognised in profit or loss.

Impairment losses were reversed when an increase in the financial asset's recoverable amount could be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment was reversed could not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses on financial assets available-for-sale was removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period. Reversals of impairment losses were recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value, less costs of disposal. In assessing value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

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

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the executive members of the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Segment results that are reported to the board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Earnings per share

The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares, which includes ordinary and "N" ordinary share. Preference shares are excluded from the calculation of EPS. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share ("HEPS") are calculated per the requirements of Circular 1/2023, issued by SAICA as required by the JSE Listings Requirements, using the same number of shares as the EPS and diluted EPS calculations.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.7 Non-current assets or disposal groups classified as held for sale or distribution to owners

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset or disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset or disposal group is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.8 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes tax arising on dividends.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Deferred tax

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

The measurement of deferred tax reflects the consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

Deferred tax related to IFRS 16 Leases, is accounted for on a gross basis which refers to the right-of-use asset and lease liability within the deferred tax note. Refer to note 24.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends withholding tax

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at prevailing statutory rates on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where tax is withheld on dividends received the dividend is recognised at the gross amount with the related withholding tax recognised as part of tax expense, unless it is otherwise reimbursable in which case it is recognised as an asset.

Current tax assets and liabilities

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

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period 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 taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Current tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax expense (income)

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

- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

2.9 Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessor

The group leases out its investment property. Where a significant portion the property is considered owner occupied, the property will be reclassified to Property, Plant and Equipment. The group has classified these leases as operating leases.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Right-of-use asset

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate. Refer to note 24 for the lease period used.

The group determines its incremental borrowing rate by obtaining the published prime interest rate, which is then adjusted to reflect the specific underlying risk pertaining to a lease. Refer to note 24 for the interest rates used.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee, and
- Lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 12% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Recognition

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

Measurement

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The group tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the relevant group entity's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Lease modifications

The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments. Changes in future lease payments can arise by way of mutual agreement between the lessee and lessor, if there is a change in monthly rental payments, an index or rate or of the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (12 months and less) and low-value assets (consisting of information technology equipment) in line with the standard. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.10 Leases as lessor

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease component as well as a non-lease components, the consideration is allocated between the components in accordance with the requirements of revenue from contracts with customers.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised by the lessee, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised by the lessee.

The assessment of the reasonable certainty of the exercising of options to extend the lease by the lessee, or not exercising of options to terminate the lease by the lessee, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the group's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Classification

Leases are classified as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Operating leases

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis. Another systematic basis is applied if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Costs, including depreciation, incurred in earning the lease income is recognised as an expense.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and those costs are recognised as an expense over the lease term on the same basis as the lease income.

Depreciation and impairment is calculated and recognised on the underlying asset in accordance with the relevant policy for the class of underlying asset.

Lease modifications

Modifications to an operating lease are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.11 Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a discount rate is applied to determine the present value of the provision. Where discounting is applied the annual increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures 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 is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when:

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

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

Measurement

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation, but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts, or both.

The group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The group recognises as an asset the incremental costs of obtaining a contract with a customer if the group expects to recover those costs.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the group can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the group's performance and the customer's payment. The group presents any unconditional rights to consideration separately as a receivable.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

2.12 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Short-term employee benefits are expensed as the related service is provided. The accruals for employee entitlements to wages and salaries represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals for short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution retirement fund is recognised as an employee benefit expense in profit or loss when it is due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Post-employment benefits

The group contributes to a defined benefit plan and has defined benefit post-retirement medical aid and related obligations.

Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The projected unit credit method is used to determine the present value of the defined benefit post-retirement medical aid and pension obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary as and when it is deemed appropriate by management. When the calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Current service cost and interest cost in respect of defined benefit plans are recognised immediately in profit or loss. Actuarial gains and losses are recognised in the year in which they arise in other comprehensive income.

Share-based payment transactions

The group granted equity share instruments to certain employees under an employee share plan. The grant date fair value of forfeitable shares granted to employees is recognised as an expense with a corresponding increase in equity in a separate reserve over the period that the employees become unconditionally entitled to the instruments. The fair value is measured using the quoted share price as at grant date and is spread over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share instruments for which the related service and non-market vesting conditions are met. The actual issue of share instruments to employees results in an increase in share capital at the fair value on the date of the share issue and a reduction of the share-based payment reserve at the grant date fair value, the resulting difference is recognised in retained earnings. Costs incurred in administering the schemes are expensed as incurred.

2.12 Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rands at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

2.13 Share capital

Ordinary share capital

Ordinary and “N” ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. On a poll, ordinary shares have 200 votes per share and “N” ordinary shares have 1 vote per share.

Preference share capital

Preference share capital is classified as equity as it is non-redeemable with no earnings per share allocated. Dividends on preference share capital is payable in cash on a bi-annual basis and recognised as distributions within equity.

Treasury shares

Shares in the company held by group entities are classified as treasury shares. These shares are treated as a deduction from the weighted average number of shares in issue and the cost price of the shares is deducted from equity in the statement of changes in equity. The company’s shares held by the Rex Trueform Share Trust have been treated as treasury shares. Dividends received on treasury shares are eliminated on consolidation.

Dividends

Dividends are recognised as a liability in the period in which they are declared to the extent it remains unpaid at the end of the reporting period.

2.14 Revenue

Revenue from contracts with customers

Revenue is recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

The main categories of revenue and the basis of recognition are as follows:

Retail sales

Retail sales comprises of net income from the sale of merchandise recognised at a point in time, upon delivery of products and customer acceptance. It is the group’s policy to sell its products to the retail customer with a right to return within a specified period. Accumulated experience is used to estimate and provide for such returns. Under IFRS 15, the group has recorded a right to return asset included in inventories and a customer returns provision included in provisions in the statement of financial position.

Revenue is measured based on the standalone selling price of the merchandise. If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur. Contracts for the sale of merchandise provide customers with a right of return. The rights of return give rise to variable consideration.

Revenue arising from the consignment model is only recognised at the point where the end user pays for the goods.

Lay-by revenue is only recognised when the full purchase price of the goods have been paid.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

2. Accounting policies (continued)

Customer purchases of gift vouchers, to be used in our stores or on our online platforms, are not recognised as revenue until the voucher is redeemed and the customer purchases merchandise using the gift voucher. Gift vouchers, in line with the 3-year prescription period, are deemed to only expire after 3 years. A certain number of vouchers will not be fully redeemed and is considered to be immaterial.

Lay-by revenue and the proceeds from gift vouchers are recognised as deferred income until recognised as revenue.

Tenant recoveries

Tenant recoveries are recognised as they are earned in line with the contractual rights included in the lease agreements and represents the recovery of costs by the group for the provision of services. The group acts as a principal on its own account when delivering services to tenants over a period of time.

Media and broadcasting income

Media and broadcasting income is derived from the provision and installation of satellite transmission and radio and television signal distribution equipment as well as the provision of microwave and satellite news gathering ("SNG") services including broadcasting, studio recording and services ancillary thereto. Revenue from the sale of equipment is recognised at a point in time. All other revenue streams within the media and broadcasting segment are recognised over time.

Management fee income

Management fee income is derived from the provision of management and administration services. Revenue is recognised in the month in which the service is performed.

Revenue from lease agreements – IFRS 16

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease taking into account fixed escalation clauses.

Revenue other than contracts with customers

Dividend income

Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

Finance income

Finance income is recognised in profit or loss as it accrues, using the effective interest method and is not classified as revenue.

Accrued dividends on loan to associate

Accrued dividends on loan to associate is calculated in terms of the shareholder agreement with associate and is recognised in profit or loss as it accrues.

2.15 Expenses

Cost of sales

Cost of sales comprises the direct cost of merchandise sold and includes stock losses and allowances for mark downs. Cost of sales also includes direct cost of media and broadcasting equipment sold.

Finance cost

Finance cost comprise interest payable on borrowings calculated using the effective interest method.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

3. Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Leases

Lease terms applicable to lease agreements, relating to the group's lease liabilities, are negotiated on an individual basis and contain a wide range of different terms and conditions. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management exercises judgement in determining the likelihood of exercising termination or extension options in determining the lease term including considerations of the age of the lease, the nature of the leased asset and the expected return on the underlying cash-generating unit to which the leased asset belongs.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is objective evidence that new lease terms have been agreed between the parties. Management exercises judgement in the determining the effective date of such lease modifications including referencing signature dates, correspondence and actual billings.

Incremental borrowing rates applied in the measurement of lease liabilities are based on a series of inputs including the prime lending rate, the lessee's credit risk and an adjustment for whether a lease is located in an urban, town or township area.

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Management exercises significant judgement when estimating the future selling prices of inventory where the group has ownership of such inventory. The estimation takes into account historic sales information, seasonality of inventory, customer preferences, gross profit margins and represents the expected mark down between the original cost and the estimated net realisable value. Refer to note 10.

Measurement of fair values

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

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

Impairment of right-of-use asset

Right-of-use assets, being leasehold rights in respect of retail store premises, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss making). The determination of the value in use of the cash generating units to which the right-of-use assets belong is a significant judgement area. The smallest cash generating units are our walk-in stores. The biggest uncertainties affecting stores are future footfall and consumer spending which are particularly relevant to our super regional stores. Management has used their judgement and estimation techniques to determine discount rates and future cash flows. Further information about the assumptions made in measuring value-in-use is included in note 24.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

3. Judgements and estimates (continued)

Loan to associate and subsidiary

The group provided a loan to an associate, which has been classified as an equity instrument at fair value through profit or loss in terms of IFRS 9. The loan has been included as part of the net investment in associate. Management exercises judgement when assessing whether the loan meets the criteria for measurement at fair value through profit or loss at initial recognition; as well as in determining the fair value at each subsequent reporting date using the valuation approach set out in note 9.

Business combinations

The group has exercised significant judgement in applying the definition of the acquirer in business combinations in terms of IFRS 3 and IFRS 10. An acquirer is identified for all business combinations. The acquirer is the combining entity that obtains control of the acquiree, being the other combining business or businesses. The group considers that, as a combined group, it is also the acquirer (in addition to its holding company African and Overseas Enterprises Limited) as the combined group is obtaining control over the acquiree (refer to note 40). This is based on the fact that the Sales Agreement was structured as single agreement, setting out the terms of the transaction as a whole, consideration and parties to the agreement in one structured agreement with the terms of the agreement supporting that economically it is considered a single acquisition.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

4. Changes in accounting policies and disclosures

4.1 Standards and Interpretations effective and adopted in the current year

International Financial Reporting Standards and amendments effective for the first time for June 2023 year-ends		
Number	Effective date	Executive summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	<p>These amendments include minor changes to:</p> <ul style="list-style-type: none"> IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendment to IFRS 3, 'Business combinations'	Annual periods beginning on or after 1 January 2022 (Published May 2020)	<p>The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.</p> <p>In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.</p> <p>The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.</p>
Asset or liability in a business combination clarity		

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

4. Changes in accounting policies and disclosures (continued)

There were no changes in accounting policies and disclosures adopted in the current year.

4.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2023 or later periods. The directors anticipate that the adoption of the below mentioned standards in future periods will have no material financial impact on the financial statements of the group.

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Accounting Policies

4. Changes in accounting policies and disclosures (continued)

Number	Effective date	Executive summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

5. Property, plant and equipment

5.1 Balances at year end and movements for the year

	Land and Buildings	Plant and equipment	Motor vehicles	Equipment and shop fittings	Total
Reconciliation for the year ended 30 June 2023 - Group					
Balance at 1 July 2022					
At cost	7,044	365	1,853	217,751	227,013
Accumulated depreciation	(1,880)	(201)	(556)	(159,385)	(162,022)
Carrying amount	5,164	164	1,297	58,366	64,991
Movements for the year ended 30 June 2023					
Additions	65,718	35	1,210	46,505	113,468
Depreciation	(360)	(23)	(635)	(19,213)	(20,231)
Increase (decrease) through transfers from (to) investment property	(4,907)	-	-	-	(4,907)
Cost of disposals	-	-	-	(13,270)	(13,270)
Accumulated depreciation on disposals	-	-	-	11,575	11,575
Property, plant and equipment at the end of the year	65,615	176	1,872	83,963	151,626
Closing balance at 30 June 2023					
At cost	67,855	400	3,063	250,986	322,304
Accumulated depreciation	(2,240)	(224)	(1,191)	(167,023)	(170,678)
Carrying amount	65,615	176	1,872	83,963	151,626

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

5. Property, plant and equipment (continued)

Reconciliation for the year ended 30 June 2022 - Group	Land and Buildings	Plant and equipment	Motor vehicles	Equipment and shop fittings	Total
Balance at 1 July 2021					
At cost	7,014	365	1,213	191,771	200,363
Accumulated depreciation	(1,502)	(154)	(1,203)	(154,222)	(157,081)
Carrying amount	5,512	211	10	37,549	43,282
Movements for the year ended 30 June 2022					
Additions	30	-	697	12,302	13,029
Additions through business combinations*	-	-	789	27,460	28,249
Depreciation*	(378)	(47)	(199)	(15,663)	(16,287)
Cost of disposals	-	-	(846)	(13,779)	(14,625)
Accumulated depreciation on disposals	-	-	846	10,497	11,343
Property, plant and equipment at the end of the year	5,164	164	1,297	58,366	64,991
Closing balance at 30 June 2022					
At cost	7,044	365	1,853	217,751	227,013
Accumulated depreciation	(1,880)	(201)	(556)	(159,385)	(162,022)
Carrying amount	5,164	164	1,297	58,366	64,991

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

The group acquired a property situated at 27 Losack Avenue, Epping, Cape Town for an acquisition consideration amounting to R65m excluding transaction costs. The acquisition consideration was paid on the effective date and was funded by a cash consideration of R20.9m and a R44.1m loan from a bank against security of the registration of a first mortgage bond over the property. The effective date and date of transfer was 28 February 2023.

The portion of the Losack Avenue property partly leased to, and occupied by the group was considered significant and as a result, the entire building and equipment integral to the building is classified as property, plant and equipment.

Management has considered the following when assessing the owner occupied portion as significant:

- Queenspark Proprietary Limited occupies approximately 62% (2022: 0%) of the building at 27 Losack Avenue, Epping and in relation to gross lettable area, this is regarded as significant.

The remaining acquisitions relate to the normal operations of the group.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

5. Property, plant and equipment (continued)

5.2 Impairment tests for plant and equipment

The group reviews the carrying value of assets when events or changes in circumstances suggest that the carrying value may not be recoverable. Carrying values of assets were assessed for impairment as part of the impairment test for right-of-use assets. Refer to note 24. No impairment charges on plant and equipment were recognised in the current or prior year.

6. Investment property

6.1 Balances at year end and movements for the year

Reconciliation for the year

At cost	84,054	83,823	-	-
Accumulated depreciation	(25,370)	(22,994)	-	-

Movements for the year

Additions from subsequent expenditure recognised as asset	89,109	230	-	-
Additions through asset acquisition	106,014	-	-	-
Depreciation	(5,281)	(2,376)	-	-
Transfer between PPE and Investment property	4,908	-	-	-
Investment property at the end of the year	253,434	58,683	-	-

Closing balance at the end of the year

At cost	284,085	84,053	-	-
Accumulated depreciation	(30,651)	(25,370)	-	-
Carrying amount	253,434	58,683	-	-

The group acquired a property situated at 5 Fitzmaurice Road, Epping, Cape Town for an acquisition consideration amounting to R85m, excluding transactions costs. The acquisition consideration was paid on the effective date and was funded by a cash consideration of R20.5m in the 2022 financial year of R20.5m and a R64.5m loan from a bank against security of the registration of a first mortgage bond over the property. The effective date and date of transfer was 7 October 2022.

Through the asset acquisition of Belper Investments Proprietary Limited, five (5) industrial properties located in Epping, Cape Town, for a total consideration of R104.2m excluding transactions costs, were acquired effective 3 August 2022. The purchase of these properties were financed through a loan provided by Rex Trueform Group Limited to Belper Investments Proprietary Limited, in the 2022 financial year before conclusion of the asset acquisition transaction, of R19.4m and R84.8m loan from a bank against security of the registration of a first mortgage bond over the properties. Refer to notes 25 and 37.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

6. Investment property (continued)

6.2 Fair values of investment property

The fair value of investment property has been determined using the discounted cash flow method or applicable bulk rate as at 30 June 2023 by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. In applying this method, the professional associated values has given consideration to the rental-producing capacity of the properties taking into account their location, structure and the rental producing capacity of similar buildings. The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs of the valuation technique.

Significant unobservable inputs:

Capitalisation rate:	9.50% - 11.50% (2022: 9.50% - 11.00%)
Discount rate:	15.50% (2022: 15.00%)
Vacancy factor:	1% - 7.66% (2022: 2.00% - 10.00%)

Fair values of investment property are as follows:

Rex Trueform Office Park	139,400	128,700	-	-
344 Victoria Road, Salt River	27,300	27,900	-	-
14 Brickfield Road, Salt River	29,600	29,600	-	-
16 Perth Road, Wynberg	20,000	-	-	-
5 Fitzmaurice Avenue, Epping	86,000	-	-	-
14 Moody Avenue, Epping	7,900	-	-	-
17-21 Moody Avenue, Epping	31,100	-	-	-
18-20 Moody Avenue, Epping	10,200	-	-	-
9 Moody Avenue, Epping	6,800	-	-	-
12 Moorsom Avenue, Epping	70,400	-	-	-
	428,700	186,200	-	-

Included in profit and loss are the following items:

Rental income and tenant recoveries from investment property	59,681	24,873	-	-
Direct operating expenses (including repairs and maintenance) relating to rental generating investment properties	33,351	9,375	-	-
Direct operating expenses (including repairs and maintenance) relating to investment properties which did not generate income	961	1,165	-	-

^ The comparative for the group has been adjusted to include tenant recoveries which was omitted in the prior year.

The group leases out certain of its investment properties. The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	49,061	7,241	-	-
Between one and five years	61,062	3,615	-	-
	110,124	10,856	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

6. Investment property (continued)

Group level

The group owns investment property that is partly leased to, and occupied by, its subsidiary, Queenspark Proprietary Limited. The portion relating to the office space which is occupied by the group was considered insignificant and as a result the entire building and equipment integral to the building is classified as investment property.

Management has considered the following when assessing the owner occupied portion as insignificant:

- Queenspark Proprietary Limited occupies approximately 10% (2022: 10%) of the Rex Trueform Office Park ("RTOP") building and in relation to gross lettable area, this is regarded as insignificant.

The group's investment properties include commercial properties that are leased out to third parties. Rental increases vary between 6% and 9% (2022: 7.5% and 9%). Subsequent renewals may be negotiated with the lessee and the average renewal periods are from two to five years. No contingent rentals are charged.

7. Intangible assets

Reconciliation of changes in intangible assets

	Computer software	Market knowledge	Customer relationships	Total
Reconciliation for the year ended 30 June 2023 - Group				
Balance at 1 July 2022				
At cost	36,035	4,214	18,215	58,464
Accumulated amortisation	(25,996)	(201)	(607)	(26,804)
Carrying amount	10,039	4,013	17,608	31,660
Movements for the year ended 30 June 2023				
Additions	2,501	-	-	2,501
Amortisation	(3,030)	(602)	(1,822)	(5,454)
Intangible assets at the end of the year	9,510	3,411	15,786	28,707
Closing balance at 30 June 2023				
At cost	38,536	4,214	18,215	60,965
Accumulated amortisation	(29,026)	(803)	(2,429)	(32,258)
Carrying amount	9,510	3,411	15,786	28,707

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

7. Intangible assets (continued)

Reconciliation for the year ended 30 June 2022 - Group	Computer software	Market knowledge	Customer relationships	Total
Balance at 1 July 2021				
At cost	41,409	-	-	41,409
Accumulated amortisation	(26,484)	-	-	(26,484)
Carrying amount	14,925	-	-	14,925
Movements for the year ended 30 June 2022				
Additions	60	-	-	60
Additions through business combination*	-	4,214	18,215	22,429
Amortisation*	(4,875)	(201)	(607)	(5,683)
Cost of disposals	(5,434)	-	-	(5,434)
Accumulated depreciation on disposals	5,363	-	-	5,363
Intangible assets at the end of the year	10,039	4,013	17,608	31,660
Closing balance at 30 June 2022				
At cost	36,035	5,314	18,215	59,564
Accumulated amortisation	(25,996)	(1,301)	(607)	(27,904)
Carrying amount	10,039	4,013	17,608	31,660

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

8. Net interest in subsidiary companies

8.1 The amounts included on the statements of financial position comprise the following:

Investments in subsidiaries	-	-	27,178	27,149
-----------------------------	---	---	--------	--------

8.2 Net interest in subsidiary companies

8.2.1 Details of the group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and business
Rex Trueform Group Limited	Investment holding company with investments in fashion retail, property, water infrastructure and media and broadcasting	South Africa
Telemedia Proprietary Limited	Provider of communication services and connectivity solutions in the broadcasting and telecommunications industry	South Africa
African and Overseas Share Trust	Dormant	South Africa

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

8. Net interest in subsidiary companies (continued)

8.2.2 Voting rights and interest held for these subsidiaries are as follows:

	2023 % Shareholding	2022 % Shareholding Restated*
Rex Trueform Group Limited **		
Ordinary shares	56.08%	56.08%
"N" ordinary shares	51.39%	51.39%
6% cumulative preference shares	0.59%	0.59%
Economic Interest	55.97%	55.97%
Voting Interest	52.20%	52.20%
Telemedia Proprietary Limited ^	11.29%	11.29%
African and Overseas Share Trust	100.00%	100.00%

* The percentage holding in Rex Trueform Group Limited held by the Company has been corrected to accurately reflect the ordinary shareholding of 56.08% instead of 72.62%

** The company's economic interest in Rex Trueform is 55.97%

^ The company's subsidiary, Rex Trueform has a 63.71% interest in Telemedia Proprietary Limited. The group therefore has a 75% interest in Telemedia Proprietary Limited

Investment in listed shares - at cost

Rex Trueform Group Limited		
Ordinary shares	2,187	2,187
"N" ordinary shares	15,212	15,212
6% cumulative preference shares	1	1
	17,400	17,400

Investment in unlisted shares - at cost

Telemedia Proprietary Limited	9,683	9,683
-------------------------------	-------	-------

8.2.3 Loans receivable from subsidiary companies

Non-current loan receivable from subsidiary company

African and Overseas Share Trust	95	66
----------------------------------	----	----

Current loan payable to subsidiary company

Rex Trueform Group Limited	6,473	4,984
----------------------------	-------	-------

Terms of the loans receivable from/ (payable to) subsidiary companies

African and Overseas Share Trust

The company provided financial assistance to the share trust in order to purchase the shares. The loan receivable is interest free and is repayable before the fifth anniversary of the effective date of the loan. The loan is not expected to be repaid within 12 months and is therefore considered to be non-current.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

8. Net interest in subsidiary companies (continued)

Rex Trueform Group Limited

Rex Trueform Group Limited provided financial assistance to its holding company in the form of loan facility of R14 million. The loan is unsecured and bears interest at the prime rate of interest. The loan is repayable by June 2024, being the fifth anniversary of the signature date of the loan. The loan is therefore considered to be current.

Shown as:

Non-current assets			27,178	27,149
Non-current liabilities			-	(4,984)
Current liabilities			(6,473)	-
			<u>20,705</u>	<u>22,165</u>

Reconciliation of the loans receivable from/ (payable to) subsidiary companies

Loan receivable from subsidiary company

Balance at the beginning of the year	66	297
Loan granted during the year	29	12
Loan repaid via shares during the year	-	(243)
Balance at the end of the year	95	66

Loan payable to subsidiary company

Balance at the beginning of the year	(4,984)	(4,029)
Loan received during the year	(894)	(1,049)
Interest repaid during the period	-	444
Interest accrued during the year	(595)	(350)
Balance at the end of the year	(6,473)	(4,984)

9. Investment in associates

9.1 Details of the group's material associates at the end of the reporting period are as follows:

Name of associate	Nature of the relationship	Measurement base	Place of incorporation and business
SA Water Works Holding Company Proprietary Limited	Associate of Ombrecorp Trading (RF) Proprietary Limited	Equity	South Africa
Program Buyer Limited	Associate of Telemedia Proprietary Limited	Equity	United Kingdom

9.2 Interest in associate

SA Water Works Holding Company Proprietary Limited	196,274	172,675	-	-
Program Buyer Limited	5,859	-	-	-
	<u>202,133</u>	<u>172,675</u>	<u>-</u>	<u>-</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

9. Investment in associates (continued)

9.3 Proportion of interest and voting rights held in the associate

	Interest 2023	Voting rights 2023	Interest 2022	Voting rights 2022
SA Water Works Holding Company Proprietary Limited	30.79%	30.79%	30.79%	30.79%
Program Buyer Limited	20.83%	20.83%	0.00%	0.00%

9.4 Summarised financial information for material associates

SA Water Works Holding Company Proprietary Limited

The group acquired 30% of the issued share capital of SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") for a nominal consideration via a controlled subsidiary, Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"). In August 2020, the effective interest was increased to 30.79%.

Non-current assets	890,130	931,714	-	-
Current assets	430,503	416,931	-	-
Non-current liabilities	(874,062)	(874,158)	-	-
Current liabilities	(204,639)	(233,272)	-	-
Non-controlling interest	(217,935)	(203,607)	-	-
Net assets (100%)	23,996	37,608	-	-
Group's share of net assets 30.79% (2022: 30.79%)	7,389	11,580	-	-
Investment at cost	2,516	2,516	-	-
Loan to associate	186,370	158,580	-	-
Total investment in associate	196,274	172,675	-	-
Revenue	761,617	696,601	-	-
Profit or loss from continuing operations	25,921	24,818	-	-
Total comprehensive income for the year attributable to non-controlling shareholders	(42,618)	(38,683)	-	-
Total comprehensive income for the year attributable to owners of parent	(19,233)	(13,865)	-	-
Group's share of total comprehensive income	(4,191)	(4,269)	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
9. Investment in associates (continued)				
Program Buyer Limited				
The group acquired 20.83% of the share capital of Program Buyer Limited ("Program Buyer") during June 2023 for R5.9m via a controlled subsidiary, Telemedia Proprietary Limited ("Telemedia"). Rex Trueform Group Limited owns 63.71% of the issued share capital of Telemedia.				
Non-current assets	40	-	-	-
Current assets	5,824	-	-	-
Non-current liabilities	(1,594)	-	-	-
Current liabilities	(2,877)	-	-	-
Net assets (100%)	1,394	-	-	-
Group's share of net assets	279	-	-	-
Goodwill	5,580	-	-	-
Total investment in associate	5,859	-	-	-
Opening net assets	28,439	-	-	-
Profit or loss from continuing operations	(312)	-	-	-
Closing net assets	28,127	-	-	-
Group's share in %	20.83%	-	-	-
Group's share in R'000	5,859	-	-	-
Revenue	6	-	-	-
Profit or loss from continuing operations	(312)	-	-	-
Total comprehensive income for the year attributable to owners of parent	(312)	-	-	-
Group's share of total comprehensive income	(65)	-	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

9. Investment in associates (continued)

9.5 Interest in associate

Interest in associate - SA Water Works Holding Company Proprietary Limited

Reconciliation of carrying value at the beginning and end of the year

Carrying value at the beginning of the year	14,095	18,364	-	-
Share of net attributable losses of associates	(4,191)	(4,269)	-	-
Carrying value at the end of the year	9,904	14,095	-	-
Loan to associate at the beginning of the year	158,580	151,717	-	-
- Capital	125,000	125,000	-	-
- Impairment on loan receivable	(11,100)	-	-	-
- Accrued dividends	44,680	26,717	-	-
Accrued dividends repaid during the year	-	(1,815)	-	-
Accrued dividends recognised during the year	27,790	19,778	-	-
Impairment of loan during the year	-	(11,100)	-	-
Loan to associate at the end of the year	186,369	158,580	-	-
- Capital	125,000	125,000	-	-
- Impairment on loan receivable	(11,100)	(11,100)	-	-
- Accrued dividends	72,469	44,680	-	-

Rex Trueform Group Limited's shares in Ombrecorp, Ombrecorp's shares in SAWW and Ombrecorp's bank account has been ceded and pledged in favour of 27four Life until such time as the loan has been fully settled. Refer to note 25.

Ombrecorp provided shareholder funding to SAWW in order to invest in the underlying subsidiaries which conducts business in the water utility sector in accordance with water concession agreements concluded with the relevant municipalities. The shareholder funding is unsecured, bears interest at prime plus 5% and is repayable out of profits and cash available for distribution. All shareholder loan repayments are subject to 75% shareholder approval. The loan to associate has accordingly been classified as an equity instrument.

Fair value assessment and significant judgements

Management's assessment of the future expected cash flows of the underlying operating subsidiaries (Siza Water and Silulumanzi), in the form of dividend distributions was used to assess the recoverability of the investment, including the shareholder funding provided. The fair value assessment was done for the remaining concession term for each of the operating subsidiaries.

Based on management's assessment of expected cash flows of the operating subsidiaries, as well as the probability factors of these possible legal outcome (being probable, possible or remote), on a probability weighted scenario analysis, management concluded that no additional fair value adjustment is required in the current year (2022: R11,100,000).

Significant unobservable inputs in relation to the investment in associate:

Accrued dividend rate: 13.25% – 16.25% (2022: 12.00% – 13.25%)

Term: 6.75 – 7.33 years (2022: 7.75 – 8.33 years)

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

9. Investment in associates (continued)

In the previous financial statements, reference was made to impairment which has subsequently been updated to refer to the fair value adjustment, to align with the nature and classification of the equity financial instrument.

Interest in Associate - Program Buyer Limited

Reconciliation of carrying value at the beginning and end of the year

Carrying value at the beginning of the period	-	-	-	-
Increase in investment at cost	5,924	-	-	-
Share of loss of associate	(65)	-	-	-
Carrying value at the end of the period	<u>5,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Shown as:				
Non-current assets	<u>202,133</u>	<u>172,675</u>	<u>-</u>	<u>-</u>

10. Inventories

Inventories comprise:

Merchandise on hand	110,292	89,444	-	-
Merchandise at sea	40,930	34,515	-	-
Right to return asset	801	1,001	-	-
	<u>152,023</u>	<u>124,960</u>	<u>-</u>	<u>-</u>
Net realisable value provision beginning of year	10,176	10,103	-	-
Inventory provision included in profit or loss	2,849	73	-	-
Net realisable value provision end of year	<u>13,025</u>	<u>10,176</u>	<u>-</u>	<u>-</u>
Inventories carried at below cost	<u>2</u>	<u>82</u>	<u>-</u>	<u>-</u>

Merchandise at sea is inventory in transit from the free on board port of shipment.

As at 30 June 2023 the net realisable value provision was 7.9% of gross cost of inventory compared to 7.5% at the end of the previous financial year. The increase takes into account historic sales information, seasonality of inventory, customer preferences and gross profit margins. Management continues to monitor the impact of seasonality on the net realisable value provision and future buying plans of inventory will be adjusted as necessary.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

11. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	29,377	16,304	-	-
Trade receivables impairment	(8,383)	(5,643)	-	-
Trade receivables - net	20,994	10,661	-	-
Other receivables	3,081	1,615	-	-
Prepayments	13,565	20,300	48	172
Total trade and other receivables	37,640	32,576	48	172

Impairment on trade receivables

Provision for impairment at beginning of year	(5,643)	-	-	-
Provision arising through business combination	-	(5,530)	-	-
Movement in provision for impairment	(2,740)	(113)	-	-
Provision for impairment at end of year	(8,383)	(5,643)	-	-

Reconciliation

Financial instruments

Trade receivables	20,994	10,661	-	-
Other receivables	3,081	1,615	-	-

Non-financial instruments

Prepayments	13,565	20,300	48	172
	37,640	32,576	48	172

Prepayments mainly comprises amounts relating to inventory.

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	24,075	12,276	-	-
Non-financial instruments	13,565	20,300	48	172
	37,640	32,576	48	172

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
12. Deferred tax asset/(liability)				
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Balance at the beginning of the year	(3,478)	20,351	-	-
- Deferred tax assets*	7,862	32,667	-	-
- Deferred tax liabilities	(11,340)	(12,316)	-	-
Additions through business combination	-	(12,082)	-	-
Charge to profit or loss	401	(11,516)	-	-
- current year	(1,038)	(11,053)	-	-
- change in corporate tax rate	-	(287)	-	-
- prior year under provision	1,439	(175)	-	-
Recognised in statement of comprehensive income	1,140	(232)	-	-
- Investments	1,140	(232)	-	-
Current year movement in temporary differences recognised in profit or loss	401	(11,516)	-	-
- Accruals, provisions and contingent liability	2,656	2,889	-	-
- Income received in advance	(219)	(60)	-	-
- Property, plant and equipment, intangible assets and investment property	2,523	2,275	-	-
- Right-of-use asset	(11,691)	11,862	-	-
- Lease liability	6,450	(16,481)	-	-
- Forward exchange contracts	20	(261)	-	-
- Lease asset	(244)	76	-	-
- Prepaid expense	-	(482)	-	-
- Investments, loans and receivables	905	-	-	-
- Assessed loss	-	(11,334)	-	-
Current year movement in temporary differences recognised in statement of comprehensive income	1,141	(232)	-	-
- Investments	1,141	(232)	-	-
Balance at the end of the year	(1,937)	(3,478)	-	-
- Deferred tax assets*	8,772	7,862	-	-
- Deferred tax liabilities	(10,709)	(11,340)	-	-
Balance at the end of the year comprising of:				
Deferred tax assets	83,053	73,156	-	-
- Lease liability	72,410	65,558	-	-
- Accruals, provisions and contingent liability	9,949	7,260	-	-
- Income received in advance	-	220	-	-
- Investments, loans and receivables	694	-	-	-
- Property, plant and equipment, intangible assets and investment property	-	118	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

12. Deferred tax asset/(liability) (continued)

Deferred tax liabilities	(84,989)	(76,634)	-	-
- Property, plant and equipment, intangible assets and investment property*	(22,244)	(24,883)	-	-
- Right-of-use asset	(61,138)	(49,597)	-	-
- Lease asset	(397)	(153)	-	-
- Investments	-	(446)	-	-
- Forward exchange contracts	(192)	(213)	-	-
- Prepaid expense	(1,019)	(1,341)	-	-

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

The directors have considered the future profitability and on the basis that taxable income are probable in the foreseeable future, deferred tax assets have been recognised.

Deferred tax assets and liabilities are recognised on the assumption that the assets and liabilities will either be recovered through use in the future or will be realised through sale. A capital gains tax rate of 21.6% (2022: 21.6%) was used to compute deferred tax for assets and liabilities which will be realised through sale, and a rate of 27% (2022: 27%) was used for deferred tax balances to be recovered through use.

Management considers that there will be future taxable profits against which the deferred tax assets will be utilised. The deferred tax assets stem largely from the retail segment of the group. The assessment was based on a number of factors including past profitability, approved budgets and profits into the foreseeable future for the retail segment which were presented to the board of directors. In respect of the retail segment the following will positively impact profits in the future:

- The Queenspark brand is an established, trusted and well known retail brand in South Africa supported by a loyal customer base.
- The Telemedia brand is established, trusted and well known in the industry.

13. Income tax receivable assets and liabilities

Income tax receivable/(payable)

Current tax assets that cannot be set off	1,032	17,676	-	-
Total current tax asset per the statements of financial position	1,032	17,676	-	-
Current tax liabilities that cannot be set off	(2,068)	-	-	-
Total current tax liability per the statements of financial position	(2,068)	-	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
14. Other investments				
Other investments comprise the following balances				
Unlisted shares				
Business Partners Limited				
- 104,800 shares at fair value	734	734	-	-
Listed shares				
Texton Property Fund Limited				
- 4,406,989 shares at fair value	11,017	16,306	-	-
Sanlam Limited				
- 1,356 shares at fair value	79	72	-	-
Other	3	3	3	3
Total at fair value through other comprehensive income	11,833	17,114	3	3

Information about the methods and assumptions used in determining fair value as provided in note 37.

15. Loans receivable

Loans receivable comprise the following balances

Loans to Belper Investments	-	20,280	-	-
Loan to Telemedia Africa	88	-	-	-
Unsecured loans to share scheme participants	-	-	-	-
	88	20,280	-	-
Current assets	88	-	-	-
Non-current assets	-	20,280	-	-
	88	20,280	-	-

Loan to Belper Investments Proprietary Limited

Reconciliation of loan with Belper Investments Proprietary Limited - Non-current

Balance at the beginning of the year	-	-	-	-
Advances during the year	-	20,193	-	-
Interest accrued during the year	-	87	-	-
Balances at the end of the year	-	20,280	-	-

The group advanced an amount to Belper Investments Proprietary Limited ("Belper Investments") to acquire a portfolio of properties in Epping, Cape Town. As at 30 June 2022, the existing shareholders of Belper Investments ceded their shareholding to Rex Trueform Group Limited ("Rex Trueform") as security for the loan. The cession subsequently ceased on 3 August 2022, being the effective date on which Rex Trueform became the holder of 51% of the entire issued share capital of Belper Investments. Refer to SENS dated 21 April 2022 and 3 August 2022. The loan facility bears interest at prime plus 1% and is repayable on the second and third anniversaries of the loan. The capital shall be repaid by the third anniversary of the loan, being 3 August 2025 and is therefore considered to be non-current. Refer to note 39.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

15. Loans receivable (continued)

Loan to Telemedia Africa

Reconciliation of loan with Telemedia Africa - Current

Balance at the beginning of the year	-	-	-	-
Advances during the year	88	-	-	-
Balances at the end of the year	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>

The loan is interest free with no fixed terms of repayment and is therefore classified as current.

Unsecured loans to share scheme participants

Balance at the beginning of the year	-	986	-	435
Advances during the year	-	10	-	9
Repayments during the year	-	(997)	-	(445)
Balances at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The loans are unsecured and interest-free. Repayment terms are the earlier of [i] 5 days after disposal of the shares by the scheme participant, [ii] within 30 days written notice from the lender after the third anniversary of the loan, and [iii] by the fifth anniversary of the signature date. The loan is not expected to be settled within 12 months and is therefore considered to be of a long-term nature. Shareholder approval for the loans were obtained in terms of section 45 of the Companies Act.

16. Cash and cash equivalents

Cash and cash equivalents included in current assets:

Cash on hand	48,184	32,779	2	69
Call deposits	2,266	57,950	-	-
At the end of the year	<u>50,450</u>	<u>90,729</u>	<u>2</u>	<u>69</u>

Call deposit includes an amount of R577,500 (2022: R577,500) pledged to the City of Cape Town. Call deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
17. Issued capital				
17.1 Ordinary share capital				
Issued and fully paid share capital				
Ordinary shares				
3,763,017 ordinary shares of no par value (2022: 3,763,017)	6,709	6,709	6,709	6,709
17,927,644 "N" ordinary shares of no par value (2022: 17,927,644)	2,454	2,454	2,454	2,454
	<u>9,164</u>	<u>9,164</u>	<u>9,164</u>	<u>9,164</u>
Reconciliation of movement in issued and fully paid shares				
At the beginning of the year	9,164	3,079	9,164	3,079
Ordinary shares issued during the period (Refer to note 39)	-	6,084	-	6,084
At the end of the year	<u>9,164</u>	<u>9,164</u>	<u>9,164</u>	<u>9,164</u>

The company has 2 classes of ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to 200 votes per share at meetings of the company's shareholders. The holders of "N" ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company's shareholders. "N" ordinary shares have identical dividend rights to ordinary shares.

No dividends were declared or paid by the company on ordinary and "N" ordinary shares during the year (2022: R nil).

The directors have not proposed a dividend per share in respect of the 2023 year on ordinary and "N" ordinary shares.

The unissued shares are under the control of the directors until the annual general meeting.

	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Ordinary shares - Authorised				
Balance of shares at end of year	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Ordinary shares - Issued and fully paid				
Reconciliation of movement in issued and fully paid shares				
At the beginning of the year	1,618,750	1,250,000	1,618,750	1,250,000
Shares issued during the period (refer to note 39)	-	368,750	-	368,750
Balance of shares at end of year	<u>1,618,750</u>	<u>1,618,750</u>	<u>1,618,750</u>	<u>1,618,750</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
17. Issued capital (continued)				
"N" Ordinary shares - Authorised				
Balance of shares at end of year	80,000,000	80,000,000	80,000,000	80,000,000
"N" Ordinary shares - Issued and fully paid				
Reconciliation of movement in issued and fully paid shares				
At the beginning of the year	10,221,921	10,221,921	10,221,921	10,221,921
At the end of the year	10,221,921	10,221,921	10,221,921	10,221,921
Number of shares in issue (net of treasury shares)	10,221,921	10,221,921	10,221,921	10,221,921
17.2 Treasury shares				
"N" ordinary shares held by the Rex Trueform Share Trust as treasury shares				
	-	-	-	-
Reconciliation of movement in treasury shares				
At the beginning of the year	-	(243)	-	-
Shares issued in terms of the share scheme participants	-	243	-	-
At the end of the year	-	-	-	-
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Reconciliation of movement in treasury shares - "N" ordinary shares				
At the beginning of the year	-	21,128	-	-
Shares issued in terms of the share scheme participants	-	(21,128)	-	-
At the end of the year	-	-	-	-
During the prior year the share trust purchased an additional 42 240 "N" ordinary shares to facilitate the share options, 21 128 "N" ordinary shares were awarded to executive directors and senior executives. Refer to note 34.				
17.3 Preference share capital				
Authorised share capital				
Preference shares				
275,000 6% cumulative participating preference shares of R2 each	550	550	550	550
Issued and fully paid share capital				
Preference shares				
275,000 6% cumulative participating preference shares of R2 each	550	550	550	550

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

17. Issued capital (continued)

	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Preference share				
Balance of shares at end of year	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>

The preference shares are non-redeemable and are entitled to receive annual dividends equal to 6%. The dividends are payable in cash on a bi-annual basis. Preference shareholders are not entitled to vote at the meetings of the company's shareholders.

18. Share Premium

Share premium balance at the end of the year	<u>6,616</u>	<u>6,616</u>	<u>6,616</u>	<u>6,616</u>
--	--------------	--------------	--------------	--------------

There were no changes in the share premium balance in the current or prior period.

19. Share-based payments reserve

Non-distributable	2,982	2,982	-	-
Distributable	(239)	(239)	-	-
At the end of the year	<u>2,743</u>	<u>2,743</u>	<u>-</u>	<u>-</u>

Non-distributable reserve - an equity-settled share-based payment expense that arose as a result of the issuance of shares in Ombrecorp Trading (RF) Proprietary Limited to the non-controlling shareholders for below fair value, which resulted in an IFRS 2 expense at the time the transaction.

Distributable reserve - an equity-settled share-based payment expense arose as a result of share options granted to executive directors and senior executives. Refer to note 34.

20. Other reserves

Revaluation of assets held at fair value through other comprehensive income*	(1,075)	1,077	3	3
Actuarial gain on post-retirement defined benefit plan	1,186	1,262	392	394
Put option liability (refer to note 22 and 39)	-	(18,856)	-	(6,084)
	<u>111</u>	<u>(16,517)</u>	<u>395</u>	<u>(5,687)</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
20. Other reserves (continued)				
Movement in other reserves				
Opening balance	(16,517)	1,874	(5,687)	397
Movements for the year:				
Revaluation of assets held at fair value through other comprehensive income*	(2,152)	466	-	-
Actuarial (loss)/gain on post-retirement defined benefit plan**	(76)	74	-	-
Change in control	-	(75)	-	-
Put option liability (refer to notes 22 and 39)	18,856	(18,856)	6,082	(6,084)
Closing Balance	<u>111</u>	<u>(16,517)</u>	<u>395</u>	<u>(5,687)</u>

* Relates to other investments as per note 14

** Relates to the post-retirement liability as per note 26

21. Non-controlling interest

The following table summarises the information relating to the group's subsidiary, Rex Trueform Group Limited, that has material non-controlling interest, before any inter-group eliminations.

Non-controlling interest percentage	47.8%	47.8%	-	-
Non-current assets	356,735	196,797	-	-
Current assets	12,289	33,961	-	-
Non-current liabilities	(106,282)	(22,029)	-	-
Current liabilities	(50,449)	(24,038)	-	-
Net assets	<u>212,293</u>	<u>184,691</u>	<u>-</u>	<u>-</u>
Net assets attributable to non-controlling interest	<u>101,476</u>	<u>88,282</u>	<u>-</u>	<u>-</u>
Revenue	54,969	47,379	-	-
Profit for the year	19,134	13,669	-	-
Other comprehensive income	(4,286)	1,011	-	-
Total comprehensive income for the year	<u>14,848</u>	<u>14,680</u>	<u>-</u>	<u>-</u>
Profit for the year allocated to non-controlling interest	9,146	6,534	-	-
Other comprehensive income allocated to non-controlling interest	(2,049)	483	-	-
Net cash flows from operating activities	<u>15,990</u>	<u>19,222</u>	<u>-</u>	<u>-</u>
Net cash flows from investing activities	(155,125)	(39,685)	-	-
Net cash flows from financing activities	108,386	-	-	-
Net increase/ (decrease) in cash and cash equivalents	<u>(30,750)</u>	<u>(20,463)</u>	<u>-</u>	<u>-</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
21. Non-controlling interest (continued)				
The following table summarises the information relating to the group's subsidiary, Telemedia Proprietary Limited, that has material non-controlling interest, before any inter-group eliminations.				
Non-controlling interest percentage	25.0%	25.0%	-	-
Non-current assets	42,313	35,995	-	-
Current assets	42,988	35,320	-	-
Non-current liabilities	(25,676)	(28,374)	-	-
Current liabilities	(9,622)	(12,294)	-	-
Net assets	50,004	30,646	-	-
Net assets attributable to non-controlling interest	12,501	7,662	-	-
Revenue	126,715	100,810	-	-
Profit for the year	19,358	14,907	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	19,358	14,907	-	-
Profit for the year allocated to non-controlling interest	4,839	3,727	-	-
Other comprehensive income allocated to non-controlling interest	-	-	-	-
Net cash flows from operating activities	16,341	16,930	-	-
Net cash flows from investing activities	(9,541)	10,233	-	-
Net cash flows from financing activities	(2,232)	(44,653)	-	-
Effect of exchange rate changes on cash and cash equivalents	1,539	-	-	-
Net increase/ (decrease) in cash and cash equivalents	6,107	(17,490)	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
22. Provisions				
22.1 Provisions comprise:				
Employment costs	4,335	4,493	-	-
Customer returns	1,706	2,129	-	-
Provision for occupancy commitments	6,125	4,712	-	-
Contingent consideration	9,523	17,210	-	3,872
Put option liability	-	18,856	-	6,084
	21,689	47,400	-	9,956
Shown as:				
Non-current liabilities	4,961	14,294	-	-
Current liabilities	16,728	33,106	-	9,956
	21,689	47,400	-	9,956

Employment costs

The provision relates to discretionary employee bonuses.

Customer returns

It is the company's policy to accept merchandise returns 30 days after a sale has occurred or in the case of defective goods six months after sale, provided that the customer has retained proof of purchase. The amount of the provision is based on the history of sales returns.

Provision for occupancy commitments

The provision relates to obligations as a result of whiteboxing clauses contained in store leases if stores are vacated at the termination date of the leases and is based on the estimated future cost discounted at 11.75% p.a. (2022: 10.35%)

Contingent consideration

Refer to note 39 for further information on the contingent consideration.

Put option liability

Refer to note 39 for further information on the put option liability.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

22. Provisions (continued)

22.2 Movement in provisions

	Employment Costs	Customer returns	Provision for occupancy commitments	Contingent consideration	Put option liability	Total
Balance at 1 July 2022 - Group	4,493	2,131	4,712	17,210	18,856	47,402
Additions against right-of-use asset	-	-	1,442	-	-	1,442
Movements through profit and loss	(158)	(425)	-	-	-	(583)
Amounts utilised during the year	-	-	(29)	-	-	(29)
Change in fair value of contingent consideration	-	-	-	(8,500)	-	(8,500)
Finance cost on contingent consideration	-	-	-	813	-	813
Movement in other reserves	-	-	-	-	(18,856)	(18,856)
Balance at 30 June 2023	4,335	1,706	6,125	9,523	0	21,689
Balance at 1 July 2021 - Group	-	1,228	4,015	-	-	5,243
Additions against right-of-use asset	-	-	1,083	-	-	1,083
Movement through profit and loss	4,493	901	-	-	-	5,394
Amounts utilised during the year	-	-	(386)	-	-	(386)
Additions through business combination	-	-	-	14,819	-	14,819
Change in fair value of contingent consideration	-	-	-	1,800	-	1,800
Finance cost on contingent consideration	-	-	-	591	-	591
Movement in other reserves	-	-	-	-	18,856	18,856
Balance at 30 June 2022	4,493	2,129	4,712	17,210	18,856	47,400

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

22. Provisions (continued)

	Employment Costs	Customer returns	Provision for occupancy commitments	Contingent consideration	Put option liability	Total
Balance at 1 July 2022 - Company	-	-	-	3,872	6,084	9,956
Change in fair value of contingent consideration	-	-	-	(3,872)	-	(3,872)
Movement in other reserves	-	-	-	-	(6,084)	(6,084)
Balance at 30 June 2023	-	-	-	-	-	-
Balance at 1 July 2021 - Company	-	-	-	-	-	-
Additions through business combination	-	-	-	3,598	-	3,598
Change in fair value of contingent consideration	-	-	-	-	-	-
Finance cost of contingent consideration	-	-	-	274	-	274
Movement in other reserves	-	-	-	-	6,084	6,084
Balance at 30 June 2022	-	-	-	3,872	6,084	9,956

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

23. Trade and other payables

Trade and other payables comprise:

Trade payables	27,184	43,146	86	9
Deferred income	6,452	5,789	-	-
Customer Deposits	276	236	-	-
Employee benefit accruals	8,758	9,016	-	66
Other payables and accruals	44,202	26,285	464	559
Rental Deposits	6,424	4,828	-	-
VAT payable	1,403	583	-	-
Total trade and other payables	<u>94,699</u>	<u>89,883</u>	<u>550</u>	<u>634</u>

Trade and other payables for the company mainly includes operating cost and audit fee accruals.

Other payables and accruals for the group comprises largely inventory received not invoiced.

Reconciliation

Financial instruments

Trade payables	27,184	43,146	86	9
Rental deposits	6,424	4,828	-	-
Customer deposits	276	236	-	-
Other payables and accruals	44,202	26,285	464	559

Non-financial instruments

Deferred income	6,452	5,789	-	-
VAT payable	1,403	583	-	-
Employee benefit accruals	8,758	9,016	-	66
	<u>94,699</u>	<u>89,883</u>	<u>550</u>	<u>634</u>

Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	78,086	74,495	550	568
Non-financial instruments	16,613	15,388	-	66
	<u>94,699</u>	<u>89,883</u>	<u>550</u>	<u>634</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

24. Lease liability

24.1 Leases as lessee (IFRS 16)

The group leases the premises of all of its stores. The leases typically run for a period of 3 to 7 years (2022: 3 to 7 years), with some leases having the option to renew the lease after that date. Where the rental payments are fixed per the lease agreements, the company recognises right-of-use assets and corresponding lease liabilities.

A small number of store rental payments are based on store turnover for which the company has not recognised a right-of-use asset and a corresponding lease liability due to the uncertainty of the amount of future lease payments. Furthermore, Queenspark Proprietary Limited also leases its head office premises and distribution facility. These leases were month to month leases for the full financial year and regarded as short term. The company has therefore elected not to recognise right-of-use assets and corresponding lease liabilities for these leases.

During the financial year, the Queenspark Proprietary Limited entered into a fixed term lease with the company for its new distribution facility and has accordingly recognised a right-of-use asset and corresponding lease liability on 30 June 2023. The lease term is 10 years with a renewal option of 3 years. The discount rate used was 11.75% p.a.

The group further leases the premises for its media and broadcasting facilities as well as parking and storage for its property facilities.

Information about leases for which the group is a lessee is presented below:

24.2 Lease Liability

Amounts recognised in the statement of financial position

Capital repayments on lease liabilities	(57,035)	(55,543)	-	-
At the beginning of the year	242,326	260,929	-	-
New leases	66,006	33,362	-	-
Additions through business combination	-	31,472	-	-
Lease modifications	(28,943)	(27,932)	-	-
Finance cost	20,647	22,533	-	-
Finance cost paid	(20,536)	(22,495)	-	-
Capital repaid	(57,035)	(55,543)	-	-
At the end of the year	<u>222,465</u>	<u>242,326</u>	-	-
Included in non-current liabilities	169,158	190,229	-	-
Included in current liabilities	53,307	52,097	-	-
	<u>222,465</u>	<u>242,326</u>	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
24. Lease liability (continued)				
Fixed-term store leases	191,687	211,542	-	-
Media and broadcasting facilities	28,599	30,784	-	-
Property facilities	2,179	-	-	-
	222,465	242,326	-	-

Lease liabilities bear interest varying from 7.00% to 11.25% and are repayable from July 2023 to 2032 including renewable periods where applicable.

Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group has estimated that the potential future lease payments, should it exercise the extension option, would not result in a material increase in the lease liability as at 30 June 2023.

24.3 Right-of-use asset

Amounts recognised in the statements of financial position

Buildings	189,880	182,092	-	-
	189,880	182,092	-	-
Carrying value at the beginning of the year	182,092	182,749	-	-
Additions	67,448	34,446	-	-
Additions through business combination	-	31,472	-	-
Landlord contributions	(492)	(56)	-	-
Lease modifications	947	(13,099)	-	-
Depreciation charge for the year	(60,114)	(53,112)	-	-
Impairment charge for the year	-	(308)	-	-
Carrying value at the end of the year	189,880	182,092	-	-

The right of use asset comprises of the following:

Retail segment - fixed term store leases and is depreciated over 1-10 years	161,650	151,974	-	-
Media and broadcasting segment - facilities depreciated over 7-8 years	26,186	30,118	-	-
Property segment - facilities depreciated over 6 years	2,044	-	-	-
	189,880	182,092	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

24. Lease liability (continued)

Impairment tests for right-of-use assets

Retail Segment

The group reviews the carrying value of right-of-use assets when events or changes in circumstances suggest that the carrying value may not be recoverable. The group assesses loss-making stores for impairment at each reporting date. The carrying values of right-of-use assets were assessed for impairment by comparing it to the recoverable amount. This estimation has been done on a store level being the smallest cash generating unit to which the asset belongs. The recoverable amount of the right-of-use asset related to store leases has been determined to approximate its carrying value in the current year. As a result, no impairment is recognised in the current year. In the prior year, an impairment charge of R308,002 was recognised.

The following significant unobservable input(s) were used in calculating the value-in-use of the cash generating units:

- Pre-tax discount rate: 17.18% (2022: 14.18%)
- Store revenue growth: store specific revenue budgets used for the year ended 30 June 2024, thereafter 5% (2022: 5%)
- Store rentals: as per leases
- General cost inflation: 5% (2022: 5%)

Media and broadcasting segment

There has been no indication of impairment of the right-of-use assets in the media and broadcasting segment, therefore no impairment has been recognised.

Property Segment

There has been no indication of impairment of the right-of-use assets in the property segment, therefore no impairment has been recognised.

24.4 Amounts recognised in the statements of profit or loss and other comprehensive income

Interest on lease liabilities	20,647	22,533	-	-
Lease expenses	22,786	20,342	-	-
Short term lease expense	2,533	6,440		
Variable lease payments	2,364	476	-	-
Operating, marketing and variable costs	17,889	13,427	-	-
Rent concessions received	(1,035)	(12,781)	-	-

Amounts recognised in the statements of cash flows

Net cash outflows for leases	99,433	85,637	-	-
------------------------------	--------	--------	---	---

Amounts recognised in the statement of financial position

Capital repayment on lease liabilities	(57,035)	(55,543)	-	-
--	----------	----------	---	---

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

25. Interest-bearing borrowings

25.1 Interest-bearing borrowings comprise:

Secured loans to finance purchase of properties	194,199	-	-	-
Secured loan to finance investment in associate	101,024	89,792	-	-
	<u>295,223</u>	<u>89,792</u>	<u>-</u>	<u>-</u>
Non-current portion of interest-bearing borrowings	276,196	89,792	-	-
Current portion of interest-bearing borrowings	19,027	-	-	-
	<u>295,223</u>	<u>89,792</u>	<u>-</u>	<u>-</u>

25.2 Secured loan raised to finance investment in associate

Balance at the beginning of the period	89,792	82,066	-	-
Interest accrued during the year	11,231	7,726	-	-
Balance at the end of the period	<u>101,023</u>	<u>89,792</u>	<u>-</u>	<u>-</u>

Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp") received loan funding from 27four Life for the sole purpose of acquiring the groups 30% interest in SA Water Works Holding Company (RF) Proprietary Limited ("SAWW"), refer to note xx. The loan bears interest at the 6 month Jibar interest rate plus 5% and is repayable on or before 28 February 2029. As at 30 June 2023, the loan is not repayable within 12 months and is therefore long-term in nature.

Rex Trueform Group Limited's shares in Ombrecorp, Ombrecorp's shares in SAWW and Ombrecorp's bank account has been ceded and pledged in favour of 27four Life until such time as the loan has been fully settled. Refer to note 9.

25.3 Secured loans raised to finance purchase of properties

Balance at the beginning of the period	-	-	-	-
Loan received during the year	195,150	-	-	-
Interest accrued during the year	14,202	-	-	-
Interest repaid during the year	(14,202)	-	-	-
Loan repaid during the year	(952)	-	-	-
Balance at the end of the period	<u>194,198</u>	<u>-</u>	<u>-</u>	<u>-</u>

The secured loans bears interest at the 3 month Jibar interest rate plus 2.3% to 2.8% (between 8.713% and 10.015%) and are repayable over 5 years.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

25. Interest-bearing borrowings (continued)

25.4 JIBAR Reform

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates ("ARRs") to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average ("ZARONIA") as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the Group.

26. Post-retirement liability

Defined benefit plan - Retirement benefit obligation

At 30 June 2023, the group had an obligation to provide limited post-retirement benefits to two members (2022: two). The benefits largely relate to medical aid contributions. The obligation is unfunded and any benefits paid are through the group's cash resources.

The amounts recognised in the statement of financial position are determined as follows:

Reconciliation of liability

At the beginning of the year	85	221	76	91
Interest cost included in profit or loss	2	3	-	1
Loss/ (Gain) included in other comprehensive income	146	(135)	-	-
Benefits paid	(91)	(5)	(14)	(15)
Liability in the statement of financial position	143	85	62	76
Amount included in profit or loss				
Interest cost	2	3	-	1
Amount included in other comprehensive income				
Actuarial gain	146	(135)	-	-

27. Revenue

27.1 Revenue comprises:

Sale of goods	719,621	598,840	-	-
Media and broadcasting income	115,109	37,498	-	-
Dividends received	382	1,493	-	-
Tenant recoveries	17,631	4,491	-	-
Management Fee Income	3,038	2,955	-	-
Sale of property	200	11	-	-
Rental income	43,303	20,383	-	-
Total revenue	899,284	665,671	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
27. Revenue (continued)				
27.2 Revenue comprises:				
Admin and management fees	3,038	2,955	-	-
Dividends received	382	1,493	-	-
Media and broadcasting income	108,703	26,577	-	-
Rendering of services	6,406	10,921	-	-
Rental income	43,303	20,383	-	-
Sale of goods	719,621	598,840	-	-
Sale of property and plant	200	11	-	-
Tenant recoveries	17,631	4,491	-	-
	899,284	665,671	-	-
27.3 Sources of revenue				
Revenue from contracts with customers				
Retail sales	719,621	598,840	-	-
Management fee income	3,038	2,955	-	-
Media and broadcasting income	115,109	37,498	-	-
Tenant recoveries	17,631	4,491	-	-
Profit on sale of property	200	11	-	-
	855,599	643,795	-	-
Revenue from lease agreements - IFRS 16				
Rental income	43,303	20,383	-	-
Revenue other than from contracts with customers				
Dividends received				
Dividends received from subsidiary companies	-	-	-	-
Dividends received other	382	1,493	-	-
	382	1,493	-	-
Total Revenue	899,284	665,671	-	-
Shown as:				
Retail sales	719,621	598,840	-	-
Other revenue	179,663	66,831	-	-
	899,284	665,671	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
27. Revenue (continued)				
27.4 Disaggregation of revenue from contracts with customers				
27.4.1 Revenue per geographical region				
South Africa	825,426	639,015	-	-
Rest of Africa	19,286	3,004	-	-
Asia	5,127	622	-	-
Europe	3,684	623	-	-
North America	1,871	531	-	-
Australia	205	-	-	-
	855,599	643,795	-	-
27.4.2 Revenue per timing of transfer of goods or services				
Products transferred at a point in time	719,821	598,851	-	-
Recognised over the period services are rendered	135,778	44,944	-	-
	855,599	643,795	-	-
27.4.3 Revenue per major customers and subsidiaries				
Media and broadcasting segment				
SuperSport International Proprietary Limited	29,307	10,934	-	-
Gold Circle Proprietary Limited	-	7,994	-	-
4 Racing Proprietary Limited	-	4,825	-	-
Gallop TV Proprietary Limited	19,564	-	-	-
Properties segment				
Merchants SA Proprietary Limited	20,024	19,922	-	-
Alnet Proprietary Limited	17,853	-	-	-
Other				
Less than 10% of segment	768,851	600,119	-	-
	855,599	643,795	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
28. Other operating costs				
Other operating costs comprise:				
Amortisation*	5,453	5,683	-	-
Bank charges and card commission	12,962	10,397	11	11
Communication costs	7,399	5,771	-	-
Cost of providing services	44,393	14,523	-	-
Depreciation*	85,625	71,775	-	-
Employee Costs	134,652	121,138	-	201
Impairment - loans receivable	-	11,100	-	-
Impairment - right-of-use asset	-	308	-	-
Insurance	4,073	2,504	33	37
Lease expenses	22,786	20,342	-	-
Loss on Disposals	1,396	3,049	-	-
Managerial, technical, administrative and secretarial fees	12,419	6,926	454	525
Marketing	10,202	6,080	-	-
Other operating expenses	41,419	24,056	424	472
Rent concessions	(1,035)	(12,781)	-	-
Repairs and maintenance	6,169	4,656	-	-
Security	7,009	4,994	-	-
Transaction and acquisition costs	6,125	2,991	-	-
Utilities	36,485	20,716	-	-
Net foreign exchange gain	-	(743)	-	-
Gain on lease modifications	(29,889)	(14,425)	-	-
Loss on acquisition	813	-	-	-
Other operating costs	408,456	309,060	922	1,246

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

Other operating expenses for the company consist mainly of audit and listing fees.

29. Finance income

Finance income comprises:

Accrued dividends on loan to associate	27,831	19,778	-	-
Cash and cash equivalents	4,774	4,900	-	-
Investment from Belper investments*	168	87	-	-
Total finance income	32,773	24,765	-	-

*This interest accrued prior to acquisition of the shareholding in Belper Investments Proprietary Limited.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

30. Finance costs

Finance costs included in profit or loss:

Other finance cost	627	1,575	-	-
Interest on loan payable	11,231	7,726	595	350
Interest on contingent consideration	813	591	-	274
Lease obligations	20,647	22,533	-	-
Interest-bearing borrowings	14,013	-	-	-
Post-retirement liability	-	-	2	1
Total finance costs	47,331	32,425	597	625

31. Income tax expense - continuing operations

31.1 Income tax recognised in profit or loss:

Current tax

Current year	32,652	14,746	-	-
Prior year adjustment	405	-	-	-
Total current tax	33,057	14,746	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
31. Income tax expense - continuing operations (continued)				
31.2 The income tax for the year can be reconciled to the accounting profit / (loss) as follows:				
		Restated**		
Profit / (loss) before tax from operations	120,817	76,981	2,353	(1,871)
Income tax calculated at 27.0%	32,621	21,555	635	(524)
Tax effect of				
- Effect of rates on foreign jurisdictions	-	(4)		
- Impairment losses on loan receivable	-	3,108	-	-
- Share of loss of associate (net of taxation)	1,149	1,195	-	-
- Equity-settled share-based payment	-	(25)	-	-
- Other non-deductible expenses	1,637	1,650	410	524
- Tax exempt income	(1,396)	(519)	(1,045)	-
- Bargain purchase gain*	-	(1,002)	-	-
- Tax incentives from learnerships	(321)	(162)	-	-
- Current-year (profit) / losses for which no deferred tax asset was recognised	-	4	-	-
- Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	-	175	-	-
- Prior year adjustments	(1,034)	-	-	-
- Effect of change in corporate tax rate	-	287	-	-
Tax charge	32,656	26,262	-	-

Other non-deductible expenses mainly relates to the transactional fee on the acquisition of subsidiary. In the company, all expenses are non-deductible as the expenses are incurred are in relation to non-deductible income.

Tax exempt income mainly relates to dividends received during the year, the straight-line adjustment on leases and the bargain purchase gain. In the company, tax exempt income relates to the fair value adjustment on the contingent consideration.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
31. Income tax expense - continuing operations (continued)				
31.3 The income tax for the year can be reconciled to accounting profit / (loss) as follows:				
		Restated**		
Profit / (loss) before tax from operations	120,817	76,981	2,353	(1,871)
Income tax calculated at 27.0%	27.00%	28.00%	27.00%	28.00%
Tax effect of				
- Effect of rates on foreign jurisdictions	0.00%	(0.00%)	0.00%	0.00%
- Impairment losses on loan receivable	0.00%	4.04%	0.00%	0.00%
- Share of loss of associate (net of taxation)	0.95%	1.55%	0.00%	0.00%
- Equity-settled share-based payment	0.00%	(0.03%)	0.00%	0.00%
- Other non-deductible expenses	1.36%	2.14%	17.43%	(28.00%)
- Tax exempt income	(1.16%)	(0.67%)	(44.43%)	0.00%
- Bargain purchase gain*	0.00%	(1.30%)	0.00%	0.00%
- Tax incentives from learnerships	(0.27%)	(0.21%)	0.00%	0.00%
- Current-year (profit) / losses for which no deferred tax asset was recognised	0.00%	0.00%	0.00%	0.00%
- Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	0.00%	0.23%	0.00%	0.00%
- Prior year adjustments	(0.86%)	0.00%	0.00%	0.00%
- Effect of change in corporate tax rate	0.00%	0.37%	0.00%	0.00%
Effective tax rate	27.03%	34.11%	0.00%	(0.00%)

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

**The income tax rate reconciliation in 2022 has been restated to accurately reflect the impact of the following items:

For the Group, the effective tax amount and the associated effective tax rate remained unchanged in total at R26,832 (35.5%) (before the impact of the measurement period adjustment) based on the error identified. The tax effect on the impairment losses on loans receivable was however incorrectly disclosed as 6.7% (tax of R5,096m). This should have been 4.1% (tax of R3,108m). The other non-tax deductible expense reconciling item was disclosed as (0.5%) and (R0.382m tax) and should have been 3.1 % and R2,370m tax.

31.4 Amounts recognised directly in equity:

Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity through other comprehensive income:

Deferred tax

Originating and reversing temporary differences on fair value adjustments on investments	1,141	(232)	-	-
--	-------	-------	---	---

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
32. Discontinued operations				
Management has considered the Namibian operations to be a separate segment based on the geographical location of the stores and the customers. During the prior financial year all the stores located in Namibia were closed. The Namibian segment was therefore classified as a discontinued operation.				
Financial performance				
Other operating costs	-	(93)	-	-
Operating profit	-	(93)	-	-
Finance costs	-	-	-	-
Loss before tax	-	(93)	-	-
Income tax expense	-	-	-	-
Loss for the period from discontinued operations	-	(93)	-	-
Cash flow information				
Net cash inflows from operating activities	-	(80)	-	-
	-	(80)	-	-

33. Earnings per share

Basic earnings per share is derived by dividing profit for the year attributable to ordinary and "N" ordinary shareholders of the parent by the weighted average number of ordinary shares.

33.1 Basic earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the company for continuing operations	48,366	29,147
Adjusted for		
- Preference dividends attributable to preference shareholders	(33)	(33)
Earnings used in the calculation of basic earnings per share for continuing operations	48,333	29,114
- Profit for the year from discontinued operations	-	(51)
Earnings used in the calculation of basic earnings per share from discontinuing operations	-	(51)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	11,841	11,596

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

33. Earnings per share (continued)

33.2 Diluted earnings per share*

The earnings used in the calculation of diluted earnings per share are as follows:

Earnings used in the calculation of basic earnings per share for continuing operations	48,333	29,114
Earnings used in the calculation of diluted earnings per share for continuing operations	48,333	29,114
Earnings used in the calculation of basic earnings per share from discontinuing operations	-	(51)
Earnings used in the calculation of diluted earnings per share from discontinuing operations	-	(51)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	11,841	11,596
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	11,841	11,596

33.3 Headline earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of headline earnings per share are as follows:

Profit for the year attributable to owners of the company for continuing operations	48,366	29,147
- Preference dividends attributable to preference shareholders	(33)	(33)
Profit attributable to ordinary and "N" ordinary shareholders	48,333	29,114
- Loss from disposal of property, plant and equipment	624	1,590
- Impairment on right-of-use asset	-	161
- Bargain purchase gain	-	(3,578)
- (Profit)/ Loss from disposal of property, plant and equipment	87	-
Total tax effects of adjustments	(192)	(490)
Earnings used in the calculation of headline earnings per share for continuing operations	48,852	26,796
Loss for the year from discontinued operations	-	(51)
IAS33 earnings	-	(51)
Earnings used in the calculation of headline earnings per share for discontinued operations	-	(51)

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
33. Earnings per share (continued)				
33.4 Basic earnings per ordinary share (cents)*				
Continuing operations			408.19	251.52
Discontinued operations			-	(0.44)
Headline earnings per ordinary share (cents)*				
Continuing operations			412.58	231.96
Discontinued operations			-	(0.44)
Diluted earnings per ordinary share (cents)*				
Continuing operations			408.19	251.52
Discontinued operations			-	(0.44)
Diluted headline earnings per ordinary share (cents)*				
Continuing operations			412.58	231.53
Discontinued operations			-	(0.44)

* Measurement period adjustment - during the current year, the comparative information for June 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 39 for further disclosures.

34. Related parties

The group has disclosed all significant related party transactions in terms of IAS 24 Related Party Disclosure.

Shareholders

The group's holding company is Geomer Investments Limited, registered in South Africa. An analysis of the principal shareholders of the company is provided in the shareholders' information section on page 127 to 128. Directors' shareholding is disclosed in the directors' report and in note 34.2.

Subsidiaries

Intragroup transactions and balances with subsidiaries, listed in note 8, have been eliminated on consolidation.

Associate

The only associate company is SA Water Works Holding Company (RF) Proprietary Limited. Transactions with this company are disclosed below.

Other related parties

Media Cloud Proprietary Limited, Media Host Proprietary Limited, Red Pepper Pictures Proprietary Limited, Texton Property Fund Limited and Geomer Managerial Services Proprietary Limited are all entities related to the groups ultimate holding company, Geomer Investments Proprietary Limited.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

34. Related parties (continued)

Entity name and nature of relationship	Nature of service
Rex Trueform Group Limited	Provision of interest bearing loan funding to holding company for working capital requirements
Geomer Managerial Services Proprietary Limited, wholly subsidiary of Geomer Investments Proprietary Limited	Monthly management fees for strategic, financial and legal advice as well as day to day activities. Transactional advisory fees for mergers and acquisitions.
Media Cloud Proprietary Limited, subsidiary of Geomer Investments Proprietary Limited	Customer of Telemedia. Provision of media and broadcasting services.
Media Host Proprietary Limited, subsidiary of Geomer Investments Proprietary Limited	Customer of Telemedia. Provision of media and broadcasting services.
Ombrecorp Trading (RF) Proprietary Limited	Funds advanced by Rex Trueform to Ombrecorp Trading for the acquisition of an interest in and advancement of funds to SA Water Works Holding Company for its acquisition of Silulumanzi and Siza Water. Management fees received by Ombrecorp from SA Water Works Holding Company for the management of its investments. Payment of management fees to Rex Trueform for the management of its investments in SAWW and its subsidiaries as well as for financial administration and company secretarial services.
Queenspark Distribution Centre Proprietary Limited	Monthly management fees for day to day activities.
Queenspark Proprietary Limited	Queenspark leases premises from Rex Trueform for its head office administration and from Queenspark Distribution Centre for its warehousing and distribution centre. Queenspark pays management fees to Rex Trueform for day to day management activities.
Belper Investments Proprietary Limited	Funds advanced for the purchase of properties.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

34. Related parties (continued)

Entity name and nature of relationship	Nature of service
Red Pepper Pictures Proprietary Limited, subsidiary of Geomer Investments Proprietary Limited	Customer of Telemedia. Provision of media and broadcasting services.
Rentals and Workflows Proprietary Limited, subsidiary of Geomer Investments Proprietary Limited	Customer of Telemedia. Provision of media and broadcasting services.
SA Water Works Holding Company (RF) Proprietary Limited	Funds advanced for the purchase of investments. Fees are paid by SA Water Works Holding Company to Rex Trueform for financial administration and company secretarial services.
Telemedia Proprietary Limited	Fees are paid by Telemedia to Rex Trueform for financial, company secretarial and management services.
Telelet Proprietary Limited, associate of minority shareholder of Telemedia	Telemedia leases premises from Telelet.
Texton Property Fund Limited, associate of MA Golding	Dividends received from investment in shares
The Bretherick Family Trust, associate of minority shareholder of Telemedia	Telemedia leases premises from The Bretherick Family Trust
The Horse Racing Channel Proprietary Limited, associate of key management of Telemedia.	Customer of Telemedia. Provision of media and broadcasting services.
Tru-Fi Electronics S A Proprietary Limited, associate of minority shareholder of Telemedia.	Supplier of goods to Telemedia
BSF Breeding Proprietary Limited, associate of MA Golding	Tenant to Belper Investments

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
34. Related parties (continued)				
34.1 Related party transactions during the period were as follows:				
Goods purchased				
– Tru-Fi Electronics S A Proprietary Limited	56	3	-	-
Media and broadcasting income				
– Media Cloud Proprietary Limited	534	204	-	-
– Media Host Proprietary Limited	663	206	-	-
– Red Pepper Pictures Proprietary Limited	-	40	-	-
– Rentals and Workflows Proprietary Limited	218	35	-	-
– The Horse Racing Channel Proprietary Limited	112	173	-	-
– Tru-Fi Electronics S A Proprietary Limited	91	-	-	-
– Telelet Proprietary Limited]	185	-	-	-
Rental income received				
– BSF Breeding Proprietary Limited	59	-	-	-
Tenant recoveries				
– BSF Breeding Proprietary Limited	123	-	-	-
Rental expense paid				
– The Bretherick Family Trust	244	51	-	-
– Telelet Proprietary Limited	5,566	1,682	-	-
Management and administration fees received				
– SA Water Works Holding Company (RF) Proprietary Limited	2,959	2,953	-	-
Management and administration fees paid				
– Geomer Managerial Services Proprietary Limited	2,760	2,646	-	-
Transaction fees paid				
– Geomer Managerial Services Proprietary Limited	5,205	1,611	-	-
– Quoin Online Proprietary Limited	3,533	-	-	-
Accrued dividends on loan to associate				
– SA Water Works Holding Company (RF) Proprietary Limited	27,790	19,778	-	-
Finance cost				
– Rex Trueform Group Limited	-	-	595	350
Dividend income				
– Texton Property Fund Limited	308	1,446	-	-
Loans receivable				
– African and Overseas Share Trust	-	-	-	66
– SA Water Works Holding Company (RF) Proprietary Limited	197,469	158,580	-	-
Loans payable				
– Rex Trueform Group Limited	-	-	6,473	4,984
– Telelet Proprietary Limited	-	3	-	-

* Loan to a director

** Fellow subsidiary

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

34. Related parties (continued)

34.2 Directors' emoluments

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly.

No key management personnel other than already disclosed had a material interest in any contract of significance with any group company during the year under review or in the prior year.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

34. Related parties (continued)

34.2.1 Directors' remuneration

Details relating to executive and non-executive directors' remuneration is disclosed below:

	Directors' Fees	Fees for other services [^]	Basic Salary	Performance related payments	Share-based payment	Value of other benefits*	Retirement fund contributions	Total 2023
Executive Directors								
MA Golding	-	-	489	-	-	-	-	489
WD Nel	-	-	-	-	-	-	-	-
	-	-	489	-	-	-	-	489
Non- Executive Directors								
PM Naylor	185	134	-	-	-	-	-	319
HB Roberts	162	85	-	-	-	-	-	247
LK Sebatane	162	37	-	-	-	-	-	199
MIR Molosiwa	162	-	-	-	-	-	-	162
	671	256	-	-	-	-	-	927
Key Management								
D Franklin	-	-	1,510	260	-	60	68	1,898
CL Lloyd	-	-	-	-	-	-	-	-
	-	-	1,510	260	-	60	68	1,898
Total	671	256	1,999	260	-	60	68	3,314
Paid by company	671	256	1,244	260	-	30	34	2,495
Paid by subsidiary	-	-	755	-	-	30	34	819
	671	256	1,999	260	-	60	68	3,314

[^] These are fees for services rendered in respect of the audit, risk, social and ethics, and retirement fund committees

* These are benefits relating to fringe benefits on interest free loans, life insurance, disability insurance and funeral insurance.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

34. Related parties (continued)

	Directors' Fees	Fees for other services [^]	Basic Salary	Performance related payments	Share-based payment	Value of other benefits*	Retirement fund contributions	Total 2022
Executive Directors								
MA Golding	385	81	-	-	-	-	-	466
WD Nel	-	-	-	-	345	-	-	345
	385	81	-	-	345	-	-	811
Non- Executive Directors								
PM Naylor	176	128	-	-	-	-	-	304
HB Roberts	154	81	-	-	-	-	-	235
LK Sebatane	154	35	-	-	-	-	-	189
MR Molosiwa	154	-	-	-	-	-	-	154
	638	244	-	-	-	-	-	882
Key Management								
D Franklin	-	-	1,438	125	287	60	62	1,972
CL Lloyd	-	-	-	-	345	25	-	370
	-	-	1,438	125	632	85	62	2,342
Total	1,023	325	1,438	125	977	85	62	4,035
Equity-settled by company	-	-	-	-	232	-	-	232
Equity-settled by subsidiary company	-	-	-	-	765	-	-	765
Paid by company	-	-	-	-	-	-	-	-
Paid by subsidiary company	1,023	325	1,438	125	(20)	85	62	3,038
	1,023	325	1,438	125	977	85	62	4,035

[^] These are fees for services rendered in respect of the audit, risk, social and ethics, and retirement fund committees

* These are benefits relating to fringe benefits on interest free loans, life insurance, disability insurance and funeral insurance.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
--------------------------	-----------------------	-----------------------	-------------------------	-------------------------

34. Related parties (continued)

34.2.2 Directors' interests in shares

Director	NUMBER OF SHARES		
	Held directly	Held indirectly in the company	Total
2023			
WD Nel	63,360	-	63,360
MA Golding ¹	-	4,764,722	4,764,722
HB Roberts ²	-	5,910,141	5,910,141
Total	63,360	10,674,863	10,738,223
2022			
WD Nel	63,360	-	63,360
MA Golding ¹	-	4,385,820	4,385,820
HB Roberts ²	-	5,910,141	5,910,141
Total	63,360	10,295,961	10,359,321

¹ Shares held via Geomer Investments Proprietary Limited and Geomer Employees Investments Proprietary Limited

² Shares held via Ceejay Trust, Gingko Investments 2 Proprietary Limited and Gingko Trading Proprietary Limited

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R '000

34. Related parties (continued)

34.2.3 Employee incentive scheme

Share options/ awards in respect of the company

The African and Overseas Share Trust was created to facilitate an employee share incentive scheme. The purpose of this scheme is to ensure that employees, including directors holding permanent salaried employment or office in the company or any of its subsidiaries, are encouraged and motivated to pursue continued employment within the company (or its subsidiaries), and to accordingly afford them with the opportunity to acquire an interest in the "N" ordinary share capital of the company.

The African and Overseas Share Trust currently holds Nil (2022: Nil) "N" ordinary shares in reserve for future utilisation.

	No. of share options as at 1 July 2021	Share options / awards granted / (forfeited) during the year (number)	Option / award price	Subscription price of shares	Acceptance date	Shares transferred to grantee during the year	No. of share options as at 30 June 2022	Realised gains for the year ended 30 June 2022	Unrealised gains as at 30 June 2022
Executive Directors									
WD Nel	10,564	-	nil	nil	25-Jun-19	10,564	-	-	-
	10,564	-				10,564	-	-	-
Senior Executives									
CL Lloyd	10,564	-	nil	nil	23-Jun-19	10,564	-	-	-
	10,564	-				10,564	-	-	-
Total	21,128	-				21,128	-	-	-
Average option price (Rand)							nil		

Share options/ awards in respect of the subsidiary

Rex Trueform Group Limited

The Rex Trueform Share Trust was created to facilitate an employee share incentive scheme. The purpose of this scheme is to ensure that employees, including directors holding permanent salaried employment or office in the company or any of its subsidiaries, are encouraged and motivated to pursue continued employment within the company (or its subsidiaries), and to accordingly afford them with the opportunity to acquire an interest in the "N" ordinary share capital of the company.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R '000

34. Related parties (continued)

The Rex Trueform Share Trust currently holds Nil (2022: Nil) "N" ordinary shares in reserve for future utilisation, of which none has been granted to employees.

	No. of share options as at 1 July 2021	Share options / awards granted / (forfeited) during the year (number)	Option / award price	Subscription price of shares	Acceptance date	Shares transferred to grantee during the year	No. of share options as at 30 June 2022	Realised gains for the year ended 30 June 2022	Unrealised gains as at 30 June 2022
Executive Directors									
CL Lloyd	18,480	-	nil	nil	23-Jun-19	18,480	-	239	-
D Franklin	22,175	-	nil	nil	21-Jun-19	22,175	-	287	-
	40,655					40,655		526	
Senior Executives									
WD Nel	18,480	-	nil	nil	23-Jun-19	18,480	-	239	-
CEA Radowsky	14,783	-	nil	nil	21-Jun-19	14,783	-	191	-
	33,263					33,263		431	
Total	73,918					73,918		957	
Average option price (Rand)									nil

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

35. Notes to the statement of cash flows

35.1 Cash flows from operating activities

Profit / (loss) for the year	88,161	50,717	2,353	(1,871)
Adjustments for:				
Income tax expense	32,656	26,262	-	-
Finance income	(32,774)	(24,766)	-	-
Finance costs	47,331	32,425	597	625
Depreciation and amortisation expense	91,078	77,458	-	-
Impairment losses and reversal of impairment losses recognised in profit or loss	-	11,100	-	-
Bad debt expense	2,883	113	-	-
Unrealised foreign exchange gains and losses	76	(963)	-	-
Dividends received	(382)	(1,493)	-	-
Gain on lease modification	(29,889)	(14,833)	-	-
Share of loss from associate	4,256	4,269	-	-
Discontinued operation	-	(93)	-	-
Equity-settled share based payment	-	704	-	198
Flooring allowances received	541	56	-	-
Gains and losses on disposal of non-current assets	1,396	3,037	-	-
Movement in post-retirement liability	(91)	(96)	(14)	(16)
Change in fair value of contingent consideration	(8,500)	1,800	(3,872)	-
Movement in inventory provision	2,849	73	-	-
Bargain purchase gain	-	(3,578)	-	-
Other non-cash movement	12	183	(1)	-
Loss on acquisition	812	-	-	-
Working capital changes				
Adjustments for increase in inventories	(29,912)	(43,796)	-	-
Adjustments for (increase) / decrease in trade and other receivables	(7,300)	(6,041)	124	(74)
Adjustments for increase in trade and other payables and provisions	224	620	(85)	137
Net cash flows from operations	163,426	113,159	(898)	(1,002)

35.2 Income tax paid

Amounts receivable / (payable) at the beginning of the year	17,676	211	-	-
Amounts (receivable) / payable at the end of the year	1,036	(17,676)	-	-
Taxation expense (credit)	(32,656)	(26,262)	-	-
Additions through business combination	-	(1,051)	-	-
Deferred taxation included in taxation expense	(401)	11,516	-	-
	(14,345)	(33,262)	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
35. Notes to the statement of cash flows (continued)				
35.3 Dividends paid				
Dividend on 6% cumulative preference shares	(50)	(50)	(33)	(33)
	(50)	(50)	(33)	(33)
35.4 Dividends received				
Dividends received from subsidiary companies	-	-	-	-
Dividends received other	379	1,493	-	-
	379	1,493	-	-
35.5 Interest received				
Finance income - Cash and cash equivalents (Refer note 33)	4,776	4,901	-	-
Accrued dividends - Loan to associate (Refer note 8)	-	1,815	-	-
	4,776	6,716	-	-
35.6 Interest paid				
Loan payable to subsidiary company (refer to note 9)	-	-	-	(444)
Lease Liability (Refer note 25)	(20,536)	(22,495)	-	-
Interest-bearing borrowings	(14,012)	-	-	-
Other	(627)	(1,436)	(2)	-
	(35,175)	(23,931)	(2)	(444)
35.7 Loan repaid				
Loan to subsidiary company	-	-	-	-
Unsecured loans to share scheme participants - related party	-	998	-	445
Interest-bearing borrowings	(952)	-	-	-
	(952)	998	-	445
35.8 Loan advanced				
Loan to subsidiary company	-	-	(29)	(12)
Unsecured loans to share scheme participants - related party	-	(10)	-	(9)
Loan to holding company	-	-	-	-
Loan to Belper Investments	-	(20,193)	-	-
Loan to Telemedia Africa	(88)	-	-	-
	(88)	(20,203)	(29)	(22)

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

35. Notes to the statement of cash flows (continued)

35.9 Loan received

Loan payable to subsidiary company (Refer to note 8)	-	-	894	1,049
--	---	---	-----	-------

36. Capital Commitments

Capital commitments include all projects for which specific board approval has been obtained.

Authorised but not yet contracted for

Investment property	6,749	-	-	-
Store development	14,100	10,792	-	-
Head office refurbishment	68	108	-	-
Plant and machinery	27	959	-	-
Computer infrastructure and software	450	4,993	-	-
Total	21,393	16,852	-	-

Authorised and contracted for (less amounts already incurred)

Store development	1,317	342	-	-
Plant and machinery	1,821	-	-	-
Computer infrastructure and software	11,925	-	-	-
Total	15,062	342	-	-

The capital commitments will be financed by cash resources and cash generated from operations and are expected to be incurred in the following year.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
37. Financial Instruments				
37.1 Carrying value				
Financial instruments at amortised cost				
Lease liabilities***	(222,465)	(242,326)	-	-
Trade and other receivables**	24,075	12,276	-	-
Loans receivable from subsidiary companies***	-	-	95	66
Cash and cash equivalents**	50,450	90,729	2	69
Loans receivable***	88	20,280	-	-
Trade and other payables**	(71,662)	(69,667)	(550)	(568)
Rent deposits***	(6,424)	(4,828)	-	-
Interest-bearing borrowings***	(295,223)	(89,792)	-	-
Loan from subsidiary***	-	-	6,473	4,984
	<u>(521,161)</u>	<u>(283,328)</u>	<u>6,020</u>	<u>4,551</u>

** Approximates the fair value of the financial instruments as all short term in nature (no time value of money applicable).

*** Approximates the fair value of the financial instrument as it is linked to market related interest rates.

Financial instruments at fair value through other comprehensive income

Other investments - Listed shares (Level 1)	11,100	16,381	3	3
Other investments - Unlisted shares (Level 2)	734	734	-	-
	<u>11,833</u>	<u>17,114</u>	<u>3</u>	<u>3</u>

Financial instruments at fair value through profit or loss

Forward exchange contracts (Level 2)	712	788	-	-
Loan to associate (Level 3)	186,369	158,580	-	-
Contingent consideration (Level 3)	(9,522)	(17,210)	-	(3,872)
	<u>177,559</u>	<u>142,158</u>	<u>-</u>	<u>(3,872)</u>

Valuation of financial instruments

The group measures fair values using the following fair value hierarchy that reflects the significance of each input used in making these measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices) This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between not based on observable data and the observable inputs have a significant effect on the instruments' valuation. This category includes instruments that are the instruments.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

37. Financial Instruments (continued)

The fair value of held at fair value through other comprehensive income assets was based on the latest market price of the invested shares.

Fair values of forward exchange contracts was determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.

The fair value of the loan to associate was calculated by using the income approach. This approach used the estimated future cash flows and present value these cash flows using the applicable weighted average cost of capital. A probability weighted scenario analysis is then performed on these discounted forecasted future cash flows. Refer to note 37.6 for the market risk sensitivity analysis.

37.2 Credit risk

Credit risk is the risk of financial loss to the group or company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises on trade and other receivables, cash and cash equivalents and intercompany receivables.

The risk arising on accounts receivables is managed through a group policy on the granting of credit, continual review and monitoring of all receivables balances and includes applying payment terms and monitoring of any overdue amounts.

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed.

Listings of overdue customer balances are reviewed monthly. Any customer exceeding their credit terms must settle their overdue balances before any further credit is extended. Appropriate action is taken to recover long overdue debts.

The material recurring trade debtors comprises of amounts receivable from media and broadcasting segment customers.

Tenants are required to provide deposits or guarantees and other security where necessary. The tenant credit rating process includes obtaining references, obtaining copies of tax compliance certificates (or other related documents), assessment of financial results to establish its financial standing, and reviewing credit reports.

Accounts receivable from subsidiary companies are monitored by reviewing daily cash balances and cash flow forecasts.

The credit risk on cash and cash equivalents is managed through dealing with well-established financial institutions with high credit standings.

Credit loss allowances for expected credit losses ("ECLs") are recognised for all financial assets, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

37. Financial Instruments (continued)

When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Trade receivables which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter party default rates. The credit rating currently applicable is BB- (2021: BB+) based on the long term issuer default rating obtained from reputable publicly available sources.

Impairment under IFRS 9 will apply to cash and cash equivalents being measured at amortised cost. These are held with a reputable bank institution. Accordingly, there is no significant ECL on such asset as the ECL was immaterial for recognition.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

Trade receivables (refer to note 11)	20,994	10,661	-	-
Other receivables - not past due (refer to note 11)*	3,081	1,615	-	-
Loans receivable - not past due (refer to note 15)*	88	20,280	-	-
Loans receivable from subsidiary companies - not past due (refer to note 8)	-	-	95	66
Cash and cash equivalents (refer to note 16)	50,450	90,729	2	69
	74,613	123,285	97	135

* Further disclosure pertaining to the ECL on other receivables and loan receivables has not been provided as it was not significant, due to rounding.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was as follows:

Media and broadcasting customers	15,631	9,951	-	-
Property segment	4,734	39	-	-
Retail segment	630	671	-	-
	20,994	10,661	-	-

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

37. Financial Instruments (continued)

Impairment losses

The ageing of all trade receivables as at the reporting date was as follows:

Gross

Not past due	9,164	8,316	-	-
Past due 0 - 30 days	3,183	1,959	-	-
Past due 31 - 60 days	427	468	-	-
Past due 61 - 90 days	6,529	1,745	-	-
Past due > 91 days	10,074	3,815	-	-
	29,377	16,304	-	-

The aging of trade receivables for the media and broadcasting segment was as follows:

Gross

Not past due	6,683	7,764	-	-
Past due 0 - 30 days	1,195	1,890	-	-
Past due 31 - 60 days	435	381	-	-
Past due 61 - 90 days	6,781	1,745	-	-
Past due > 91 days	8,920	3,814	-	-
	24,014	15,594	-	-

The media and broadcasting segment's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. No loss allowance was determined for the other trade receivables as the risk has been assessed as sufficiently low. The loss allowance provision for the media and broadcasting segment is determined as follows:

Impaired

Not past due	527	969	-	-
Past due 0 - 30 days	125	394	-	-
Past due 31 - 60 days	100	131	-	-
Past due 61 - 90 days	2,589	448	-	-
Past due > 91 days	5,042	3,701	-	-
	8,383	5,643	-	-

The expected loss rate for the media and broadcasting segment is as follows:

Expected loss rate

Not past due	8%	12%	-	-
Past due 0 - 30 days	10%	21%	-	-
Past due 31 - 60 days	23%	34%	-	-
Past due 61 - 90 days	38%	26%	-	-
Past due > 91 days	57%	97%	-	-

Where the expected credit loss % decreased from the prior year, this is mainly in relation to the change in the composition of the debtors' book, as well as the risk profile of the customer and industry.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

37. Financial Instruments (continued)

An analysis of the credit quality of trade receivables that are past due but not impaired is as follows:

Media and broadcasting segment	9,475	3,155	-	-
Retail segment	234	165	-	-
	<u>9,709</u>	<u>3,320</u>	<u>-</u>	<u>-</u>

Management assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Certain customers have a long standing credit history with the group and/or have provided the group with bank guarantees. Retail segment receivables have been fully settled subsequent to year end.

Impairment losses on financial assets recognised in profit or loss

Impairment losses on trade receivables - movement in loss allowance (refer to note 11)	<u>(2,740)</u>	<u>(113)</u>	<u>-</u>	<u>-</u>
--	----------------	--------------	----------	----------

Impairment losses on trade receivables relate to receivables arising from contracts with customers.

37.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses to the group.

The risk is managed through cash flow forecasts and the optimisation of daily cash management.

The expected maturity profile of financial liabilities based on contractual undiscounted payments is as follows:

Less than one year

Trade payables	27,184	43,146	86	9
Other payables and accruals	44,202	26,285	464	559
Rent deposits	6,424	4,828	-	-
Loan from subsidiary ^	-	-	6,473	4,984
	<u>77,810</u>	<u>74,259</u>	<u>7,023</u>	<u>5,552</u>

^ Refer to notes 8 and 41 for the terms of the loan.

Interest-bearing borrowings maturity profile

Within one year	27,643	-	-	-
Between one and two years	29,467	-	-	-
Between two and five years	149,743	-	-	-
After five years	101,024	89,792	-	-
	<u>307,877</u>	<u>89,792</u>	<u>-</u>	<u>-</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
37. Financial Instruments (continued)				
Lease liabilities maturity profile				
Within one year	75,833	74,869	-	-
Between one and two years	60,029	68,931	-	-
Between two and five years	110,165	108,471	-	-
After five years	40,689	60,131	-	-
	286,716	312,402	-	-

The expected cash flows related to forward exchange contracts will occur as follows:

Carrying amount	712	788	-	-
Contractual cash outflows	14,108	9,911	-	-
Less than one year	14,108	9,911	-	-

37.4 Interest rate risk

The group is exposed to interest rate risk as set out in the table below.

Variable-rate instruments

Amounts payable to subsidiary companies (refer to note 8)	-	-	(6,473)	(4,984)
Cash and cash equivalents (refer to note 16)	50,450	90,730	2	69
Loan receivable (refer to note 15)	88	20,280	-	-
Interest-bearing borrowings (refer to note 25)	(295,222)	(89,793)	-	-
	(244,684)	21,218	(6,471)	(4,915)

Interest free instruments

Loans receivable from/payable to subsidiary companies (refer to note 8)	-	-	95	66
---	---	---	----	----

Cash and cash equivalents are managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

The interest rates applicable to these financial instruments are keenly negotiated and generally vary in response to the prime overdraft rate. The current effective interest rate varied between 0.0% and 7.75% (2022: 2.9% - 5.3%) during the financial year. Floating rate financial assets include cash at bank and cash equivalents. The group has no fixed rate financial assets or liabilities.

Sensitivity analysis

A 1% movement in the effective interest rate would have increased or decreased profit or loss before taxation by the amounts shown below. The rate is applied to all interest bearing financial instruments. This analysis assumes all other variables remain constant. All interest bearing financial instruments are at variable interest rates.

The analysis is performed on the same basis as for 2022.

Impact on profit or loss before taxation	(2,382)	261	(69)	1,194
Impact on equity	(1,739)	188	(50)	860

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

37. Financial Instruments (continued)

37.5 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the company's functional currency.

The settlement of these transactions take place within a normal business cycle. The group has policies for the management of foreign currency risks. No uncovered foreign exchange commitments exist at the reporting date.

The risk is managed by entering into forward foreign exchange contracts. These contracts are matched with anticipated future cash outflows in foreign currencies. The company does not use forward foreign exchange contracts for speculative purposes. No hedge accounting is applied. The currency in which the company primarily deals is United States Dollar. The forward cover obtained relates to orders or planned orders which are to be delivered at a future date in the normal course of business.

United States Dollar - USD

Cash and cash equivalents	235	1,836	-	-
Trade and other receivables	6,205	312	-	-
Trade and other payables	(29,257)	(37,088)	-	-
	(22,816)	(34,941)	-	-

European Union Euro - EUR

Cash and cash equivalents	5,239	4,965	-	-
Trade and other payables	(89)	(999)	-	-
	5,149	3,966	-	-

The principal or contract amounts of foreign exchange contracts outstanding at the reporting date relating to foreign purchases are as reflected below:

		Foreign amount	Average forward cover rate	Rand amount
2023	Currency			
Imports	USD	782	18.05	14,105
2022				
Imports	USD	651	15.23	9,911
		Average rate	30 June spot rate	
USD		17.77	15.22	18.92
EUR		18.60	17.15	20.52
				16.30
				16.97

The Group is primarily exposed to the United States Dollar and the European Union Euro currencies. The following analysis indicates the group's sensitivity at year-end to the indicated movements in this currency on financial instruments, assuming all variables, in particular interest rates, remain constant.

Sensitivity analysis

A 10% percent strengthening/weakening in the Rand at 30 June would have increased/(decreased) profit or loss before taxation by the amounts shown below. This analysis assumes that all other variables, in particular rates, remain constant. The analysis is performed on the same basis as the prior financial year.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
37. Financial Instruments (continued)				
2023				
USD	(3,692)	(4,485)	-	-
EUR	515	397	-	-
	(3,177)	(4,089)	-	-

37.6 Market risk

Market risk in relation to the loan to associate relates to the risk that the shareholder funding provided to the associate will not be recovered from expected future cash flows from underlying subsidiaries of SAWW. The group is also exposed to interest rate risk as the accrued dividends in terms of the shareholders agreement are linked to the prime rate of interest.

Included in investment in associate:

Loan to associate	186,370	158,580	-	-
	186,370	158,580	-	-

Sensitivity analysis

A 1% movement in the effective interest rate would have increased or decreased profit or loss before taxation by the amounts shown below. This analysis assumes all other variables remain constant.

Impact on profit or loss before taxation	1,864	1,586	-	-
Impact on equity	1,360	1,142	-	-

37.7 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or return capital. At 30 June 2022 the ordinary shareholders' interest (total equity less preference share capital) to total assets was 40.6% (2022: 41.1%)

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

38. Segment information

38.1 General information

The group has identified the following divisions as the group's reportable segments:

Retail - comprises the retailing of fashion apparel through Queenspark stores in South Africa

Property - comprising of the group's property portfolio based in Cape Town, which includes both investment and owner-occupied properties.

Media and broadcasting - comprises the provision of media and satellite equipment and services through Telemedia and Program Buyer.

Water infrastructure - comprises an indirect investment made in a private water and wastewater utility group operating in the South African provinces of Mpumalanga and Kwa-Zulu Natal.

The executive members of the board, identified as the chief operating decision-maker, review the results of these business divisions on a monthly basis for the purpose of allocating resources and evaluating performance.

Performance is measured based on segmental operating profit, as included in the monthly management reports reviewed by the chief operating decision-maker.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

38. Segment information (continued)

38.2 Segment revenues

Year ended 30 June 2023	Retail sales	Management fee income	Media and broadcasting income	Rental income	Tenant recoveries	Dividend income	Profit on sale of property	Total Group Revenue
Retail	708,251	239	-	-	-	-	-	708,490
Property	-	-	-	50,965	19,321	-	-	70,286
Media and broadcasting	11,607	-	115,109	-	-	-	200	126,916
Water infrastructure	-	2,325	-	-	-	37	-	2,362
Group services	-	6,424	-	-	-	8,845	-	15,269
Inter-segment eliminations	(237)	(5,950)	-	(7,663)	(1,691)	(8,500)	-	(24,041)
Total segment revenues	719,620	3,038	115,109	43,302	17,630	382	200	899,282
Year ended 30 June 2022	Retail sales	Management fee income	Media and broadcasting income	Rental income	Tenant recoveries	Dividend income	Profit on sale of property	Total Group Revenue
Retail	597,376	636	-	-	-	-	-	598,012
Property	-	-	-	27,611	5,714	-	-	33,325
Media and broadcasting	1,464	-	37,497	-	-	-	-	38,961
Water infrastructure	-	2,199	-	-	-	41	-	2,240
Group services	-	4,958	-	-	-	14,452	11	19,422
Inter-segment eliminations	-	(4,839)	-	(7,229)	(1,224)	(13,000)	-	(26,291)
Total segment revenues	598,840	2,955	37,497	20,382	4,490	1,493	11	665,669

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

38. Segment information (continued)

38.3 Other incomes and expenses

Year ended 30 June 2023

	Employment Costs	Occupancy Costs	Depreciation and amortisation	Impairment	Operating profit/(loss)	Finance income	Finance costs	Share of profit or loss from associates	Income tax expense	Profit/(loss) for the year
Retail	104,020	36,567	72,279	-	95,923	2,204	(18,779)	-	(21,277)	58,071
Property	7,597	19,353	6,026	-	31,294	332	(16,156)	-	(811)	14,659
Media and broadcasting	23,035	2,315	12,750	-	21,790	1,344	(2,346)	(65)	(3,629)	14,206
Water infrastructure	-	-	-	-	(139)	27,790	(19,924)	(4,191)	(2,076)	1,459
Group services	-	-	22	-	(6,355)	12,657	(1,680)	-	(4,863)	8,262
Inter-segment eliminations	-	-	-	-	(8,497)	(11,554)	11,554	-	-	(8,497)
Total other incomes and expenses	134,652	58,235	91,078	-	134,016	32,773	(47,331)	(4,256)	(32,656)	88,161

Year ended 30 June 2022

Retail	106,435	20,695	70,440	308	85,950	2,003	(22,841)	-	(18,931)	46,181
Property	7,492	6,861	2,818	-	15,640	183	-	-	(4,432)	11,391
Media and broadcasting	7,310	721	4,200	-	889	248	(740)	-	(1,830)	7,952
Water infrastructure	-	-	-	-	(11,223)	19,779	(13,651)	(4,269)	(1,670)	(11,035)
Group services	201	-	-	-	(5,812)	8,479	(1,081)	-	602	(3,770)
Inter-segment eliminations	-	-	-	-	-	(5,927)	5,888	-	-	-
Total other incomes and expenses	121,138	28,277	77,458	308	85,445	24,765	(32,425)	(4,269)	(26,262)	50,719

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

38. Segment information (continued)

38.4 Assets and liabilities

	Segment total assets	Segment total liabilities	Capital expenditure
Year ended 30 June 2023			
Retail	482,126	(317,355)	(45,769)
Property	343,150	(247,960)	(155,201)
Media and broadcasting	111,580	(34,853)	(4,109)
Water infrastructure	186,885	(180,738)	-
Group services	176,525	(31,078)	-
Inter-segment eliminations	(209,529)	164,987	-
Total assets and liabilities	1,090,737	(646,996)	(205,079)
Year ended 30 June 2022			
Retail	406,315	(295,156)	12,685
Property	72,121	(7,650)	322
Media and broadcasting	80,655	(40,086)	312
Water infrastructure	172,693	(158,524)	-
Group services	172,772	(48,716)	-
Inter-segment eliminations	(81,903)	69,306	-
Total assets and liabilities	822,653	(480,826)	13,319

39. Business combinations

39.1 Details of acquisition

Name of acquiree	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	
			%	R `000
Telemedia Proprietary Limited		1 March 2022	75.00	57,544
Belper Investments Proprietary Limited		3 August 2023	51.00	0

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

39. Business combinations (continued)

Telemedia Proprietary Limited

In November 2020, the company together with its subsidiary company, Rex Trueform Group Limited ("Rex Trueform Group"), entered into a sale of shares agreement subject to certain suspensive conditions, to acquire 75% of Telemedia Proprietary Limited ("Telemedia") for a consideration of R67,500,000 to be settled in cash and shares, with the company acquiring a 11.29% interest for a consideration of R9,956,250 and its subsidiary acquiring a 63.71% interest for a consideration of R57,543,750. All suspensive conditions were met on 1 March 2022, being the effective date of the acquisition.

Telemedia is a broad-based media broadcast facility manufacturer and supplier. Telemedia's services include the installation of satellite transmission and radio and television signal distribution. In addition, Telemedia is a supplier of microwave and satellite news gathering services including broadcasting, studio recording and services ancillary thereto. Details of the purchase consideration and the net assets acquired are as follows:

Payment of the purchase consideration

An initial purchase consideration of R30,000,000 comprising the issue of 368,750 new ordinary shares by the company at R27 per share (R9,956,250), the issue of 857,212 new ordinary shares by Rex Trueform Group at an issue price of R18 per share (R15,429,816) and a cash payment of R4,613,934 made by Rex Trueform Group.

The balance of the purchase consideration, being R37,500,000 shall be discharged by the company in cash should the profit undertakings given by the sellers for the financial years ending 30 June 2021, 30 June 2022 and 30 June 2023 be cumulatively met on a 20%, 20% and 60% basis. Should the cumulative profit undertaking given by the sellers not be achieved by 30 June 2023, the balance of the purchase consideration shall be reduced pro rata by the shortfall of actual profits to warranted profits, provided that the reduction cannot reduce the balance of the purchase consideration to below zero.

Issue of ordinary shares and share price underpin

The fair value of the Ordinary shares (368,750) issued by the company as part of the consideration paid amounting to R6,084,375 was based on the published share price on 1 March 2022 of R16.50 per share. In terms of the sale and purchase agreement, Rex Trueform Group undertook to underpin the share price at R18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R3,598,128.

The fair value of the Ordinary shares (857,212) issued as part of the consideration paid amounting to R14,572,604 was based on the published share price on 1 March 2022 of R17 per share. In terms of the sale and purchase agreement, Rex Trueform Group undertook to underpin the share price at R18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R796,606.

Furthermore, the company and its subsidiary undertook to guarantee the repurchase of the shares in the event that a buyer of the ordinary shares cannot be found or the company and its subsidiary fail to provide the necessary consent for the sale. The guarantee gives rise to a put option liability of R6,084,375 in the company and R12,772,459 in its subsidiary, Rex Trueform Group. On 1 July 2022 the company and its subsidiary, Rex Trueform Group, was relinquished from its undertaking to underpin the share price and its option to purchase the ordinary shares. The financial liability was therefore reversed on 1 July 2022. Refer to note 22.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

39. Business combinations (continued)

Significant estimate: contingent consideration - profit warranties

Cumulative profit undertakings given by the sellers for the period 1 March 2020 to 30 June 2023 amounted to R78,750,000. As at 1 March 2022, it was managements view that Telemedia will achieve R48,407,754 in profits for the warranty period. As a result the fair value of the contingent consideration payable was estimated to be R10,423,362.

The contingent consideration in respect of the share price underpin was unwound and the profit warranty was determined by calculating the present value of future cash flows using a discount rate of 7.5%. The contingent consideration is expected to be settled within 6 months of the financial year ended, 30 June 2023.

Fair values of net assets acquired

At the time of authorisation and publication of the 2022 annual financial statements, the group had not yet concluded the fair values of the identifiable assets and liabilities acquired and these were therefore disclosed as provisional fair values. During the year, the information pertaining to the fair value of the property, plant and equipment and intangible assets were finalised and the following measurement period adjustments were recorded. Remeasurements were made to the fair value recognised in respect of teleport satellite equipment of R21,001,909, marketing-related intangible assets of R4,213,687, and contractual and non-contractual client relationship intangible assets of R18,215,461.

	Telemedia Proprietary Limited
Cash transferred	4,614
Ordinary shares issued	20,657
Contingent consideration - share price underpin	4,395
Contingent consideration - profit warranties	10,423
Total consideration transferred	40,089

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

39. Business combinations (continued)

Assets

	As originally presented	Measurement Period Adjustments*	Adjusted
Property, plant and equipment	7,243	21,002	28,245
Intangible assets	-	22,429	22,429
Right-of-use asset	31,472	-	31,472
Loans to group companies	4	-	4
Trade and other receivables	6,845	-	6,845
Cash and cash equivalents	22,435	-	22,435
Deferred tax liabilities	(380)	(11,702)	(12,082)
Current tax liabilities	(1,051)	-	(1,051)
Provisions	(1,076)	-	(1,076)
Trade and other current payables	(1,748)	-	(1,748)
Income received in advance	(5,776)	-	(5,776)
Lease liability	(31,472)	-	(31,472)
Assets acquired and liabilities recognised at the date of acquisition	26,494	31,729	58,223
Less: Non-controlling interests	(6,623)	(7,932)	(14,556)
Add: Goodwill	20,219	(20,219)	-
Less: Gain on bargain purchase	-	(3,578)	(3,578)
Net assets acquired	40,089	-	40,089

*Measurement period adjustments - during the current year, the comparative information for June 2022 was retrospectively adjusted to recognise:

- (1) The fair value adjustment on teleport satellite equipment was finalised, which resulted in an increase in property, plant and equipment, and an increase in the deferred tax liability.
- (2) The marketing-related assets and client relationship assets were identified and recognised as attributable to the purchase of Telemedia, which resulted in an increase in intangible assets and an increase in the deferred tax liability.
- (3) These adjustments resulted in the derecognition of goodwill and the recognition of a gain on bargain purchase. The gain on bargain purchase is largely attributable to the finalisation of the fair values of identifiable assets which increased as a result of the measurement period adjustment which was determined post the agreement of the purchase price.

Impact of measurement period adjustment on statement of profit or loss and other comprehensive income:

	As previously reported	Measurement Period Adjustments*	Adjusted
Other operating costs	(307)	(2)	(309)
Bargain purchase gain	-	4	4
Income tax expense	(27)	1	(26)
Non-controlling interest	21	1	22

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

39. Business combinations (continued)

Acquired receivables

The fair value of acquired trade receivables is R6,844,511. The gross contractual amount for trade receivables due is R12,375,197 with a loss allowance of R5,530,685.

Purchase consideration – cash outflow at acquisition date

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	4,614	
Less: Cash balances acquired	(22,435)	
Net inflow of cash – investing activities	(17,821)	

Acquisition-related costs

Acquisition-related costs of R1,949,006 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows. R1,611,006 was paid directly to Geomer Investments Proprietary Limited and is disclosed under transaction fees paid in note 30.

39.3 Asset Acquisition: Investment in Belper Investments Proprietary Limited

On 3 August 2022 all conditions precedent to the acquisition of a 51% interest in a property letting enterprise, Belper Investments Proprietary Limited ("Belper Investments"), were fulfilled. The entity has acquired five (5) industrial properties located in Epping, Cape Town, for a total consideration of R104.2m. Accordingly, the transaction is now unconditional in accordance with the terms of the agreement, with the effective date being 3 August 2022. Refer to SENS dated 21 April 2022 and 3 August 2022. Included in loan receivables as at 30 June 2023 is an amount receivable from Belper Investments amounting to R22.9m. Included in operating expenses for the current financial year is commission amounting to R1.4m, relating to due diligence and the conclusion of the transaction, which has been paid to Quoin Online Proprietary Limited who is a related party to the minority shareholders of Belper Investments.

The fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

Investment	106,014	-
Lease accrual asset	196	-
Trade and	2,289	-
Bank and	221	-
Long term	(65,650)	-
Trade and	(3,982)	-
	<u>106,014</u>	<u>-</u>

Purchase consideration – cash outflow at acquisition date:

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration - shareholder loans*	20,683	-
Cash consideration - cash outflow at acquisition date	-	-
Cash balances acquired	221	-
	<u>20,905</u>	<u>-</u>

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2023	Group 2022	Company 2023	Company 2022
-------------------	---------------	---------------	-----------------	-----------------

39. Business combinations (continued)

Net inflow of cash – investing activities			221	-
---	--	--	-----	---

*This loan was made to Belper Investments Proprietary Limited in the previous year, before the asset acquisition transaction, to fund the acquisition of the properties.

Revenue and profit contribution

In terms of the concentration test, per IFRS 3 Business Combinations, management's assessment of the acquisition determined that substantially all of the fair value of the gross assets acquired was concentrated in a portfolio of identifiable assets, as such the acquisition does not meet the definition of a business combination. The acquisition has therefore been accounted for as an acquisition of assets and liabilities and subsequently consolidated into the group.

Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Telemedia Proprietary Limited and Belper Investments Limited, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See the group's accounting policies for business combinations.

40. Events after the reporting date

On 5 June 2023, Telemedia Proprietary Limited entered into an agreement with Telelet Proprietary Limited and The Bretherick Family trust where Telemedia would be purchasing nine (9) properties for a purchase consideration R51.5m. The acquisition shall be funded by a cash consideration of R6.9m and a R44.6m loan from a bank against security of the registration of a first mortgage bond over the Property. As at the date of reporting the properties were not yet registered in the name of the seller. Refer to SENS issued on 21 September 2023.

On 28 September 2023, Telemedia Proprietary Limited entered into an agreement to acquire a 35% interest in Interactive Television Africa Proprietary Limited for a cash consideration of R18m.

During 2015, Siza Water raised a tariff dispute against Umgeni Water and the Minister of Water and Sanitation, when they increased our bulk water tariff with 37.9%. Umgeni Water and the Minister of Water and Sanitation lost their case in the Kwazulu-Natal High Court and their appeal in The Supreme Court of Appeal. Both parties approached the Constitutional Court of South Africa for leave to appeal. On 5 February 2020, the Constitutional Court of South Africa dismissed Umgeni Water's application for leave to appeal with costs. Thereafter the company and Umgeni Water signed a full and final settlement agreement based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020 and it was agreed to release the funds held in escrow.

The Constitutional Court allowed Umgeni Water to present their case with the Minister's application, which was heard on 10 November 2020. On 23 July 2021 the Constitutional Court overturned the decisions of the High Court as well as Supreme Court of Appeal to rule that Umgeni Water's tariff was enforceable. We have reflected the higher tariff in our financial statements. The Constitutional Court made no reference to the full and final settlement that was concluded based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020. The amount in dispute is R106.2 million excluding VAT and income taxes. Legal advice obtained by the company indicates that the full and final settlement agreement is probably valid and enforceable. The directors are of the view that no material losses will arise in respect of the full and final settlement agreement at the date of these financial statements.

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

40. Events after the reporting date (continued)

In 2019, Buhle Waste Proprietary Limited instituted proceedings out of the Mpumalanga High Court, in terms of which it sought an order setting aside (i) the decision taken by the City of Mbombela Municipality to consent to the Change in Control request presented by Silulumanzi (RF) (Pty) Ltd to the Municipality, and (ii) the agreement concluded by the Municipality and Silulumanzi (RF) (Pty) Ltd on 14 November 2018, in terms of which the consent decision was given effect to and be formally recorded. Silulumanzi (RF) (Pty) Ltd, SA Water Works (RF) (Pty) Ltd and SA Water Works Holdings (RF) (Pty) Ltd have opposed the Application. This Mpumalanga Divisional High Court matter which included six other respondents (including Silulumanzi (RF) (Pty) Ltd) under case number 2640/2019, was heard on 26 May 2022. On 17 August 2022 judgement was handed down which had the effect of setting aside the transfer of Silulumanzi (RF) (Pty) Ltd and SA Water Works Utilities (Pty) Ltd shares to SA Water Works (RF) (Pty) Ltd and Brain Gear Investments (RF) (Pty) Ltd. An application for leave to appeal was heard by the same High Court on 8 September 2022 which was consequently dismissed with costs. The Buhle Waste (Pty) Ltd versus the City of Mbombela and other respondents (including SA Water Works (RF) (Pty) Ltd) court case is still ongoing. The Supreme Court of Appeal ("SCA") has granted leave to appeal. In addition to leave being granted the costs order of the Court a quo in dismissing the application for leave to appeal has been set aside and the costs of the application for leave to appeal to the SCA and the Court a quo costs will be costs in the SCA appeal. The Notice of Appeal has been lodged and the record of the proceeding was submitted on 30 June 2023. The Heads of Argument, amongst other ancillary compliance, was filed on 16 August 2023. We now await confirmation of the date for the matter to be heard.

Management has considered the impact of the legal case as noted above on going concern. The appeal to the Supreme Court is to effect settlement of this case and to have the company operate under the concession agreement for the remaining period and whilst this appeal is ongoing the company is operating as normal and the case is expected to take more than 12 months to conclude. The lawyers are of the view that there are reasonable prospects of success for the notice of appeal to succeed.

Silulumanzi is in the process of registering an Employee Share Trust. The company will then issue 5% of its ordinary shares to the Trust. The Trust shall hold and administer the Company's shares for the benefit of the employees. The transaction is expected to be finalised within the following 12 months.

All events subsequent to the date of the consolidated and separate annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

41. Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company's current liabilities exceeds its current assets by R10.3m (2022: 7.0m). The company has the balance of the loan facility from Rex Trueform Group Limited which it can utilise to settle its debts as they fall due.

The group is sufficiently capitalised and has sufficient cash resources to settle debts as they fall due. Cash and cash equivalents held by the group as at 30 June 2023 amounted to R50,450,154 (2022: R90,730,182).

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Supplementary Information: Unaudited Shareholder's Information

Figures in R `000

	ORDINARY		"N" ORDINARY		PREFERENCE	
	Number of share holders	%	Number of share holders	%	Number of share holders	%
Public shareholders	54	93.10%	150	94.34%	35	94.59%
Companies & close corporations	7	12.07%	12	7.55%	1	2.70%
Individuals	41	70.69%	121	76.10%	30	81.08%
Insurance companies, nominees & trusts	6	10.34%	15	9.43%	3	8.11%
Mutual funds & pension funds	0	0.00%	2	1.26%	1	2.70%
Non-Public shareholders	4	6.90%	9	5.66%	2	5.41%
Ceejay Trust	2	3.45%	2	1.26%	1	2.70%
Directors and Employees	-	0.00%	2	1.26%	-	0.00%
Geomer Employees Investments (Pty) Ltd	0	0.00%	1	0.63%	-	0.00%
Geomer Investments (Pty) Ltd	1	1.72%	1	0.63%	-	0.00%
Gingko Investments 2 (Pty) Ltd	1	1.72%	2	1.26%	1	2.70%
Gingko Trading (Pty) Ltd	-	0.00%	1	0.63%	0	0.00%
	58	100.00%	159	100.00%	37	100.00%

	Number of shares		Number of shares		Number of shares	
		%		%		%
Public shareholders	100,014	6.18%	939,074	9.19%	108,594	39.49%
Companies & close corporations	11,815	0.73%	256,771	2.51%	11,000	4.00%
Individuals	70,227	4.34%	473,712	4.63%	70,867	25.77%
Insurance companies, nominees & trusts	17,972	1.11%	196,874	1.93%	19,802	7.20%
Mutual funds & pension funds	-	0.00%	11,717	0.11%	6,925	2.52%

African and Overseas Enterprises Limited

(Registration Number 1947/027461/06)

Consolidated and Separate Financial Statements for the year ended 30 June 2023

Supplementary Information: Unaudited Shareholder's Information

Figures in R `000

	Number of shares		Number of shares		Number of shares	
		%		%		%
Non-Public shareholders	1,518,736	93.82%	9,282,847	90.81%	166,406	60.51%
Ceejay Trust**	169,237	10.45%	4,514,511	44.16%	120,400	43.78%
Directors and Employees***	-	0.00%	126,720	1.24%	-	0.00%
Geomer Employees Investments (Pty) Ltd*	-	0.00%	10,152	0.10%	-	0.00%
Geomer Investments (Pty) Ltd*	1,272,575	78.61%	3,481,995	34.06%	-	0.00%
Gingko Investments 2 (Pty) Ltd**	76,924	4.75%	1,149,129	11.24%	46,006	16.73%
Gingko Trading (Pty) Ltd**	-	0.00%	340	0.00%	-	0.00%
	1,618,750	100.00%	10,221,921	100.00%	275,000	100.00%

Shareholders holding more than 5% of issued shares	Number of shares		Number of shares		Number of shares	
		%		%		%
Ceejay Trust**	169,237	10.45%	4,514,511	44.16%	120,400	43.78%
Dreyer, EM	-	0.00%	-	0.00%	15,500	5.64%
Geomer Investments (Pty) Ltd*	1,272,575	78.61%	3,481,995	34.06%	-	0.00%
Gingko Investments 2 (Pty) Ltd**	76,924	4.75%	1,149,129	11.24%	46,006	16.73%
	1,518,736	93.82%	9,145,635	89.47%	181,906	66.15%

*Associate of MA Golding

**Associate of HB Roberts

***WD Nel and CL Lloyd