Anchor Group Limited
(Registration number 2009/005413/06)
Consolidated Financial Statements
for the year ended 31 December 2020
These consolidated financial statements have been prepared under the supervision of:
OZ Khan CA(SA)
Financial Director
These consolidated financial statements have been audited by Mazars in compliance with the applicable requirements of the Companies Act of South Africa.
Issued 31 March 2021

# General Information

| | | |
|---|---|---|
| **Country of incorporation and domicile** | South Africa | |
| **Nature of business and principal activities** | Asset and wealth management | |
| **Directors** | MS Teke | Non-Executive Director (Chairman) |
| | PG Armitage | Executive Director (Chief Executive Officer) |
| | OZ Khan | Executive Director (Chief Financial Officer) |
| | N Dennis | Independent Non-Executive Director |
| | T Mhlari | Independent Non-Executive Director |
| | R Fihrer | Non-Executive Director |
| | K Sibisi | Independent Non-Executive Director |
| **Registered office** | 25 Culross Road<br>Bryanston<br>Sandton<br>2191 | |
| **Business address** | 25 Culross Road<br>Bryanston<br>Sandton<br>2191 | |
| **Postal address** | PO Box 1337<br>Gallo Manor<br>2191 | |
| **Bankers** | Rand Merchant Bank, a division of FirstRand Bank Limited | |
| **Auditor** | Mazars<br>54 Glenhove Road<br>Melrose Estate<br>Johannesburg<br>2196 | |
| **Secretary** | CIS Company Secretaries Proprietary Limited | |
| **Company registration number** | 2009/005413/06 | |

## Contents

# Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 December 2021 and, in light of this review, the effect of COVID-19 and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditor and their report is presented on pages 5 to 7.

The consolidated financial statements set out on pages 8 to 72, which have been prepared on the going concern basis, were approved by the board of directors on 31 March 2021 and were signed on their behalf by:

**PG Armitage** **OZ Khan**

# Company Secretary’s Certification

**Declaration by the Company secretary in respect of Section 88(2)(e) of the Companies Act of South Africa**

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date in respect of the financial year reported on.

The board selects and appoints the company secretary and recognises the importance of this role in entrenching good corporate governance. All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support.

**CIS Company Secretaries Proprietary Limited**
**Company Secretary**
**31 March 2021**

Mazars House
54 Glenhove Road
Melrose Estate
2196

PO Box 6697
Johannesburg
2000

Docex 703 Johannesburg

Tel: +27 11 547 4000
Fax: +27 11 484 7864
Email: jhb@mazars.co.za
www.mazars.co.za

# Independent Auditor's Report

31 December 2020

*To the Shareholders of Anchor Group Limited*

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Anchor Group Limited and its subsidiaries (the group) set out on pages 13 to 72 , which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Anchor Group Limited and its subsidiaries as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### 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 Financial Statements* section of our report. 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)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – impact of COVID-19 on the financial statements

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as set out in the directors' report, the application of the going concern basis of preparation in note 38 to the financial statements and the continuing subsequent event in note 37 to the financial statements.

Since the balance sheet date, the company has continued to assess the impact of COVID-19 on the financial statements and the potential impact on the business. The notes referred to elaborate on the directors' assessment of the expected impact of COVID-19 on the business and their conclusion that adopting the going concern basis of preparation is appropriate and that COVID-19 is considered a continuing subsequent event at year end.

## Other Matter

The consolidated annual financial statements of Anchor Group Limited for the year ended 31 December 2019 were audited by a predecessor auditor who expressed an unmodified opinion on such statements.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Consolidated financial statements for the year ended 31 December 2020", which includes the Directors' Report, as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

## Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

Mazars

**Mazars**
**Partner: Sanjay Ranchhoojee**
**Registered Auditor**
**31 March 2021**
**Johannesburg**

# Directors' Report

The directors have pleasure in submitting their report on the consolidated financial statements of Anchor Group Limited ('Anchor') for the year ended 31 December 2020.

## 1. Nature of business

Anchor Group Limited was incorporated in South Africa with interests in the asset and wealth management industry. The company operates in South Africa.

Anchor began managing assets in 2012 and has grown rapidly to reach group-wide assets under management and advice at 31 December 2020 of R72.5 billion, up 21% from R57.4 billion on 31 December 2019.

Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long term strategy of Anchor is to become a significant influence in South African asset management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

## 2. Delisting from the Johannesburg Stock Exchange

As of Friday 12 February 2021, Anchor Group Limited has ceased to be a publicly listed entity on the Johannesburg Stock Exchange, Alternative Exchange (Altx). As a result of the delisting, Anchor Group Limited is now categorised as an unlisted public entity.

The website www.anchorgroup.co.za , will remain active, serving as a platform through which the public can be directed to information on investing activities.

## 3. Review of financial results and activities

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

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

**Continuing Operations:**

The turnover of the group increased by 7% to R501 million (2019: R 466 million), against a tough investment backdrop, with average assets of R66 billion for the year. The yield on average assets for the period increased to 0.98% (2019: 0.96%).

Operational costs increased to R378 million (2019: R 322 million). This was due to increased revenue related costs.

Turnover grew slower than costs, resulting in an operating margin of 32% (2019: 33%). This resulted in operating profits increasing by 17% to R136 million (2019: R 117 million).

Share of profits from associates increased to R6 million (2019: R1.4 million) due to higher profits in Anchor Stockbrokers Proprietary Limited.

Finance costs grew by 10% to R3 million (2019: R 2.7 million). The increase is due to additional loan funding from RMB.

In line with the decline in the South African brokerage levels, Anchor Group has impaired goodwill from entities that have stockbroking related activities. Additionally unlisted and loan receivable assets were impaired due to the COVID-19 related impacts.

Adjusted headline earnings per share was up 16% at 39.2 cents (2019: 34.0 cents). Adjusted headline earnings are calculated by the group in order to reflect the sustainable cash-flow earnings of the group. This number is used as the basis to determine the dividend cover of the group.

The business is still highly cash generative with more than 100% of continuing profits generated in cash.

# Directors' Report

### 4. Share capital

There have been no changes to authorised share capital during the year. The group has issued 6.3 million shares to settle contingent liabilities. Refer to note 14 of the consolidated financial statements for detail of the movement in issued share capital.

### 5. Directorate

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

| Directors | Office | Designation |
|---|---|---|
| MS Teke | Chairperson | Non-executive |
| PG Armitage | Chief Executive Officer | Executive |
| OZ Khan | Finance Director | Executive |
| N Dennis | | Non-executive Independent |
| T Mhlari | | Non-executive Independent |
| K Sibisi | | Non-executive Independent |
| R Fihrer | | Non-executive |

The directors have normal employment contract terms.

### 6. Prescribed officers

The prescribed officer in office at the date of this report is as follows:

**Prescribed officer**
TE Kaplan

The prescribed officer has normal employment contract terms.

### 7. Directors' interests in shares

As at 31 December 2020, the directors of the company held direct and indirect beneficial interests of 42% (2019: 22%) of its issued ordinary shares, as set out below.

**Interests in shares**

| Directors | 2020 Direct ('000) | 2020 Indirect ('000) | 2020 Total ('000) | 2019 Direct ('000) | 2019 Indirect ('000) | 2019 Total ('000) |
|---|---|---|---|---|---|---|
| MS Teke | 1 730 | 23 662 | **25 392** | 1 730 | 23 662 | **25 392** |
| PG Armitage | 6 232 | 9 375 | **15 607** | 6 232 | 9 375 | **15 607** |
| TE Kaplan | 2 835 | - | **2 835** | 2 835 | - | **2 835** |
| OZ Khan | 281 | - | **281** | 281 | - | **281** |
| AJ Adams | - | - | **-** | 24 | - | **24** |
| N Dennis | 1 476 | - | **1 476** | 1 462 | - | **1 462** |
| R Fihrer | - | 48 763 | **48 763** | - | 48 763 | **48 763** |
| | **12 554** | **81 800** | **94 354** | **12 564** | **81 800** | **94 364** |

## Directors' Report

**Share options**

| Directors | 2020 Direct ('000') | 2019 Direct ('000') |
|---|---|---|
| PG Armitage | 1 879 | 1 879 |
| TE Kaplan | 694 | 694 |
| OZ Khan | 684 | 684 |
| | **3 257** | **3 257** |

Interest in options - note 34.

The register of interests of directors and others in shares of the group is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

### 8. Interests in associates and joint venture

Details of material interests in associates and joint venture are presented in the consolidated financial statements in note 8.

The interest of the group in the profits and losses of its associates and joint venture for the year ended 31 December 2020 are as follows:

| | 2020 R '000 | 2019 R '000 |
|---|---|---|
| **Associates and joint venture** | | |
| Total share of equity accounted profits / (losses) | 6 058 | 1 368 |

### 9. Borrowing powers

In terms of the Memorandum of Incorporation the directors may exercise all the power of the company to borrow money as they consider appropriate. Subject to the solvency and liquidity test, the borrowing powers of the directors are unlimited.

### 10. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group other than the COVID-19 assessment made by management after year end.

The COVID-19 assessment performed by management involved stress testing the budgeted 2021 numbers. The stress testing changed the revenue line items by changing the revenue drivers such as market growth rates, volatility and AUM ("assets under management") flows. The stress testing was also performed on market exposed statement of financial position assets by changing the key drivers of market values. The impact of COVID-19 as at 31 March 2021 was considered to be not material. The revenue is well diversified into local and off-shore management fees and brokerage fees, and the statement of financial position assets exposed to market movements are not material, therefore it was concluded that the going concern impact is not material.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

# Directors' Report

### 11. Secretary

The company secretary is CIS Company Secretaries Proprietary Limited. The directors are satisfied as to the qualification and expertise of the secretary to fulfil their duties.

CIS Company Secretaries Proprietary Limited was appointed as company secretary by the board in accordance with the Companies Act of South Africa, as amended, with effect 01 August 2016.

| | |
|---|---|
| Postal address: | PO Box 61051<br>Marshalltown<br>2107 |
| Business address: | Rosebank Towers<br>15 Biermann Avenue<br>Rosebank<br>Johannesburg<br>2196 |

### 12. Auditor

Mazars was appointed as auditors for the group for 2020.

BDO South Africa Incorporated was the company's independent auditor, and V Pretorius the designated audit partner, for the 2018 and 2019 audits.

The directors of the group are satisfied that Mazars South Africa Incorporated and the designated lead audit partner meet the relevant criteria as set out by section 90 (2) and 90 (3) of the Companies Act of South Africa.

At the AGM, the shareholders will be requested to reappoint Mazars as the independent external auditors of the group and to confirm Mr Sanjay Ranchhoojee as the designated lead audit partner for the 2021 financial year.

# Directors' Report

### 13. Events after the reporting period

**COVID-19 impact on revenue and assets**

A continuing subsequent event has occurred post the year end.

COVID-19 has an impact on Anchor's revenue and assets.

The revenue in Anchor arises from three main sources:
1. South African and Global asset management fees;
2. Brokerage fees; and
3. Advisory fees

COVID-19 has decreased the value of the all equity markets, which causes a decrease in the revenue generated from South African and Global asset management fees. The duration of decrease and the value of the decrease are the key factors in quantifying the value of the decline in revenue. Global asset management fees are earned in dollars and the rand depreciation during COVID-19 offsets the impact of the decline in revenue.

The decrease in the value of equity markets also leads to an increase in new inflows, and change in the yield of assets, as clients invest more in equity markets at a higher fee, than in the fixed income market, which also offsets some of the revenue decline.

COVID-19 has increased the volatility in the equity markets, which has increased the trading activities and brokerage fees have increased. The duration of the volatility is the key factor in quantifying the value of the increase in brokerage fees.

A COVID-19 assessment performed by management involved stress testing the budgeted 2021 numbers. The stress testing changed the revenue line items by changing the revenue drivers such as market growth rates, volatility and AUM ("assets under management") flows. Revenue movements will impact profits of the subsidiaries to which goodwill is allocated and will impact the balances. Movements in the current market will not materially impact the goodwill, as a 5-year discounted cash flow method is used which is longer term in nature and the revenue streams of the subsidiaries are well diversified to account for the market impacts.

Anchor has financial assets, which includes loans to individuals and entities, which are invested in the equity market and COVID-19 has decreased the value of these assets, however the movements are not expected to be material on the overall profits.

**Delisting from the Johannesburg Stock Exchange**

Anchor Group Limited has delisted from the Johannesburg Stock Exchange. Refer to note 2 of the directors report for details.

### 14. Date of authorisation for issue of financial statements

The consolidated financial statements set out on pages 8 to 72, which have been prepared on the going concern basis, were approved by the board of directors on 31 March 2021, and were signed on its behalf by:

| | |
|---|---|
| **PG Armitage** | **OZ Khan** |
| **31 March 2021** | **31 March 2021** |

# Consolidated Statement of Financial Position as at 31 December 2020

| Figures in Rand thousand | Note(s) | 2020 | 2019 Restated * | 1 January 2019 Restated * |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-Current Assets** | | | | |
| Equipment | 3 | 3 910 | 4 328 | 6 045 |
| Investment property | 4 | 6 628 | 6 540 | - |
| Goodwill | 5 | 356 384 | 590 455 | 589 990 |
| Intangible assets | 6 | 117 512 | 136 308 | 85 161 |
| Right-of-use assets | 7 | 6 023 | 6 798 | - |
| Investments in associates and joint venture | 8 | 73 913 | 68 287 | 72 804 |
| Financial assets | 9 | 32 283 | 47 284 | 21 675 |
| Deferred tax | 10 | 9 003 | 6 863 | 7 015 |
| | | **605 656** | **866 863** | **782 690** |
| **Current Assets** | | | | |
| Trade and other receivables | 11 | 68 421 | 59 315 | 49 682 |
| Financial assets | 9 | 29 811 | 49 966 | 77 709 |
| Current tax receivable | 12 | 7 665 | 4 901 | 2 338 |
| Cash and cash equivalents | 13 | 93 734 | 72 026 | 66 204 |
| | | **199 631** | **186 208** | **195 933** |
| **Total Assets** | | **805 287** | **1 053 071** | **978 623** |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| **Equity Attributable to Equity Holders of Parent** | | | | |
| Share capital | 14 | 998 126 | 977 808 | 961 332 |
| Reserves | 15 | 19 904 | 20 313 | 6 078 |
| Accumulated loss | | (381 209) | (71 872) | (116 049) |
| | | **636 821** | **926 249** | **851 361** |
| Non-controlling interest | | 27 595 | 13 206 | 18 585 |
| | | **664 416** | **939 455** | **869 946** |
| **Liabilities** | | | | |
| **Non-Current Liabilities** | | | | |
| Financial liabilities | 18 | - | - | 20 844 |
| Lease liabilities | 7 | 5 189 | 5 535 | - |
| Deferred tax | 10 | 22 627 | 32 451 | 21 817 |
| | | **27 816** | **37 986** | **42 661** |
| **Current Liabilities** | | | | |
| Trade and other payables | 17 | 70 573 | 41 064 | 25 956 |
| Financial liabilities | 18 | - | 26 551 | 35 791 |
| Lease liabilities | 7 | 1 796 | 2 106 | - |
| Current tax payable | 12 | 11 001 | 5 909 | 4 269 |
| Bank overdraft | 13 | 29 685 | - | - |
| | | **113 055** | **75 630** | **66 016** |
| **Total Liabilities** | | **140 871** | **113 616** | **108 677** |
| **Total Equity and Liabilities** | | **805 287** | **1 053 071** | **978 623** |

* See Note 35. The following restatements have been made:
1. Revaluation of share option cost Tranche 15 2. Write-off of investment in Bizank Proprietary Limited

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand thousand | Note(s) | 2020 | 2019 Restated * |
|---|---|---|---|
| Revenue | 19 | 501 132 | 465 861 |
| Operating expenses | | (378 422) | (322 522) |
| **Operating profit before interest and non-cash expenses** | 20 | **122 710** | **143 339** |
| Other income and fair value adjustments | 21 | 16 835 | 22 839 |
| Finance costs | 22 | (3 182) | (2 708) |
| Movement in credit allowances | 23 | (1 752) | (7 393) |
| Goodwill and loan impairment | | (340 295) | (2 244) |
| Non-cash expenses | 24 | (26 927) | (28 623) |
| Share of profit from associates and joint venture | | 6 058 | 1 368 |
| **(Loss) profit before taxation** | | **(226 553)** | **126 578** |
| Taxation | 25 | (19 793) | (22 030) |
| **Profit for the year** | | **(246 346)** | **104 548** |
| **Other comprehensive income:** | | | |
| **Items that will be reclassified to profit or loss:** | | | |
| Exchange differences on translating foreign operations | | (764) | 2 876 |
| **Other comprehensive income for the year net of taxation** | | **(764)** | **2 876** |
| **Total comprehensive income for the year** | | **(247 110)** | **107 424** |
| **Profit attributable to:** | | | |
| **Owners of the parent:** | | | |
| From operations | | (275 401) | 83 118 |
| **Non-controlling interest:** | | | |
| From operations | | 29 055 | 21 430 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | | (276 165) | 85 994 |
| Non-controlling interest | | 29 055 | 21 430 |
| | | **(247 110)** | **107 424** |
| **Earnings per share** | | | |
| Basic (loss) earnings per share (c) | 26 | (134.50) | 42.60 |
| Diluted (loss) earnings per share (c) | 26 | (133.20) | 42.30 |

* See Note 35. The following restatements have been made:
1. Revaluation of share option cost Tranche 15 2. Write-off of investment in Bizank Proprietary Limited

## Consolidated Statement of Changes in Equity

| Figures in Rand thousand | Share capital | Foreign currency translation reserve | Equity reserve | Treasury shares | Share-based payment reserve | Total reserves | Accumulated loss | Total attributable to equity holders of the group | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening balance as previously reported | 961 332 | 2 737 | (5 805) | (15 527) | 23 615 | 5 020 | (114 991) | 851 361 | 18 585 | 869 946 |
| Adjustments | | | | | | | | | | |
| Share-based payment prior period error | - | - | - | - | 1 058 | 1 058 | (1 058) | - | - | - |
| *** Balance at 01 January 2019 as restated** | **961 332** | **2 737** | **(5 805)** | **(15 527)** | **24 673** | **6 078** | **(116 049)** | **851 361** | **18 585** | **869 946** |
| Profit for the year | - | - | - | - | - | - | 83 118 | 83 118 | 21 430 | 104 548 |
| Other comprehensive income | - | 2 876 | - | - | - | 2 876 | - | 2 876 | - | 2 876 |
| **Total comprehensive income for the year** | **-** | **2 876** | **-** | **-** | **-** | **2 876** | **83 118** | **85 994** | **21 430** | **107 424** |
| Issue of shares | 16 476 | - | - | - | - | - | - | 16 476 | - | 16 476 |
| Treasury shares acquired | - | - | - | (4 819) | - | (4 819) | - | (4 819) | - | (4 819) |
| Share-based payments | - | - | - | - | 8 015 | 8 015 | - | 8 015 | - | 8 015 |
| Dividends | - | - | - | - | - | - | (38 941) | (38 941) | (22 005) | (60 946) |
| Changes in ownership interest - control not lost + | - | - | 8 163 | - | - | 8 163 | - | 8 163 | (4 804) | 3 359 |
| **Total contributions by and distributions to owners of the group recognised directly in equity** | **16 476** | **-** | **8 163** | **(4 819)** | **8 015** | **11 359** | **(38 941)** | **(11 106)** | **(26 809)** | **(37 915)** |

* See Note 35. The following restatements have been made:
1. Revaluation of share option cost Tranche 15    2. Write-off of investment in Bizank Proprietary Limited

## Consolidated Statement of Changes in Equity

| Figures in Rand thousand | Share capital | Foreign currency translation reserve | Equity reserve | Treasury shares | Share-based payment reserve | Total reserves | Accumulated loss | Total attributable to equity holders of the group | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening balance as previously reported | 977 808 | 5 613 | 2 358 | (20 346) | 30 042 | 17 667 | (66 707) | 928 768 | 13 206 | 941 974 |
| Adjustments | | | | | | | | | | |
| Prior period errors | - | - | - | - | 2 646 | 2 646 | (5 165) | (2 519) | - | (2 519) |
| *** Balance at 01 January 2020 as restated** | **977 808** | **5 613** | **2 358** | **(20 346)** | **32 688** | **20 313** | **(71 872)** | **926 249** | **13 206** | **939 455** |
| Loss for the year | - | - | - | - | - | - | (275 401) | (275 401) | 29 055 | (246 346) |
| Other comprehensive income | - | (763) | - | - | - | (763) | - | (763) | - | (763) |
| **Total comprehensive Loss for the year** | **-** | **(763)** | **-** | **-** | **-** | **(763)** | **(275 401)** | **(276 164)** | **29 055** | **(247 109)** |
| Issue of shares | 20 316 | - | - | - | - | - | - | 20 316 | - | 20 316 |
| Treasury shares acquired | - | - | - | (7 197) | - | (7 197) | - | (7 197) | - | (7 197) |
| Share-based payments | - | - | - | - | 7 551 | 7 551 | - | 7 551 | - | 7 551 |
| Dividends | - | - | - | - | - | - | (33 936) | (33 936) | (18 395) | (52 331) |
| Changes in ownership interest # | - | - | - | - | - | - | - | - | 3 729 | 3 729 |
| **Total contributions by and distributions to owners of company recognised directly in equity** | **20 316** | **-** | **-** | **(7 197)** | **7 551** | **354** | **(33 936)** | **(13 266)** | **(14 666)** | **(27 932)** |
| **Balance at 31 December 2020** | **998 124** | **4 850** | **2 358** | **(27 543)** | **40 239** | **19 904** | **(381 209)** | **636 819** | **27 595** | **664 414** |
| Note(s) | 14 | 15 | 15 | 15 | 16 | | | | | |

+ During 2019, Anchor Group Limited had an increase in their effective shareholding in Capricorn Fund Managers Proprietary Limited from 48.49% to 100%. This was as a result of a share buyback of the subsidiary from two external shareholders of 51.51%.
# During 2020, Anchor Group Limited sold an additional 3% of Methwold Proprietary Limited to incentivise an individual. The disposal was to align the individuals long term interest with Anchor Group Limited in terms of growth in Methwold Investment Proprietary Limited. The purchase price was settled by a loan account disclosed in financial assets.

* See Note 35. The following restatements have been made:
1. Revaluation of share option cost Tranche 15
2. Write-off of investment in Bizank Proprietary Limited

## Consolidated Statement of Cash Flows

| Figures in Rand thousand | Note(s) | 2020 | 2019 Restated * |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 27 | 159 601 | 158 988 |
| Finance costs | 22 | (2 279) | (2 708) |
| Interest income | 21 | 4 648 | 9 139 |
| Tax paid | 28 | (28 773) | (28 991) |
| **Net cash from operating activities** | | **133 197** | **136 428** |
| **Cash flows from investing activities** | | | |
| Purchase of equipment and intangible assets | 3 | (6 900) | (12 355) |
| Proceeds on disposal of intangible assets | 6 | - | 6 526 |
| Business combinations | 32 | (49 500) | (43 329) |
| Additions / (disposals) to investments in associates | 8 | (8 078) | 710 |
| Additions to financial assets | 9 | (14 522) | - |
| Proceeds from financial assets | 9 | - | 10 259 |
| **Net cash from investing activities** | | **(79 000)** | **(38 189)** |
| **Cash flows from financing activities** | | | |
| Increase in share capital | 14 | 1 230 | 4 698 |
| Purchase of Anchor Group Limited shares | 14 | (7 197) | (4 819) |
| Increase / (repayment) of financial liabilities | 18 | - | (28 390) |
| Payment of lease liabilities | 7 | (3 838) | (2 875) |
| Dividends paid | 29 | (52 331) | (60 946) |
| **Net cash from financing activities** | | **(62 136)** | **(92 332)** |
| **Total cash movement for the year** | | **(7 939)** | **5 907** |
| Cash at the beginning of the year | | 72 026 | 66 204 |
| Effect of exchange rate movement on cash balances | | (38) | (85) |
| **Total cash at end of the year** | 13 | **64 049** | **72 026** |

* See Note 35. The following restatements have been made:
1. Revaluation of share option cost Tranche 15    2. Write-off of investment in Bizank Proprietary Limited

# Accounting Policies

## 1. Presentation of consolidated annual financial statements

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

### 1.1 Basis of preparation

The group annual financial statements are prepared on the historical cost basis adjusted for certain financial instruments measured at fair value and incorporate the following principal accounting policies, which conform with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ('FRSC') and the requirements of the Companies Act of South Africa.

These accounting policies are consistent with the previous period.

### 1.2 Consolidation

**Basis of consolidation**

The company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

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

Anchor consolidates entities where it has less than 51% of the voting rights. In these instances, Anchor has the casting vote on key decisions such as investment committee decisions and decisions to change key contracts.

**Business combinations**

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries.

Subsidiaries are entities which are controlled by the group.

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

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

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

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

# Accounting Policies

**1.2 Consolidation (continued)**
**Goodwill**

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business less accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units which are the individual subsidiary businesses. Impairment testing is performed at each reporting date.

**Investments in associates**

The consolidated financial statements include the group’s share of the income and expenses and equity movements of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the group’s share of losses exceeds its interest in an associate, the group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

**Investments in joint arrangements**

The group classifies its interests in joint arrangements as joint ventures.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In assessing the classification of interests in joint arrangements, the group considers:

- the structure of joint arrangement;
- the legal form of joint arrangement structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement; and
- any other facts and circumstances (including any other contractual arrangements).

The group equity accounts for its interests in joint ventures in the same manner as investments in associates.

**1.3 Equipment**

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

Equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Equipment is depreciated over its useful life, on the straight line basis to its estimated residual value.

The useful lives of items of equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Furniture and fixtures | Straight line | 5 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 5 years |
| IT equipment | Straight line | 3 years |
| Leasehold improvements | Straight line | 5 years |

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

# Accounting Policies

### 1.4 Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less any accumulated amortisation and any impairment losses.

Intangible assets which are not yet available for use resulting in no amortisation for the year are tested for impairment annually.

Amortisation is provided to write down the intangible assets to their residual values as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Computer software | Straight line | 1 - 2 years |
| Website development costs | Straight line | 1 - 3 years |
| Acquired customer list | Straight line | 4 - 10 years |

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

### 1.5 Investment property

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

**Fair value**

Subsequent to initial measurement investment property is measured at fair value. Management reassesses the fair value of the investment property on an annual basis.

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

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group. Maintenance costs are expensed in the period that they are incurred.

### 1.6 Financial instruments

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when substantially all the risks and rewards relating to the financial assets are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

**Classification and initial measurement of financial assets**

All financial assets are initially measured at fair value and adjusted for transaction costs (where applicable).

Financial assets, are classified into the following categories:

- amortised cost; or
- fair value through profit or loss ('FVTPL').

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

# Accounting Policies

**1.6 Financial instruments (continued)**
**Subsequent measurement of financial assets**

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest rate method. Discounting is omitted where the effect of discounting is insignificant. The group’s cash and cash equivalents (note 13), trade and most other receivables including loans to individuals (note 11) and financial assets at amortised cost (note 9) fall into this category of financial instruments as well.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The category contains listed and unlisted investments in financial assets (note 9). Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Impairment of financial assets at amortised cost**

IFRS 9’s impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss (ECL) model’.

The following factors have been included in the forward-looking approach:

- assessing the uncertainty about potential future economic scenarios

- use of historical experience to derive to links between changes in economic conditions and and customer behaviour

- certain types of regions may be severely affected by the economic effects of COVID-19, which is appropriately captured

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’);

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’); or

- financial instruments that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses' are recognised for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Refer to note 36 for disclosure of credit losses.

# Accounting Policies

**1.6 Financial instruments (continued)**
**Trade receivables**

The group uses a general approach for the trade receivable. The group recognises life-time expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the trade receivable has not increased significantly since initial recognition, the group measures the loss allowance for the trade receivable at an amount equal to 12 month expected credit loss. On confirmation that the trade receivable will not be collectable due to long outstanding receivables greater than 120 days, the gross carrying value of the asset is written off against the associated provision. The 30 and 90 day rebuttable presumption has been rebutted.

The group regularly assesses the trade receivables to identify whether there has been a significant increase in credit risk to ensure that the significant increase in credit risk is identified before the amount becomes past due.

**Individual loans and other financial assets at amortised cost**

Impairment provisions for individual loans and financial assets at amortised cost are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

When determining whether there is a significant increase in credit risk, the group considers behavioural indicators including the financial well-being of companies, associates and staff members to whom loans were advanced.

Management identifies customers whose debts appear to be irrecoverable where consideration is made regarding prior payment patterns, failed debt relief mechanisms and other means of trying to obtain payment. These accounts would then be regarded as irrecoverable on a case by case basis. The irrecoverable debt is then written off to the income statement determined by management of the group.

**Classification and measurement of financial liabilities**

The group’s financial liabilities include trade and other payables and deferred purchase consideration. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, trade and other payables (excluding VAT payable) are measured at amortised cost using the effective interest method and deferred purchase consideration which are carried subsequently at fair value with gains or losses recognised in profit or loss.

# Accounting Policies

### 1.7 Tax

**Current taxation and deferred taxation**

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

**Current taxation**

Current taxation comprises taxation payable and is calculated on the basis of the expected taxable income for the year, using the taxation rates and laws enacted and substantively enacted at the reporting date, and any adjustment of taxation payable for previous years. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

**Dividend withholding taxation**

Dividend withholding tax is payable at a rate of 20% on dividends paid to shareholders. This tax is not attributable to the group paying the dividend but is collected by the group and paid to the South African Revenue Services on behalf of the shareholder, where this does not form part of the tax expense but rather apart of the dividend line on the statement of changes in equity.

**Deferred taxation**

Deferred taxation is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current enacted or substantively enacted taxation laws and rates are used to calculate deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 1.8 Leases

Management are party to a lease transaction and take steps to identify whether an arrangement contains a lease in accordance with IFRS 16 based on the substance of a transaction. This involves a process whereby more than one person charged with governance in the group evaluates whether or not a right of use exists for any particular asset that extends beyond the next year.

The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less).

Right-of-use assets is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the prime lending rate at the time of inception of the lease agreement. The rate is defined as the rate of interest that the group would have to pay to borrow over a similar term and with a similar security.

**Short-term lease**

Short-term leases are governed under IFRS 16 as leases entered into for a duration of less than 12 months. These are negotiated every 12 months. Short-term leases are expensed over the lease term.

### 1.9 Equity reserve

The equity reserve comprises of share buy back and changes in ownership movement, where control has not been lost.

# Accounting Policies

### 1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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

### 1.11 Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve ('treasury share reserve').

### 1.12 Employee benefits

**Short-term employee benefits**

Short-term employee benefits are those expected to be settled wholly before 12 months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employees' entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of the employees' services provided up until the reporting date.

**Retirement benefits**

The group provides retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. The group has no liability towards any pension or provident fund, apart from normal recurring monthly contributions deducted from employees to be paid to relevant funds.

**Equity settled share-based payment transactions**

The award date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service, ownership and performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service, ownership and performance conditions at the vesting date.

The fair value of the share-based payment awards is measured using the Black-Scholes formula. Measurement inputs includes the share price on the measurement date, the exercise price of the instrument, expected share price volatility, term of the instrument, dividends and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Once the fair value of equity settled share-based payments are determined at grant date, they are not subsequently re-measured.

### 1.13 Revenue

Revenue comprises of brokerage fees, management fees and advisory fees.

In terms of IFRS 15, the company is required to recognise revenue when or as the entity satisfies a performance obligation by transferring a promised service or good to a customer.

The company therefore assessed the impact of IFRS 15 based on the five step process below:

**Brokerage Fees:**

- The mandate is the contract signed between the client and Anchor Group and it's subsidiaries and is the legally enforceable contract identifying the rights of each party.

- The performance obligation in the mandate is to facilitate the ability for the client to trade on the client's BDA account.

# Accounting Policies

**1.13 Revenue (continued)**

- The mandate specifies the transaction price as being the brokerage fees to be charged. The transaction price is determined either on a fixed rate per client mandate or on a variable rate based on agreed terms between the portfolio manager and the client.

- The service performed by Anchor Group and it's subsidiaries to the client as per the signed mandate results in brokerage fees. The brokerage fees are separately identifiable to each obligation, and therefore no estimation will be required in allocation of the revenue to the performance obligation.

- Anchor Group and it's subsidiaries only recognises the revenue at a point in time when it has satisfied the promised obligation of providing the stockbroking services and control has been transferred. JSE members are entitled to charge an agency fee or “turn”on the amounts invested in JSET. These fees are typically 0.5% to 1% per annum, and are recognised on a time basis. The total revenue is based on clients' balances at JSET Trustees. The company's revenue is measured based on the consideration received in the mandate with the client excluding value added tax.

**Advisory Fees**

- The mandate is the contract signed between the client and Anchor Group and it's subsidiaries and is the legally enforceable contract identifying the rights of each party.

- The performance obligation in the mandate is to provide advisory services to the client, for which a fee is charged based on the asset value on which the advisory fee is charged.

- The mandate specifies the transaction price as being the advisory fees to be charged. The transaction price is determined either on a fixed rate per client mandate or on a variable rate based on agreed terms between the Group and the client.

- The service performed by Anchor Group and it's subsidiaries to the client as per the signed mandate results in advisory fees. The advisory fees are separately identifiable to each obligation, and therefore no estimation will be required in allocation of the revenue to the performance obligation.

- Anchor Group and it's subsidiaries only recognises the revenue at a point in time when it has satisfied the promised obligation of providing the advisory services.

**Management Fees**

- The mandate is the contract signed between the client and Anchor Group and it's subsidiaries and is the legally enforceable contract identifying the rights of each party.

- The performance obligation in the mandate is to provide asset management services to the client, for which a fee is charged based on the assets under management

- The mandate specifies the transaction price as being the management fees to be charged. The transaction price is determined either on a fixed rate per client mandate or on a variable rate based on agreed terms between the Group and the client.

- The service performed by Anchor Group and it's subsidiaries to the client as per the signed mandate results in management fees. The management fees are separately identifiable to each obligation, and therefore no estimation will be required in allocation of the revenue to the performance obligation.

- Anchor Group and it's subsidiaries recognise management fee income over time on a daily basis as the services are rendered. There is no estimation uncertainty in this regard.

# Accounting Policies

**1.13 Revenue (continued)**
**Performance Fees**

Return-based performance fees are considered variable consideration. Anchor Group and it's subsidiaries recognise revenue only if, after an assessment of the facts and circumstances, it is highly probable (IFRS) that the amount of the variable consideration would not result in a significant reversal of cumulative revenue recognised when the uncertainty is resolved. Accordingly, performance fees that have a broad range of possible outcomes and are highly susceptible to market volatility will not be included in the transaction price until the uncertainty is resolved.

Where Anchor Group and it's subsidiaries recognise revenue over time, this is in general due to the Group performing and the customer receiving and consuming the benefits over the life of the contract as services are rendered. The Group applies a revenue recognition method that faithfully depicts the Group's performance of its obligations.

**1.14 Other income**

Other income comprises of exchange rates gains and losses, interest received, recoveries and realised and unrealised profits and losses on listed and other financial assets. Realised and unrealised profits and losses on listed and other financial assets are carried at fair value through profit or loss.

Interest income is recognised in profit or loss as it accrues using the effective interest rate.

**1.15 Finance expenses**

Finance expenses comprises of interest payable on borrowings calculated using the effective interest rate.

**1.16 Translation of foreign currencies**

**Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency 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 Rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation, realisation or settlement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Rand at foreign exchange rates ruling at the dates the fair value was determined.

**Foreign operations**

The assets and liabilities of foreign operations arising on consolidation, are translated to Rand at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated to Rand at rates approximating foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve in other comprehensive income.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

# Accounting Policies

### 1.17 Significant judgements and sources of estimation uncertainty

Significant judgements and assumptions applied by management have been detailed in the notes to the relevant financial statement items. Management applies their judgements and assumptions on the following items:

- Inputs used to determine the recoverable amount of goodwill and intangible assets - refer to note 5 and 6;
- Inputs used to determine the fair value of financial assets - refer to note 9;
- Inputs used to determine the cost of the share options - refer to note 16;
- Assumptions to assess the realisation of deferred tax assets based on probability of future profits - refer to note 10;
- Assumptions to determine the probability of default and loss given defaults for expected credit loss provisions - refer note 36.
- Judgement used in assessment of control, joint control and significant influence - refer to note 8.

### 1.18 Earnings per share

The group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is based on profit or loss attributable to equity holders of the group, and will not include non-controllable interest, and is calculated on the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Headline and diluted headline earnings per share is calculated in accordance with the circular titled 1/2019 - Headline Earnings issued by the South African Institute of Chartered Accountants.

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



### 2. New Standards and Interpretations

There are no new or revised Accounting Standards and Interpretations in issue, but not yet effective, that have a material impact on the business of the group.

The new interpretation relating to the impact of the interest rate benchmark reform on IFRS 7 (financial instruments), IFRS 9 (financial instruments), and IFRS 16 (leases) is not expected to have an impact on the financial statements.

### 3. Equipment

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Plant and machinery | 96 | (96) | - | - | - | - |
| Furniture and fixtures | 10 448 | (8 942) | 1 506 | 9 771 | (7 205) | 2 566 |
| Motor vehicles | 1 322 | (906) | 416 | 806 | (229) | 577 |
| Office equipment | 5 279 | (4 660) | 619 | 5 401 | (4 814) | 587 |
| IT equipment | 6 233 | (5 301) | 932 | 5 239 | (4 641) | 598 |
| Leasehold improvements | 450 | (13) | 437 | - | - | - |
| **Total** | **23 828** | **(19 918)** | **3 910** | **21 217** | **(16 889)** | **4 328** |

**Reconciliation of equipment - 2020**

| | Opening balance | Additions | Disposals | Transfers/ business acquisition | Depreciation | Total |
|---|---|---|---|---|---|---|
| Furniture and fixtures | 2 566 | 164 | - | 18 | (1 242) | 1 506 |
| Motor vehicles | 577 | 4 | - | - | (165) | 416 |
| Office equipment | 587 | 846 | (55) | 105 | (864) | 619 |
| IT equipment | 598 | 443 | - | - | (109) | 932 |
| Leasehold improvements | - | 450 | - | - | (13) | 437 |
| | **4 328** | **1 907** | **(55)** | **123** | **(2 393)** | **3 910** |

**Reconciliation of equipment - 2019**

| | Opening balance | Additions | Disposals | Transfers/ business acquisition | Depreciation | Total |
|---|---|---|---|---|---|---|
| Furniture and fixtures | 3 878 | 171 | - | - | (1 483) | 2 566 |
| Motor vehicles | 911 | - | (174) | - | (160) | 577 |
| Office equipment | 442 | 830 | - | 194 | (879) | 587 |
| IT equipment | 814 | 340 | (31) | - | (525) | 598 |
| | **6 045** | **1 341** | **(205)** | **194** | **(3 047)** | **4 328** |

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



## 4. Investment property

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Valuation | Carrying value | Valuation | Carrying value |
| Investment property | 6 628 | 6 628 | 6 540 | 6 540 |

**Reconciliation of investment property - 2020**

| | Opening balance | Additions | Total |
|---|---|---|---|
| Investment property | 6 540 | 88 | 6 628 |

**Reconciliation of investment property - 2019**

| | Opening balance | Additions | Total |
|---|---|---|---|
| Investment property | - | 6 540 | 6 540 |

Anchor Group Limited acquired the property 27 Culross Road in 2017, however on 20 March 2019 the transfer of the title occurred.

Anchor Group Limited holds this investment property at R6,627,706, being the fair value attributed at year end.

In terms of IFRS 13, valuation techniques adopted includes a market valuation approach where the investment property was classified by management to be a level 3 input. This was due to the fact that the valuation adopted was applied based on quoted prices for similar assets in markets. Management has used similar sized assets per square meter in the location of the investment property held, and determined a relative valuation per square meter applicable to the erf 27 Culross Road.

Fair value has been determined by use of a market valuation approach.

## 5. Goodwill

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated impairment | Carrying value | Cost | Accumulated impairment | Carrying value |
| Goodwill | 639 202 | (282 818) | 356 384 | 590 455 | - | 590 455 |

**Reconciliation of goodwill - 2020**

| | Opening balance | Additions through business combinations | Impairment loss | Total |
|---|---|---|---|---|
| Goodwill | 590 455 | 48 747 | (282 818) | 356 384 |

**Reconciliation of goodwill - 2019**

| | Opening balance | Additions through business combinations | Total |
|---|---|---|---|
| Goodwill | 589 990 | 465 | 590 455 |

Figures in Rand thousand

### 5. Goodwill (continued)

| Goodwill | 2020 | 2019 |
|---|---|---|
| AG Capital Proprietary Limited | 21 818 | 132 116 |
| Anchor Capital Cape Town Proprietary Limited | - | 21 282 |
| Anchor Capital Proprietary Limited | 856 | 856 |
| Anchor Securities Holdings Proprietary Limited | 24 449 | 131 354 |
| Anchor Securities Private Clients Proprietary Limited | 12 756 | 38 080 |
| Erudite Financial Services Proprietary Limited | 465 | 465 |
| Methwold Investments Proprietary Limited | 105 263 | 124 272 |
| Portfolio Bureau Proprietary Limited | 139 767 | 139 767 |
| Ripple Effect 4 Proprietary Limited | 2 263 | 2 263 |
| M Jurgens Proprietary Limited | 48 747 | - |
| | **356 384** | **590 455** |

The assessed recoverable amounts for the investments were determined by calculating the value in use of each company. A discounted cash flow model was used to calculate the value in use. The key assumptions in this model were:

1. Market growth (incorporating market returns);
2. Operating expenses growth;
3. Discount rate; and
4. Terminal Price Earnings ratio.

The assumptions are assessed to be reasonable based on historic information.

| Assumption | Market growth | Expenses Growth | Discount rate | Terminal PE |
|---|---|---|---|---|
| AG Capital Proprietary Limited | 7% | 6% | 14.87% | 8 |
| Anchor Securities Holdings Proprietary Limited | 7% | 5% | 14.87% | 8 |
| Methwold Investments Proprietary Limited | 7% | 5% | 14.87% | 8 |
| Portfolio Bureau Proprietary Limited | 7% | 5% | 14.87% | 8 |

| Sensitivities - Market Growth | 10% on inputs | -10% on inputs |
|---|---|---|
| AG Capital Proprietary Limited | 23 458 | 23 809 |
| Anchor Securities Holdings Proprietary Limited | 38 255 | 33 052 |
| Methwold Investments Proprietary Limited | 112 378 | 104 034 |
| Portfolio Bureau Proprietary Limited | 166 833 | 155 561 |

| Sensitivities - Operating Expenses Growth | 10% on inputs | -10% on inputs |
|---|---|---|
| AG Capital Proprietary Limited | 23 124 | 24 135 |
| Anchor Securities Holdings Proprietary Limited | 35 415 | 35 836 |
| Methwold Investments Proprietary Limited | 107 966 | 108 356 |
| Portfolio Bureau Proprietary Limited | 161 569 | 161 716 |

| Sensitivities - Discount Rate | 10% on inputs | -10% on inputs |
|---|---|---|
| AG Capital Proprietary Limited | 21 336 | 26 239 |
| Anchor Securities Holdings Proprietary Limited | 32 814 | 38 655 |
| Methwold Investments Proprietary Limited | 102 213 | 114 562 |
| Portfolio Bureau Proprietary Limited | 152 828 | 171 125 |

Figures in Rand thousand

### 5. Goodwill (continued)

| **Sensitivities - Terminal PE** | **10% on inputs** | **-10% on inputs** |
|---|---|---|
| AG Capital Proprietary Limited | 26 692 | 20 575 |
| Anchor Securities Holdings Proprietary Limited | 39 227 | 32 027 |
| Methwold Investments Proprietary Limited | 115 579 | 100 747 |
| Portfolio Bureau Proprietary Limited | 172 644 | 150 642 |

### 6. Intangible assets

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software | 7 467 | (4 949) | 2 518 | 5 573 | (3 978) | 1 595 |
| Website development costs | 7 369 | (2 263) | 5 106 | 13 116 | (1 173) | 11 943 |
| Acquired customer list | 155 942 | (46 054) | 109 888 | 155 273 | (32 503) | 122 770 |
| **Total** | **170 778** | **(53 266)** | **117 512** | **173 962** | **(37 654)** | **136 308** |

**Reconciliation of intangible assets - 2020**

| | Opening balance | Additions | Disposals | Transfers | Amortisation | Write-offs | Total |
|---|---|---|---|---|---|---|---|
| Computer software | 1 595 | 2 445 | - | - | (1 372) | (150) | 2 518 |
| Website development costs | 11 943 | - | - | (5 704) | (1 133) | - | 5 106 |
| Acquired customer list | 122 770 | 933 | (1 988) | - | (11 827) | - | 109 888 |
| | **136 308** | **3 378** | **(1 988)** | **(5 704)** | **(14 332)** | **(150)** | **117 512** |

**Reconciliation of intangible assets - 2019**

| | Opening balance | Additions | Additions through business combinations | Disposals | Amortisation | Total |
|---|---|---|---|---|---|---|
| Computer software | 1 653 | 758 | - | (245) | (571) | 1 595 |
| Website development costs | 7 125 | 11 103 | - | (6 081) | (204) | 11 943 |
| Acquired customer list | 76 383 | 21 342 | 38 701 | - | (13 656) | 122 770 |
| | **85 161** | **33 203** | **38 701** | **(6 326)** | **(14 431)** | **136 308** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

## 7. Lease assets and liabilities

**Right-of-use assets**

Right-of-use assets are made up of the following leases:

| **Right-of-use asset - buildings** | | |
|---|---|---|
| Cost | 10 196 | 10 196 |
| Additions | 1 730 | - |
| Disposals | (2 353) | - |
| Accumulated depreciation | (3 774) | (3 525) |
| **Net carrying amount** | **5 799** | **6 671** |

| **Right-of-use asset - motor vehicles** | | |
|---|---|---|
| Cost | 173 | 173 |
| Accumulated depreciation | (92) | (46) |
| **Net carrying amount** | **81** | **127** |

| **Right-of-use asset - computer equipment** | | |
|---|---|---|
| Additions | 145 | - |
| Accumulated depreciation | (2) | - |
| **Closing net carrying amount** | **143** | **-** |

| **Right-of-use assets - total** | | |
|---|---|---|
| Cost | 10 369 | 10 369 |
| Additions | 1 875 | - |
| Disposals | (2 353) | - |
| Accumulated depreciation | (3 868) | (3 571) |
| **Net carrying amount** | **6 023** | **6 798** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

## 7. Lease assets and liabilities (continued)

**Lease liabilities**

Lease liabilities are made up of the following leases:

| | | |
|---|---|---|
| Non-current liabilities | 5 189 | 5 535 |
| Current liabilities | 1 796 | 2 106 |
| | **6 985** | **7 641** |

| | | |
|---|---|---|
| Non-current | | |
| Lease liability | 5 189 | 5 535 |
| Current | | |
| Lease liability | 1 796 | 2 106 |
| **Total lease liability** | **6 985** | **7 641** |

| | | |
|---|---|---|
| Opening net carrying amount | 7 641 | 10 516 |
| Interest | 1 307 | 976 |
| Payment | (3 838) | (3 851) |
| Additions | 1 875 | - |
| **Closing net carrying amount** | **6 985** | **7 641** |

**Amounts recognised in profit or loss**

| | | |
|---|---|---|
| Depreciation on right-of-use assets | (2 651) | (3 571) |
| Interest expense on lease liabilities | (1 307) | (976) |
| | **(3 958)** | **(4 547)** |

The expense relating to short term leases consists of a yearly renewal lease for a building operating in Johannesburg which the group has a 50% significant influence shareholding in Arengo 203 Proprietary Limited. As such the rent expense forms part of the groups share in joint-ventures profit or loss for the year. Refer to note 8.

Depreciation of leased assets is calculated using the straight-line method to allocate their cost over their estimated useful lives being the lesser of the remaining lease term and the life of the asset.

Figures in Rand thousand

## Notes to the Consolidated Financial Statements



### 8. Investments in associates and joint venture

The following table lists all of the associates and joint venture in the group:

| Name of company | Held by | % ownership interest 2020 | % ownership interest 2019 | Carrying amount 2020 | Carrying amount 2019 |
|---|---|---|---|---|---|
| Arengo 203 Proprietary Limited | Anchor Group Limited | 50.00 % | 50.00 % | 21 057 | 20 163 |
| Anchor Stockbrokers Proprietary Limited | Anchor Group Limited | 40.00 % | 40.00 % | 13 577 | 11 682 |
| Southridge Global Capital Proprietary Limited | Anchor Group Limited | 25.00 % | 25.00 % | 2 850 | 2 173 |
| Anchor Financial Services Proprietary Limited | Anchor Group Limited | 50.00 % | 50.00 % | 29 848 | 30 309 |
| Stylo Investments Proprietary Limited | Anchor Group Limited | 36.75 % | 36.75 % | 2 339 | 2 654 |
| Bizank Proprietary Limited | Anchor Capital Proprietary Limited | 20.00 % | 20.00 % | - | 1 306 |
| Financial Fitness Proprietary Limited | Anchor Group Limited | 40.00 % | - % | 4 242 | - |
| | | | | 73 913 | 68 287 |

Investments in associates and joint venture are accounted for using the equity method.

**Arengo 203 Proprietary Limited (Joint Venture)**

Anchor Group Limited considers Arengo 203 Proprietary Limited a joint venture as no decisions can be made without mutual agreement. Arengo 203 is a property management company that operates from 25 Culross road, Bryanston Johannesburg and has a November year end.

**Anchor Stockbrokers Proprietary Limited (Associate)**

Anchor Stockbrokers is a 40% owned associate member firm, which executes trades predominantly in local markets. The principle place of business of Anchor Stockbrokers is 25 Culross road, Bryanston Johannesburg. Anchor Stockbrokers shares the same year end as the group.

**Southridge Global Capital Proprietary Limited (Associate)**

Southridge Global Capital Proprietary Limited is a 25% owned associate which is an offshore asset management company. The principle place of business of Southridge Global Capital Proprietary Limited is Cape Quarter Square Green Point Cape Town. Southridge Global Capital shares the same year end as the group.

**Anchor Financial Services Proprietary Limited (Associate)**

Anchor Group Limited holds 50% shareholding in Anchor Financial Services Proprietary Limited, however they are an associate as Anchor does not have power over the relevant activities of Anchor Financial Services. The principle place of business of Anchor Financial Services is 25 Culross road, Bryanston Johannesburg. Anchor Financial Services shares the same year end as the group.

**Stylo Investments Proprietary Limited (Associate)**

Stylo Investments Proprietary Limited is a 36.75% owned associate that provides low-cost asset management products to private clients and institutions. The principle place of business of Stylo Investments Proprietary Limited is Cape Quarter Square Green Point Cape Town. Stylo Investments shares the same year end as the group.

**8. Investments in associates and joint venture (continued)**

**Bizank Proprietary Limited (Associate)**

Bizank is a 20% owned associate. Bizank Proprietary Limited owns Bizank, the software, which is South Africa’s first Robo-Advisor. The principle place of business of Bizank is 25 Culross road, Bryanston Johannesburg. Bizank shares the same year end as the group.

**Financial Fitness Proprietary Limited (Associate)**

Financial Fitness Proprietary Limited is a 40% owned associate that provides financial advisory services. The principle place of business of Financial Fitness is Stuart Avenue Morningside Manor. Financial Fitness has a June year end.

# Notes to the Consolidated Financial Statements

Figures in Rand thousand

**8. Investments in associates and joint venture (continued)**

**Summarised financial information of associates and joint venture**

**2020**

| Summarised statement of profit or loss and other comprehensive income | Revenue | Other expenses | Taxation | Total comprehensive income / (loss) |
|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | 14 821 | (10 614) | (1 178) | 3 029 |
| Anchor Financial Services Proprietary Limited | 20 450 | (18 222) | (764) | 1 464 |
| Arengo 203 Proprietary Limited | 8 737 | (5 901) | (737) | 2 099 |
| Stylo Investment Proprietary Limited | 2 246 | (3 122) | - | (876) |
| Anchor Stockbrokers Proprietary Limited | 79 435 | (65 837) | (3 807) | 9 791 |
| Bizank Proprietary Limited | - | - | - | - |
| | **125 689** | **(103 696)** | **(6 486)** | **15 507** |

| Summarised consolidated statement of financial position | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Total net assets (liabilities) |
|---|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | - | 15 710 | - | (9 519) | 6 191 |
| Anchor Financial Services Proprietary Limited | 4 075 | 15 496 | 10 647 | 14 116 | 44 334 |
| Arengo 203 Proprietary Limited | 65 423 | 2 038 | (17 370) | (38 447) | 11 644 |
| Stylo Investment Proprietary Limited | 17 | 983 | (3 199) | 41 | (2 158) |
| Anchor Stockbrokers Proprietary Limited | 3 112 | 359 765 | - | 350 945 | 713 822 |
| Bizank Proprietary Limited | - | - | - | - | - |
| | **72 627** | **393 992** | **(9 922)** | **317 136** | **773 833** |

| Reconciliation of net assets to equity accounted investments | Investment at cost (including goodwill) | Accumulated share of profit (losses) from associates | Loan to associates | Write -off | Investment in associate |
|---|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | 1 868 | 982 | - | - | 2 850 |
| Anchor Financial Services Proprietary Limited | 17 966 | (665) | 12 547 | - | 29 848 |
| Arengo 203 Proprietary Limited | 10 620 | 4 098 | 6 339 | - | 21 057 |
| Stylo Investment Proprietary Limited | 4 036 | (1 697) | - | - | 2 339 |
| Anchor Stockbrokers Proprietary Limited | 1 | 4 308 | 9 268 | - | 13 577 |
| Bizank Proprietary Limited | - | - | 6 280 | (6 280) | - |
| Financial Fitness Proprietary Limited | 4 242 | - | - | - | 4 242 |
| | **38 733** | **7 026** | **34 434** | **(6 280)** | **73 913** |

## Notes to the Consolidated Financial Statements

Figures in Rand thousand

**8. Investments in associates and joint venture (continued)**

**2019**

| Summarised statement of profit or loss and other comprehensive income | Revenue | Other expenses | Taxation | Total comprehensive income / (loss) |
|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | 3 715 | (2 360) | (379) | 976 |
| Anchor Financial Services Proprietary Limited | 16 618 | (16 789) | 141 | (30) |
| Arengo 203 Proprietary Limited | 11 338 | (7 995) | (1 036) | 2 307 |
| Stylo Investment Proprietary Limited | 1 139 | (2 824) | - | (1 685) |
| * Anchor Stockbrokers Proprietary Limited | 48 533 | (46 677) | (520) | 1 336 |
| Bizank Proprietary Limited | - | - | - | - |
| | **81 343** | **(76 645)** | **(1 794)** | **2 904** |

| Summarised consolidated statement of financial position | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Total net assets (liabilities) |
|---|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | - | 3 243 | (849) | 754 | 3 148 |
| Anchor Financial Services Proprietary Limited | 5 660 | 3 496 | (916) | (15 067) | (6 827) |
| Arengo 203 Proprietary Limited | 65 208 | 466 | (17 370) | (38 525) | 9 779 |
| Stylo Investment Proprietary Limited | 1 619 | 722 | (1 973) | (350) | 18 |
| Anchor Stockbrokers Proprietary Limited | 2 300 | 440 839 | (618) | (440 379) | 2 142 |
| Bizank Proprietary Limited | - | - | - | - | - |
| | **74 787** | **448 766** | **(21 726)** | **(493 567)** | **8 260** |

| Reconciliation of net assets to equity accounted investments | Investment at cost (including goodwill | Accumulated share of profit (losses) from associates | Loan to associates | Expected credit loss | Investment in associate |
|---|---|---|---|---|---|
| Southridge Global Capital Proprietary Limited | 1 868 | 305 | - | - | 2 173 |
| Anchor Financial Services Proprietary Limited | 17 966 | (1 811) | 14 182 | (28) | 30 309 |
| Arengo 203 Proprietary Limited | 10 620 | 3 464 | 6 079 | - | 20 163 |
| Stylo Investment Proprietary Limited | 4 036 | (1 382) | - | - | 2 654 |
| Anchor Stockbrokers Proprietary Limited | 1 | 392 | 11 461 | (172) | 11 682 |
| Bizank Proprietary Limited | - | - | 6 281 | (4 975) | 1 306 |
| | **34 491** | **968** | **38 003** | **(5 175)** | **68 287** |

## Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **9. Financial assets** | | |
| **At fair value through profit or loss** | | |
| Edugro Holdings Proprietary Limited - 8.3% investment | 10 671 | 17 784 |
| Anberry Proprietary Limited - 0.1% investment | 700 | 700 |
| Anchor Capital Investments Proprietary Limited - 19.9% investment | 9 935 | 6 099 |
| Short-term investments | 24 201 | 40 877 |
| | **45 507** | **65 460** |
| **At amortised cost - non-current** | | |
| Anchor Consulting Proprietary Limited<br>The loan is unsecured, interest is charged at 0% and the loan is payable on demand. | 2 537 | 6 086 |
| Hatch Corp Proprietary Limited<br>The loan is unsecured, interest is charged at 0% and the loan payable on demand. | - | 1 518 |
| Contractual loans to individuals<br>The loan is unsecured, interest is charged at 0% and the loan payable on demand. | 10 330 | 20 096 |
| Contractual loans to individuals<br>The amount owing is secured, charged interest between 7.5% to prime and has fixed terms of repayment. | 5 016 | 7 189 |
| | 17 883 | 34 889 |
| Expected credit loss allowance | (6 906) | (12 188) |
| | **10 977** | **22 701** |
| **At amortised cost - current** | | |
| Loans to individuals<br>The loans are unsecured, interest is charged at 0% and the loans are payable on demand. | 1 527 | 1 368 |
| Cartesian Capital Proprietary Limited<br>The loan is unsecured, interest is charged at 0% and the loan is payable on demand. It is the intention of the company to recall this loan within the next 12 months. | 304 | 1 368 |
| Loans to entities<br>The loan is unsecured, interest is charged at 0% and the loan is payable on demand. It is the intention of the company to recall this loan within the next 12 months. | 4 913 | 6 777 |
| Loans to individuals<br>The amount owing was unsecured, charged interest between 7.5% to prime and had fixed terms of repayment. | - | 1 430 |
| | 6 744 | 10 943 |
| Expected credit loss allowance | (1 134) | (1 854) |
| | **5 610** | **9 089** |
| **Total other financial assets** | **62 094** | **97 250** |
| **Non-current assets** | | |
| Fair value through profit or loss | 21 306 | 24 583 |
| At amortised cost | 10 977 | 22 701 |
| | **32 283** | **47 284** |
| **Current assets** | | |
| Fair value through profit or loss | 24 201 | 40 877 |
| At amortised cost | 5 610 | 9 089 |
| | **29 811** | **49 966** |

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

### 9. Financial assets (continued)

**Fair value hierarchy of financial assets at fair value through profit or loss**

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

| | 2020 | 2019 |
|---|---|---|
| **Level 1** | | |
| Financial assets | - | - |
| **Level 2** | | |
| Short-term investments and unit trusts * | 24 201 | 40 877 |
| **Level 3** | | |
| Unlisted investments | 21 306 | 24 583 |
| | **45 507** | **65 460** |

* Short-term investments and unit trusts have been moved in the current year from level 1 to level 2 to accurately reflect the nature of the balance.

Level 1 investments are listed investments, the fair value is the exchange traded price at year end.

Level 2 are short-term investments and unit trusts.

Level 3 investments are unlisted investment. The investments below are level 3:

1. Edugro is a level 3 as it is an unlisted investment. The fair value was determined by using a EBITDA valuation method. The EBITDA multiple used took into account the developing lifecycle of the business where industry norms usually fall within 3 - 5 years. The fair value derived was compared to the net asset value, the discounted cash flow value and was assessed to be in line. Inputs used in the determination of the fair value of Edugro included a 20% discount rate over a 3 year time horizon.

2. Anberry is a level 3 as it is an unlisted investment. The fair value is determined using an audited NAV of a property company.

3. Anchor capital investments is a level 3 as it is an unlisted investment. The fair value was determined using the 5 year discounted cash flow, with the key inputs being Asset under Management assumptions, market growth rate, terminal PE, and discount rate. Management were consistent in the rate used, and is the same to those used to evaluate goodwill. Refer to note 5. The fair value at year end did not differ from the cost and therefore the carrying value is the fair value.

| | 2020 | 2019 |
|---|---|---|
| **Edugro Proprietary Limited** | | |
| Opening fair value | 17 784 | 14 820 |
| Fair value movement | (7 113) | 2 964 |
| **Closing fair value** | **10 671** | **17 784** |
| | | |
| **Anberry Proprietary Limited** | | |
| Fair value | 700 | 700 |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

## 9. Financial assets (continued)

| | | |
|---|---|---|
| **Anchor Capital Investments Proprietary Limited** | | |
| Fair value | 9 935 | 6 099 |

## 10. Deferred tax

**Deferred tax liability**

| | | |
|---|---|---|
| Intangible assets | (30 042) | (34 388) |
| Originating from temporary differences | - | (1) |
| Prepaid expenses | - | (52) |
| Provision for bonus | 7 415 | 4 200 |
| Tax loss | - | 310 |
| Unrealised gain on investments | - | (2 520) |
| **Total deferred tax liability** | **(22 627)** | **(32 451)** |

**Deferred tax asset**

| | | |
|---|---|---|
| Intangible assets | - | 3 280 |
| Originating from temporary differences | 931 | 482 |
| Provision for bonus | 367 | 692 |
| Tax loss | 6 308 | 2 409 |
| Unrealised loss on investments | 1 397 | - |
| **Total deferred tax asset** | **9 003** | **6 863** |

| | | |
|---|---|---|
| Deferred tax liability | (22 627) | (32 451) |
| Deferred tax asset | 9 003 | 6 863 |
| **Total net deferred tax liability** | **(13 624)** | **(25 588)** |

**Reconciliation of deferred tax asset / (liability)**

| | | |
|---|---|---|
| At beginning of year | (25 588) | (14 802) |
| Originating from tax losses | 3 592 | 2 719 |
| Originating from temporary difference on intangibles assets | 1 067 | (10 153) |
| Originating from temporary differences | 449 | (5 590) |
| Originating from unrealised gain on investments | 3 918 | (2 602) |
| Prepaid expenses | 48 | (52) |
| Provision for bonus | 2 890 | 4 892 |
| | **(13 624)** | **(25 588)** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

### 11. Trade and other receivables

| | 2020 | 2019 |
|---|---|---|
| **Financial instruments** | | |
| Trade receivables - local | 58 285 | 38 947 |
| Trade receivables - foreign | 4 078 | 6 520 |
| Trade receivables at amortised cost | 62 363 | 45 467 |
| Other receivables | 4 938 | 619 |
| Receivable on disposal of Anchor Stockbrokers Proprietary Limited | - | 10 398 |
| Receivable on fees earned from Ngonyama Capital Proprietary Limited | - | 500 |
| **Total financial instruments** | **67 301** | **56 984** |
| **Non-financial instruments** | | |
| VAT | 1 335 | 600 |
| Deposits | 762 | 457 |
| Prepayments | 18 | 1 304 |
| Sub total | 69 416 | 59 345 |
| Loss allowance for trade receivables | (995) | (30) |
| **Total trade and other receivables** | **68 421** | **59 315** |

**Exposure to credit risk**

The groups exposure to credit risk is influenced mainly by the individual characteristics of each class of counterparty. The group also considers other factors that might impact the credit risk of its customer base including default risk and the economic conditions of the country in which the customer operates in.

The group is not exposed to significant credit risk due to the short-dated nature of trade receivables.

Foreign trade receivables are based in Mauritius, and usually take 30 - 45 days to settle accounts.

The ECL was based on managements understanding of the financial position of the counterparty including the consideration of their credit risk grade.

The assessment to determine the expected credit loss is concluded below where the assessment based on the ECL was performed on all trade receivables.

Refer to note 36 for credit risk disclosures.

### 12. Current tax (payable) / receivable

| | 2020 | 2019 |
|---|---|---|
| **Current Assets** | | |
| Tax receivable | 7 665 | 4 901 |
| **Current Liabilities** | | |
| Tax payable | (11 001) | (5 909) |
| | **(3 336)** | **(1 008)** |

### 13. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2020 | 2019 |
|---|---|---|
| Bank balances | 78 318 | 71 943 |
| Cash balances in liquid investments | 15 416 | 83 |
| Bank overdraft | (29 685) | - |
| | **64 049** | **72 026** |

## Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

### 13. Cash and cash equivalents (continued)

| | | |
|---|---|---|
| Current assets | 93 734 | 72 026 |
| Current liabilities | (29 685) | - |
| | **64 049** | **72 026** |

Cash and cash equivalents is subject to credit risk. Refer to note 36.

### 14. Share capital

**Authorised**
1 000 000 000 Ordinary shares of no par value

| **Reconciliation of number of shares issued:** | | |
|---|---|---|
| Reported as at 01 January 2020 | 211 045 | 206 157 |
| Adjustment relating to share issue to Anchor Securities Private Clients (Pty) Ltd | - | (213) |
| Adjusted opening balance | 211 045 | 205 944 |
| Issue of shares for purchase consideration settlement - Methwold Investments (Pty) Ltd | - | 446 |
| Issue of shares for value of share option | 531 | 1 807 |
| Issue of shares for purchase consideration settlement - AG Capital (Pty) Ltd | 5 811 | 2 848 |
| | **217 387** | **211 045** |

| **Value of shares issued** | | |
|---|---|---|
| Reported as at 01 January 2020 | 977 808 | 961 332 |
| Issue of shares for purchase consideration settlement - Methwold Investments (Pty) Ltd | - | 1 668 |
| Issue of shares for value of share option | 1 230 | 4 698 |
| Issue of shares for purchase consideration settlement - AG Capital (Pty) Ltd | 19 088 | 10 110 |
| | **998 126** | **977 808** |

### 15. Reserves

| | Foreign currency translation reserve | Equity reserve | Treasury shares | Share-based payment reserve | Total reserves |
|---|---|---|---|---|---|
| **Balance at 01 January 2019 as restated** | **2 737** | **(5 805)** | **(15 527)** | **24 673** | **6 078** |
| Other comprehensive income | 2 876 | - | - | - | 2 876 |
| Changes in ownership interest - control not lost | - | 8 163 | - | - | 8 163 |
| Treasury shares | - | - | (4 819) | - | (4 819) |
| Share-based payments | - | - | - | 8 015 | 8 015 |
| **Balance at 01 January 2020 as restated** | **5 613** | **2 358** | **(20 346)** | **32 688** | **20 313** |
| Other comprehensive income | (763) | - | - | - | (763) |
| Treasury shares | - | - | (7 197) | - | (7 197) |
| Share-based payments | - | - | - | 7 551 | 7 551 |
| **Balance at 31 December 2020** | **4 850** | **2 358** | **(27 543)** | **40 239** | **19 904** |

## Notes to the Consolidated Financial Statements



### 16. Share-based payments

Part of the motivation for listing Anchor Group Limited was to enable staff members to participate in the equity of the business.

Only equity settled share options were issued to staff. Fair value at grant date is calculated using the Black Scholes Model.

There were no share options issued to staff in 2020.

| | **1 September 2019** | **1 June 2018** | **1 June 2018** | **30 April 2018** | **1 October 2017** |
|---|---|---|---|---|---|
| Number of options ('000) | 7331 | 275 | 500 | 6412 | 6954 |
| Vesting period | 3 years | 3 years | 3 years | 3 years | 3 years |
| Vesting conditions | In the employ of the company | In the employ of the company | In the employ of the company | In the employ of the company | In the employ of the company |
| Expiry date | 5 years | 5 years | 5 years | 5 years | 5 years |
| Weighted average share price | R3.80 | R3.50 | R3.50 | R3.90 | R4.50 |
| Expected volatility | 34.00% | 32.00% | 30.00% | 32.00% | 30.00% |
| Exercise price | R2.64 | R2.61 | R2.90 | R2.60 | R3.40 |
| Expected dividend yield | 5.39% | 7.30% | 7.30% | 7.30% | 7.30% |
| Risk-free interest rate | 5.88% | 5.36% | 5.36% | 5.36% | 5.36% |
| Remaining expiry period | 2 years | 1 year | 1 year | 1 year | 0 years |

| | **1 March 2016** |
|---|---|
| Number of options ('000) | 3317 |
| Vesting period | 3 years |
| Vesting conditions | In the employ of the company |
| Expiry date | 5 years |
| Weighted average share price | R14.00 |
| Expected volatility | 27.00% |
| Exercise price | R10.00 |
| Expected dividend yield | 7.90% |
| Risk-free interest rate | 6.00% |
| Remaining expiry period | 0 years |

| | **2020** | | **2019** | |
|---|---|---|---|---|
| **Reconciliation of share options** | **Weighted average exercise price (Rands)** | **Number of options** | **Weighted average exercise price (Rands)** | **Number of options** |
| Outstanding at the beginning of the period | 4.07 | 23 641 | 4.45 | 18 578 |
| Granted during the period | | - | 2.64 | 7 331 |
| Exercised during the period | (2.32) | (530) | (2.36) | (1 808) |
| Forfeited during the period | | - | (3.22) | (460) |
| **Outstanding at the end of the period** | **4.11** | **23 111** | **4.07** | **23 641** |
| **Exercisable at the end of the period** | | **12 531** | | **13 061** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **17. Trade and other payables** | | |
| **Financial instruments** | | |
| Trade payables | 24 890 | 14 908 |
| **Non-financial instruments** | | |
| Accrued expenses and provisions | 43 220 | 22 728 |
| VAT | 2 463 | 3 428 |
| | **70 573** | **41 064** |

## 18. Financial liabilities

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **Designated at fair value through profit or loss** | | |
| Contingent purchase consideration - Methwold Investments Proprietary Limited | - | 4 382 |
| Contingent purchase consideration - AG Capital Proprietary Limited | - | 22 169 |
| | **-** | **26 551** |
| **Current liabilities** | | |
| Designated at fair value through profit or loss | - | 26 551 |
| **Reconciliation for Methwold Investments Proprietary Limited contingent purchase consideration** | | |
| Opening balance | 4 382 | 9 979 |
| Consideration paid | (4 382) | (13 443) |
| Issue of shares | - | (1 668) |
| Fair value adjustment / (gain) to the underpin | - | 9 514 |
| **Closing balance** | **-** | **4 382** |
| **Reconciliation for AG Capital Proprietary Limited contingent purchase consideration** | | |
| Opening balance | 22 169 | 31 709 |
| Issue of shares | (22 169) | (10 110) |
| Fair value adjustment / (gain) to the underpin | - | 570 |
| **Closing balance** | **-** | **22 169** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

## 19. Revenue

| | | |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Sale of course materials | 2 190 | 1 812 |
| # Asset management fees | 498 942 | 388 695 |
| Termination fee | - | 71 687 |
| | **501 132** | **462 194** |
| **Revenue other than from contracts with customers** | | |
| Rental Income | - | 3 667 |
| | **501 132** | **465 861** |

(#) The revenue from asset management fees includes R30.2 million (2019: R19.3 million) from Anchor Capital Mauritius Limited, which is earned in US Dollars.

## 20. Operating profit (loss)

Operating profit before interest and non-cash expenses for the year is stated after accounting for the following, amongst others:

| | | |
|---|---|---|
| Amortisation on intangible assets | 14 332 | 14 431 |
| Commission costs | 21 485 | 13 780 |
| Data and research costs | 4 092 | 3 776 |
| Depreciation on property, plant and equipment | 2 393 | 3 047 |
| Depreciation on right of use assets | 2 651 | 3 571 |
| Employee costs | 228 915 | 191 454 |
| Premises short-term lease rentals | 11 355 | 12 594 |
| Share-based payment expense | 8 935 | 5 982 |

## 21. Other income and fair value adjustments

| | | |
|---|---|---|
| Fair value adjustment on financial assets | 2 720 | 1 471 |
| Fair value underpin on AG Capital Proprietary Limited | 1 424 | (570) |
| Fair value underpin on Methwold Investments Proprietary Limited | (463) | (9 524) |
| Gain on sale of shares of Anchor Stockbroking Proprietary Limited | - | 10 394 |
| Interest received | 4 648 | 9 139 |
| Investment income | 471 | 3 126 |
| Other income * | 6 559 | 8 803 |
| | **15 359** | **22 839** |
| **Dividend income** | | |
| External dividends - local | 1 250 | - |
| **Total investment income** | **16 835** | **22 839** |

*Other income comprises of recoveries from external partners.

## 22. Finance costs

| | | |
|---|---|---|
| Interest paid | 2 279 | 1 732 |
| Lease liabilities | 903 | 976 |
| **Total finance costs** | **3 182** | **2 708** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | | 2020 | 2019 |
|---|---|---|---|

## 23. Credit loss allowance

Movement in credit loss allowances in (profit) / loss:

| | | | |
|---|---|---|---|
| Loans to associates | 8 | - | 1 856 |
| Loans to individuals | 9 | 1 712 | 5 567 |
| Trade receivables | 11 | 40 | (30) |
| | | **1 752** | **7 393** |

## 24. Non-cash expenses

| | | |
|---|---|---|
| Depreciation - property, plant and equipment | 2 393 | 3 047 |
| Depreciation - right-of-use assets | 2 651 | 3 571 |
| Amortisation | 14 332 | 14 431 |
| Share option costs | 7 551 | 7 574 |
| | **26 927** | **28 623** |

## 25. Taxation

**Major components of the tax expense**

| | | |
|---|---|---|
| **Current** | | |
| Local income tax - current period | 31 101 | 27 763 |
| **Deferred** | | |
| Originating and reversing temporary differences | (11 308) | (5 733) |
| | **19 793** | **22 030** |

**Reconciliation of the tax expense**

Reconciliation between accounting profit and tax expense.

| | | |
|---|---|---|
| Accounting profit (loss) | (226 553) | 126 578 |
| Tax at the applicable tax rate of 28% (2019: 28%) | (63 435) | 35 442 |
| **Tax effect of adjustments on taxable income** | | |
| Disposal of capital item | - | (2 914) |
| Donations not deductible | - | 20 |
| Equity settled share scheme | 2 363 | 1 800 |
| Fair value underpin on AG Capital Proprietary Limited | - | 160 |
| Fair value underpin on Methwold Investments Proprietary Limited | 358 | 2 667 |
| Income subject to different tax rates | (4 527) | (17 801) |
| Movement in credit losses | (479) | (1 054) |
| Non-taxable capital gain | - | 2 329 |
| Non-taxable impairments | 84 322 | 372 |
| Other | (118) | 626 |
| Share of profits / (loss) from associates and joint venture | 1 696 | 383 |
| | **20 180** | **22 030** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

## 26. Earnings per share

| | | |
|---|---|---|
| **Continuing operations** | | |
| Earnings per share (cents) | -134.5 | 42.6 |
| Diluted earnings per share (cents) | -133.2 | 42.3 |
| Headline earnings per share (cents) | 30.9 | 37.5 |
| Diluted headline earnings per share (cents) | 30.6 | 37.2 |
| Adjusted headline earnings per share (cents) | 38.0 | 33.9 |
| Diluted adjusted headline earnings per share (cents) | 37.7 | 33.7 |

| | | |
|---|---|---|
| **Earnings and headline earnings per share** | | |
| **Continuing operations** | | |
| Earnings attributable to shareholders | (247 730) | 110 900 |
| Non-controlling interest | (29 029) | (21 430) |
| **Earnings attributable to ordinary shareholders** | **(276 759)** | **89 470** |
| Goodwill and financial asset write downs | 340 295 | - |
| **Headline earnings attributable to ordinary shareholders** | **63 536** | **89 470** |
| Net Astoria fee after costs | - | (44 695) |
| Share options and amortisation on book purchases | 13 012 | 20 859 |
| Movement in credit losses | 1 752 | 3 795 |
| **Adjusted headline earnings attributable to ordinary shareholders** | **78 300** | **69 429** |

Adjusted headline earnings are calculated by the group in order to reflect the sustainable cash-flow earnings of the group. This number is used as the basis to determine the dividend cover of the group. The share option costs, amortisation of intangible assets and the business combination adjustments are all non-cash flow items and are therefore excluded from the adjusted headline earnings.

| | | |
|---|---|---|
| Number of shares in issue | 217 385 | 211 045 |
| Weighted average number of shares in issue | 205 797 | 204 908 |
| Employee share incentive scheme | 2 023 | 1 352 |
| **Diluted weighted average number of shares in issue** | **207 820** | **206 259** |

## 27. Cash generated from operations

| | | |
|---|---|---|
| Profit (loss) before taxation | (226 553) | 126 578 |
| **Adjustments for:** | | |
| Accounting profit on sale of equipment | - | 5 |
| Accounting profit on sale of shareholding in Anchor Stockbrokers Proprietary Limited | - | (10 398) |
| Depreciation and amortisation | 16 725 | 17 478 |
| Depreciation on right of use assets | 2 651 | 3 571 |
| Exchange rate movements recognised in other comprehensive income | - | 2 962 |
| Fair value adjustment on contingent consideration | - | 10 084 |
| Fair value adjustment on investment property | - | 181 |
| Fair value gain on financial investments | 3 681 | (7 035) |
| Finance costs | 2 279 | 2 708 |
| Income from equity accounted investments | 6 058 | (1 368) |
| Interest income | (4 648) | (9 139) |
| Movement in credit losses | 1 752 | (1 837) |
| Other non-cash items | - | (69) |
| Goodwill and financial asset write-downs | 329 702 | - |
| Share option costs | 7 551 | 8 015 |
| **Changes in working capital:** | | |
| Trade and other receivables | (9 106) | 2 554 |
| Trade and other payables | 29 509 | 14 698 |
| | **159 601** | **158 988** |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

### 28. Tax paid

| | | |
|---|---|---|
| Balance at beginning of the year | (1 008) | (1 931) |
| Current tax for the year recognised in profit or loss | (31 101) | (27 763) |
| Balance at end of the year | 3 336 | 1 008 |
| | **(28 773)** | **(28 686)** |

### 29. Dividends paid

| | | |
|---|---|---|
| Dividends paid by subsidiaries to external shareholders | (18 395) | (22 005) |
| Dividends paid by Anchor Group to external shareholders | (33 936) | (38 941) |
| | **(52 331)** | **(60 946)** |

**Dividend per share:**

- April 2020 - 7c per share
- September 2020 - 9c per share

### 30. Changes in liabilities arising from financing activities

**Reconciliation of liabilities arising from financing activities - 2020**

| | Contingent purchase consideration | Total |
|---|---|---|
| Balance 1 January 2020 | 26 551 | 26 551 |
| Cash flows: repayments | (26 551) | (26 551) |
| | **-** | **-** |

**Reconciliation of liabilities arising from financing activities - 2019**

| | Long-term borrowings | Contingent purchase consideration | Total |
|---|---|---|---|
| Balance 1 January 2019 | 14 947 | 41 687 | 56 634 |
| Cash flows: repayments | (14 947) | (13 442) | (28 389) |
| Fair value adjustment | - | 10 084 | 10 084 |
| Non-cash settlement: shares | - | (11 778) | (11 778) |
| | **-** | **26 551** | **26 551** |

# Notes to the Consolidated Financial Statements

### 31. Expected credit loss

| Impact of expected credit losses on non-current assets held at amortised cost* | Associate loans | Anchor Consulting Proprietary Limited | Hatch Corp Proprietary Limited | Loans to individuals | Total |
|---|---|---|---|---|---|
| Opening balance as at 1 January 2019 | - | - | (1 363) | (7 288) | (8 651) |
| Reallocation of expected credit loss | (185) | - | 185 | - | - |
| Expected credit loss transferred from current assets | (857) | (352) | - | (476) | (1 685) |
| Expected credit loss through profit or loss | (4 134) | 193 | (340) | (2 747) | (7 028) |
| **Closing balance as at 31 December 2019** | **(5 176)** | **(159)** | **(1 518)** | **(10 511)** | **(17 364)** |
| Expected credit loss utilised | 5 176 | 159 | 1 518 | 3 604 | 10 457 |
| **Closing balance as at 31 December 2020** | **-** | **-** | **-** | **(6 907)** | **(6 907)** |

| Impact of expected credit losses on current assets held at amortised cost* | Anchor Consulting Proprietary Limited | Trade receivables | Loans for individuals | Cartesian Capital Proprietary Limited | Foreign loans | Total |
|---|---|---|---|---|---|---|
| Opening balance as at 1 January 2019 | (352) | (1 814) | (5 182) | (1 084) | (4 002) | (12 434) |
| Expected credit loss transferred to non-current assets | 352 | - | 476 | 857 | - | 1 685 |
| Expected credit loss utilised | - | 1 814 | 3 187 | 226 | 4 002 | 9 229 |
| Expected credit loss through profit or loss | - | (30) | (19) | (315) | - | (364) |
| **Closing balance as at 31 December 2019** | **-** | **(30)** | **(1 538)** | **(316)** | **-** | **(1 884)** |
| Expected credit loss utilised | - | - | 404 | 316 | - | 720 |
| Expected credit loss through profit or loss | - | (965) | - | - | - | (965) |
| **Closing balance as at 31 December 2020** | **-** | **(995)** | **(1 134)** | **-** | **-** | **(2 129)** |

| **Total impact of expected credit losses on assets held at amortised cost** | |
|---|---|
| Non-current assets held at amortised cost | (6 907) |
| Current assets held at amortised cost | (2 129) |
| | **(9 036)** |

* Refer to note 8, 9 and11 .

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



## 32. Business combinations

**M Jurgens Financial Services Proprietary Limited**

On 1 January 2020 Anchor concluded the purchase of M Jurgens Financial Services Proprietary Limited ('M Jurgens") to buy an effective 50% interest for a purchase price of R49 560 000.

M Jurgens is a financial advisory business and has R5 billion of assets under advice. Acquisition of financial advisor books is a key distribution strategy for Anchor Group Limited.

The goodwill from the purchase of M Jurgens is due to the value placed on the synergies created within the group, these synergies are as a result of a wider customer base being embedded within the M Jurgens business.

**Fair value of assets acquired and liabilities assumed**

| | |
|---|---|
| Equipment | 56 |
| Trade and other receivables | 199 |
| Cash and cash equivalents | 8 361 |
| Trade and other payables | (776) |
| Current tax payable | (1 020) |
| Long term loans | (6 007) |
| Total identifiable net assets | 813 |
| Goodwill | 48 747 |
| **Consideration paid** | **49 560** |

There were no impairments against trade and other receivables.

**Revenue disclosure**

The below reconciliation details the revenue and profit generated for the period by the subsidiary:

| | |
|---|---|
| Revenue | 33 607 |
| Profit for the period | 13 210 |

Figures in Rand thousand

### 32. Business combinations (continued)

**Book purchases**

| Book purchases - 2020 | Financial advisors | Deferred tax - financial advisors | Total |
|---|---|---|---|
| 17/08/2020 | 620 | 241 | 861 |
| 31/08/2020 | 1 050 | 408 | 1 458 |
| | **1 670** | **649** | **2 319** |

| Book purchases - 2019 | Financial advisors | Deferred tax - financial advisors | Total |
|---|---|---|---|
| 01/01/2019 | 27 864 | 10 836 | 38 700 |
| 08/04/2019 | 1 922 | 747 | 2 669 |
| 01/10/2019 | 3 700 | 1 439 | 5 139 |
| 08/11/2019 | 583 | 227 | 810 |
| 06/12/2019 | 8 385 | 3 261 | 11 646 |
| 31/12/2019 | 777 | 302 | 1 079 |
| | **43 231** | **16 812** | **60 043** |

**Subsidiaries with material non-controlling interests**

Subsidiaries with material non-controlling interests are measured at the acquisition date fair value.

The following entities are considered to have material non-controlling interest

| Name of entities | Proportion of ownership interests and voting rights held by NCI 2020 | Proportion of ownership interests and voting rights held by NCI 2019 |
|---|---|---|
| AG Capital Proprietary Limited | 50% | 50% |
| Portfolio Bureau Proprietary Limited | 50% | 50% |
| AG Securities Proprietary Limited | 50% | 50% |

## Notes to the Consolidated Financial Statements

Figures in Rand thousand

**32. Business combinations (continued)**

| Summarised statement of comprehensive income | AG Securities Proprietary Limited 2020 | AG Securities Proprietary Limited 2019 | AG Capital Proprietary Limited 2020 | AG Capital Proprietary Limited 2019 | Portfolio Bureau Proprietary Limited 2020 | Portfolio Bureau Proprietary Limited 2019 |
|---|---|---|---|---|---|---|
| Turnover | 40 360 | 40 228 | 60 283 | 55 636 | 69 191 | 69 712 |
| Profit after tax for the year | 1 267 | 2 627 | 1 179 | 4 425 | 35 416 | 37 500 |
| Profit allocated to NCI | 634 | 1 314 | 589 | 2 213 | 17 708 | 18 750 |
| Dividends allocated to non-controlling interest | - | (671) | - | 1 813 | 16 890 | (17 755) |
| Accumulated equity allocated to non-controlling interests | (2 552) | 641 | 21 548 | 10 893 | (4 544) | (3 682) |
| Cash flows from operating activities | - | 3 410 | (3 038) | 8 179 | 40 523 | 345 |
| Non-current assets | 3 804 | - | 21 473 | 24 718 | 2 059 | 1 841 |
| Current assets | 535 | 2 312 | 18 023 | 11 716 | 13 487 | 10 101 |
| Non-current liabilities | - | - | (8 896) | (6 764) | - | - |
| Current liabilities | (1 787) | (1 027) | (7 634) | (7 882) | (6 459) | (4 579) |

## Notes to the Consolidated Financial Statements

Figures in Rand thousand

### 33. Related parties

| Relationships | |
|---|---|
| Subsidiaries | AG Capital Proprietary Limited<br>AG Securities Proprietary Limited<br>Anchor Capital Cape Town Proprietary Limited<br>Anchor Capital (Mauritius) Limited<br>Anchor Capital PCC<br>Anchor Capital Proprietary Limited<br>Anchor Mauritius Holdings Limited<br>Anchor Private Clients Proprietary Limited<br>Anchor Securities Private Clients Proprietary Limited<br>Capricorn Fund Managers South Africa Proprietary Limited<br>Erudite Financial Services Proprietary Limited<br>IFA Administrators Proprietary Limited<br>M Jurgens Financial Services Proprietary Limited<br>Methwold Investment Proprietary Limited<br>Ripple Effect 4 Proprietary Limited |
| Associates and joint venture | Anchor Financial Services Proprietary Limited<br>Anchor Stockbrokers Proprietary Limited<br>Arengo 203 Proprietary Limited<br>Bizank Proprietary Limited<br>Financial Fitness Proprietary Limited<br>Southridge Capital Proprietary Limited<br>Stylo Investments Proprietary Limited |
| Non-executive directors | K Sibisi (Independent non-executive director)<br>MS Teke (Independent non-executive director)<br>N Dennis (Independent non-executive director)<br>R Fihrer (Non-executive director)<br>T Mhlari (Independent non-executive director) |
| Members of key management | PG Armitage (Chief Executive Officer)<br>TE Kaplan (Chief Operating Officer)<br>OZ Khan (Chief Financial Officer) |

## Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|

### 33. Related parties (continued)

**Related party balances**

| | | |
|---|---|---|
| **Loans to / (from) related parties by Anchor Group Limited** | | |
| Anchor Capital (Mauritius) Limited | 172 | 172 |
| Anchor Capital Proprietary Limited | 101 024 | 111 271 |
| Anchor Consulting Proprietary Limited | 2 537 | 2 786 |
| Anchor Financial Services Proprietary Limited | 12 547 | 14 182 |
| Anchor Stockbrokers Proprietary Limited | - | 11 190 |
| Arengo 203 Proprietary Limited | 6 339 | 6 079 |
| Cartesian Capital Proprietary Limited | 121 | 1 205 |
| Ripple Effect 4 Proprietary Limited | (12) | (170) |
| Stylo Investments Proprietary Limited | 770 | - |
| **Loans to / (from) related parties by Anchor Capital Proprietary Limited** | | |
| Anchor Capital Cape Town Proprietary Limited | - | (71) |
| Anchor Group Limited | (101 024) | (111 271) |
| Anchor Private Clients Proprietary Limited | 15 021 | 16 889 |
| Anchor Stockbrokers Proprietary Limited | 9 266 | 271 |
| Cartesian Capital Proprietary Limited | 183 | - |
| **Loans to / (from) related parties by Anchor Capital Cape Town Proprietary Limited** | | |
| Anchor Capital Proprietary Limited | - | 71 |
| **Loans to / (from) related parties by Anchor Private Clients Proprietary Limited** | | |
| Anchor Capital Proprietary Limited | (15 021) | (16 889) |
| Anchor Consulting Proprietary Limited | - | 1 031 |
| Anchor Securities Holdings Proprietary Limited | (1 429) | - |
| Anchor Securities Private Clients Proprietary Limited | 10 435 | 18 868 |
| Anchor Stockbrokers Proprietary Limited | - | 2 270 |
| **Trade Receivables / (Trade Payables) in Anchor Capital Proprietary Limited from related parties** | | |
| AG Capital Proprietary Limited | (208) | 150 |
| Anchor Advisory Services Proprietary Limited | 141 | 132 |
| Anchor Capital (Mauritius) Limited | - | 246 |
| Anchor Private Clients Proprietary Limited | (892) | 55 |
| Anchor Securities Private Clients Proprietary Limited | (568) | 93 |
| Anchor Stockbrokers Proprietary Limited | 1 449 | 18 |
| Capricorn Fund Managers South Africa Proprietary Limited | (3 446) | 565 |
| Cartesian Capital Proprietary Limited | - | (14) |
| Erudite Financial Services Proprietary Limited | 349 | 172 |
| Methwold Investment Proprietary Limited | 18 | 89 |
| Portfolio Bureau Proprietary Limited | 21 | 83 |
| Southridge Capital Proprietary Limited | (10 646) | 16 |
| **Trade Receivables in Anchor Group Proprietary Limited from related parties** | | |
| Anchor Capital Proprietary Limited | - | (438) |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **33. Related parties (continued)** | | |
| **Trade Receivables in Anchor Private Clients Proprietary Limited from related parties** | | |
| Anchor Capital Proprietary Limited | 794 | 306 |
| Anchor Securities Private Clients Proprietary Limited | 2 | 113 |
| Anchor Stockbrokers Proprietary Limited | 654 | 681 |
| Robert Cowen Investments Proprietary Limited | - | 6 |
| **Trade Receivables in Anchor Securities Private Clients Proprietary Limited from related parties** | | |
| Anchor Capital Proprietary Limited | 926 | 305 |
| Anchor Private Clients Proprietary Limited | 79 | 69 |
| Anchor Stockbrokers Proprietary Limited | 550 | 139 |
| **Related party transactions** | | |
| **Interest (paid to) / received from related parties by Anchor Group Limited** | | |
| Anchor Financial Services Proprietary Limited | 1 046 | 1 495 |
| Anchor Capital Proprietary Limited | 222 | - |
| Anchor Stockbrokers Proprietary Limited | - | 1 027 |
| Cartesian Capital Proprietary Limited | 1 025 | - |
| **Interest (paid to) / received from related parties by Anchor Stockbrokers Proprietary Limited** | | |
| Anchor Capital Proprietary Limited | - | (74) |
| Anchor Group Limited | (869) | (1 027) |
| **Interest (paid to) / received from related parties by Anchor Capital Proprietary Limited** | | |
| Anchor Private Clients Proprietary Limited | 571 | 1 163 |
| Anchor Stockbrokers Proprietary Limited | 21 | 74 |
| **Rent (paid to) / received by Anchor Group Limited from related parties** | | |
| Anchor Capital Proprietary Limited | 10 578 | 10 692 |
| Arengo 203 Proprietary Limited | (4 600) | (5 624) |
| **Rent (paid to) / received by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Capital Investments Proprietary Limited | 297 | - |
| Anchor Financial Services Proprietary Limited | 238 | 263 |
| Anchor Group Limited | (10 578) | - |
| Anchor Private Clients Proprietary Limited | 546 | 434 |
| Anchor Stockbrokers Proprietary Limited | 926 | 636 |
| Capricorn Fund Managers Proprietary Limited | 90 | 96 |
| Cartesian Capital Proprietary Limited | 83 | 43 |
| Erudite Financial Services Proprietary Limited | 271 | - |
| Robert Cowen Investments Proprietary Limited | 444 | 312 |
| Southridge Capital Proprietary Limited | 73 | 71 |
| Stylo Investments Proprietary Limited | 194 | 206 |
| Wild Dog Capital Proprietary Limited | - | 283 |
| **Share option costs incurred by Anchor Group Limited** | | |
| Anchor Capital Proprietary Limited | 7 682 | 5 707 |
| Methwold Investment Proprietary Limited | 759 | 720 |

## Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **33. Related parties (continued)** | | |
| **Dividends received by Anchor Group Limited from related parties** | | |
| AG Capital Proprietary Limited | - | 2 484 |
| Anchor Capital (Mauritius) Limited | 2 490 | 89 885 |
| Erudite Financial Services Proprietary Limited | 5 800 | - |
| Financial Fitness Proprietary Limited | 320 | - |
| Methwold Investment Proprietary Limited | 7 982 | 7 968 |
| Portfolio Bureau Proprietary Limited | 16 890 | 16 955 |
| **Insurance cost recoveries received by Anchor Capital Proprietary Limited from related parties** | | |
| AG Capital Proprietary Limited | 128 | 103 |
| Anchor Financial Services Proprietary Limited | 207 | 222 |
| Anchor Private Clients Proprietary Limited | 153 | 141 |
| Anchor Securities Private Clients Proprietary Limited | 16 | 15 |
| Anchor Stockbrokers Proprietary Limited | 52 | 44 |
| Capricorn Fund Managers South Africa Proprietary Limited | 61 | - |
| Erudite Financial Services Proprietary Limited | 67 | 8 |
| Methwold Investment Proprietary Limited | 155 | 136 |
| Providence Wealth Proprietary Limited | - | 15 |
| Ripple Effect 4 Proprietary Limited | - | 11 |
| Southridge Capital Proprietary Limited | 16 | 13 |
| Stylo Investments Proprietary Limited | 16 | 15 |
| **Accounting fees recoveries received by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Financial Services Proprietary Limited | 1 | 1 |
| Anchor Private Clients Proprietary Limited | 5 | - |
| Anchor Securities Private Clients Proprietary Limited | 2 | 2 |
| Anchor Stockbrokers Proprietary Limited | 5 | 4 |
| Capricorn Fund Managers South Africa Proprietary Limited | 1 | 2 |
| Cartesian Capital Proprietary Limited | 11 | 60 |
| Providence Wealth Proprietary Limited | - | 62 |
| Southridge Capital Proprietary Limited | 58 | 67 |
| **Commissions paid by Anchor Capital Proprietary Limited to related parties** | | |
| Anchor Financial Services Proprietary Limited | (6 442) | (5 154) |
| Anchor Private Clients Proprietary Limited | (3 238) | (1 566) |
| Anchor Securities Private Clients Proprietary Limited | (4 523) | (1 090) |
| Erudite Financial Services Proprietary Limited | (37) | (10) |
| M Jurgens Financial Services Proprietary Limited | (454) | - |
| Methwold Investment Proprietary Limited | (1 701) | (617) |
| Portfolio Bureau Proprietary Limited | (171) | (199) |
| Southridge Capital Proprietary Limited | (13 709) | - |
| Wild Dog Capital Proprietary Limited | (3 234) | (331) |
| **Investment advisory fees received by Anchor Capital Proprietary Limited** | | |
| Anchor Mauritius Limited | - | 2 030 |
| **Investment advisory fees paid by Anchor Capital (Mauritius) Limited** | | |
| Anchor Capital Proprietary Limited | - | (2 030) |
| Methwold Investment Proprietary Limited | - | (4 420) |

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | 2020 | 2019 |
|---|---|---|
| **33. Related parties (continued)** | | |
| **Printing and stationery costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Financial Services Proprietary Limited | 8 | - |
| Anchor Private Clients Proprietary Limited | 44 | - |
| Anchor Securities Private Clients Proprietary Limited | 3 | - |
| Anchor Stockbrokers Proprietary Limited | 46 | - |
| Capricorn Fund Managers South Africa Proprietary Limited | 5 | - |
| Erudite Financial Services Proprietary Limited | 27 | - |
| **Management fees (paid to) / received from Anchor Capital Proprietary Limited** | | |
| Capricorn Fund Managers South Africa Proprietary Limited | 133 | (112) |
| **Sales by Anchor Capital Proprietary Limited to related parties** | | |
| Erudite Financial Services Proprietary Limited | 1 623 | - |
| Portfolio Bureau Proprietary Limited | 221 | - |
| Wild Dog Capital Proprietary Limited | 1 776 | - |
| **Group costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Capricorn Fund Managers South Africa Proprietary Limited | - | 3 203 |
| **Computer costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Financial Services Proprietary Limited | 77 | - |
| Anchor Private Clients Proprietary Limited | 59 | - |
| Anchor Securities Private Clients Proprietary Limited | 38 | - |
| Anchor Stockbrokers Proprietary Limited | 34 | - |
| Capricorn Fund Managers South Africa Proprietary Limited | 54 | - |
| Erudite Financial Services Proprietary Limited | 28 | - |
| Robert Cowen Investments Proprietary Limited | 48 | - |
| Southridge Capital Proprietary Limited | 4 | - |
| **Salaries and wages recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Financial Services Proprietary Limited | 960 | - |
| Anchor Private Clients Proprietary Limited | 526 | - |
| Anchor Securities Private Clients Proprietary Limited | 378 | - |
| Anchor Stockbrokers Proprietary Limited | 1 124 | - |
| Capricorn Fund Managers South Africa Proprietary Limited | 2 790 | - |
| Erudite Financial Services Proprietary Limited | 111 | - |
| Ripple Effect 4 Proprietary Limited | 20 | - |
| Robert Cowen Investments Proprietary Limited | 701 | - |
| **Telephone and internet expenses recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Private Clients Proprietary Limited | 11 | - |
| Anchor Stockbrokers Proprietary Limited | 15 | - |
| Robert Cowen Investments Proprietary Limited | 17 | - |
| **Gift expenses / office consumables recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Financial Services Proprietary Limited | 12 | - |
| Anchor Stockbrokers Proprietary Limited | 33 | - |

| Figures in Rand thousand | 2020 | 2019 |
| --- | --- | --- |
| **33. Related parties (continued)** | | |
| **Data and research costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Securities Private Clients Proprietary Limited | 97 | - |
| Southridge Capital Proprietary Limited | 404 | - |
| **Marketing costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Anchor Capital Investments Proprietary Limited | 9 | - |
| Southridge Capital Proprietary Limited | 19 | - |
| **Compliance costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Capricorn Fund Managers South Africa Proprietary Limited | 6 | - |
| **Legal costs recovered by Anchor Capital Proprietary Limited from related parties** | | |
| Capricorn Fund Managers South Africa Proprietary Limited | 3 | - |

Refer to the financial instruments accounting policy for details regarding impairment.

Refer to note 8 and 9 for the terms and conditions of loans.

**33. Related parties (continued)**
**Subsidiaries, associates and joint venture**

The group has the following subsidiaries, associates and joint venture:

- Anchor Capital Proprietary Limited – 100% owned, and offers asset management products and services.
- Anchor Capital Cape Town Proprietary Limited – 100% owned, provides asset management services to private clients in Cape Town. The entity is currently dormant.
- Anchor Capital (Mauritius) Limited – 100% owned, provides asset management services to offshore clients.
- Ripple Effect 4 Proprietary Limited – 65% owned, and provides financial services education and research, primarily to Anchor Capital.
- Methwold Investments Proprietary Limited – 100% owned holding company of Robert Cowen Investments Proprietary Limited (effectively 89% owned), provides asset management products suitable to family needs.
- Portfolio Bureau Proprietary Limited – 50% owned, provides independent financial advice.
- Southridge Global Capital Proprietary Limited – 25% owned, is an offshore asset management company.
- Anchor Private Clients Proprietary Limited – 100% owned, provides trading and portfolio management services to private clients in Johannesburg.
- Anchor Financial Services Proprietary Limited – 50% owned, offers institutional products and distribution of these funds.
- Arengo 203 Proprietary Limited – 50% owned, property management company.
- Capricorn Fund Managers SA Proprietary Limited (CFM SA) - 100% owned, provides Hedge Fund products suitable to private clients and institutional investors.
- AG Capital Proprietary Limited (AG Capital) - 50% owned, provides brokerage solutions suitable for private clients and institutional investors.
- Anchor Stockbrokers Proprietary Limited - 40% owned, JSE member firm, which executes trades predominantly in local markets.
- Anchor Securities Private Clients Proprietary Limited - 65% owned, provides asset management services to private clients in Kwa-Zulu Natal.
- Stylo Investments Proprietary Limited - 36.75% owned, provides low-cost asset management products to private clients and institutions.
- Anchor Securities Holdings Proprietary Limited - 100% owned, is a holding company for Anchor Securities Private Clients.
- Erudite Financial Services Proprietary Limited – 100% owned, provides asset management and financial services to clients.
- Anchor Mauritius Holdings Proprietary Limited – 100% owned, provides asset management services to offshore clients.
- AG Securities Proprietary Limited – 50% owned, provides brokerage and scrip lending solutions suitable for private clients and institutional investors.
- Anchor Capital PCC – 100% owned, provides asset management services.
- M Jurgens Financial Services Proprietary Limited - 50% owned, provides financial advice to clients.

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



### 34. Directors' emoluments

**Executives and prescribed officers - Salaries paid by Anchor Capital Proprietary Limited**

**2020**

| | Basic salary | Bonuses and performance related payments | Total |
|---|---|---|---|
| **Services as director** | | | |
| PG Armitage | 2 398 | 816 | 3 214 |
| OZ Khan | 1 358 | 311 | 1 669 |
| **Services as prescribed officer** | | | |
| TE Kaplan | 1 387 | 398 | 1 785 |
| | **5 143** | **1 525** | **6 668** |

**2019**

| | Basic salary | Bonuses and performance related payments | Total |
|---|---|---|---|
| **Services as director** | | | |
| PG Armitage | 2 338 | 869 | 3 207 |
| OZ Khan | 1 198 | 412 | 1 610 |
| **Services as prescribed officer** | | | |
| TE Kaplan | 1 275 | 470 | 1 745 |
| | **4 811** | **1 751** | **6 562** |

Figures in Rand thousand

### 34. Directors' emoluments (continued)

| PG Armitage | 2020 Weighted average exercise price (rands) | 2020 Number of options | 2019 Weighted average exercise price (rands) | 2019 Number of options |
|---|---|---|---|---|
| Outstanding at the beginning of period | 4.73 | 1 879 | 5.48 | 1 379 |
| Issued during the period | | - | 2.64 | 500 |
| Exercised during the period | | - | - | - |
| **Outstanding at the end of the period** | **4.73** | **1 879** | **4.73** | **1 879** |
| **Exercisable at the end of the period** | **-** | **1 144** | **-** | **1 144** |

| TE Kaplan | 2020 Weighted average exercise price (rands) | 2020 Number of options | 2019 Weighted average exercise price (rands) | 2019 Number of options |
|---|---|---|---|---|
| Outstanding at the beginning of period | 4.93 | 694 | 5.43 | 568 |
| Issued during the period | | - | 2.64 | 195 |
| Exercised during the period | | - | 2.61 | (68) |
| **Outstanding at the end of the period** | **4.93** | **694** | **4.93** | **694** |
| **Exercisable at the end of the period** | **-** | **426** | **-** | **426** |

| OZ Khan | 2020 Weighted average exercise price (rands) | 2020 Number of options | 2019 Weighted average exercise price (rands) | 2019 Number of options |
|---|---|---|---|---|
| Outstanding at the beginning of period | 3.88 | 684 | 4.61 | 430 |
| Issued during the period | | - | 2.64 | 254 |
| Exercised during the period | | - | - | - |
| **Outstanding at the end of the period** | **3.88** | **684** | **3.88** | **684** |
| **Exercisable at the end of the period** | **-** | **347** | **-** | **347** |

| **Share option expense relating to executive directors** | **2020** | **2019** |
|---|---|---|
| PG Armitage | 350 | 350 |
| TE Kaplan | 144 | 144 |
| OZ Khan | 139 | 139 |
| | **633** | **633** |

Figures in Rand thousand

**34. Directors' emoluments (continued)**

**Non-executive - Anchor Group Limited**

**2020**

| | Directors' fees | Total |
|---|---|---|
| **Services as director or prescribed officer** | | |
| MS Teke | 258 | 258 |
| N Dennis | 215 | 215 |
| T Mhlari | 220 | 220 |
| R Fihrer | 217 | 217 |
| K Sibisi | 215 | 215 |
| | **1 125** | **1 125** |

**2019**

| | Directors' fees | Total |
|---|---|---|
| **Services as director or prescribed officer** | | |
| MS Teke | 237 | 237 |
| AJ Adams | 165 | 165 |
| AP Nkuna | 12 | 12 |
| N Dennis | 206 | 206 |
| T Mhlari | 206 | 206 |
| R Fihrer | 18 | 18 |
| K Sibisi | 110 | 110 |
| | **954** | **954** |

AJ Adams and AP Nkuna resigned as directors on 4 September 2019 and 31 March 2019 respectively.

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



### 35. Prior period errors

The following restatements have been made to the 2018 and 2019 consolidated financial statements:

**Restatement - Anchor Capital Proprietary Limited**

- Correction of an error IAS 8: There was a valuation difference noted in share option cost Tranche 15.

**Restatement - Anchor Group Limited**

- Correction of an error IAS 8: The investment in Bizank Proprietary Limited was written-off in the individual 2019 financial statements of Anchor Group Limited after the 2019 consolidated financial statements were finalised.

The correction of the errors results in adjustments as follows:

| **Statement of Financial position - 2019** | **As previously reported** | **Adjusted** | **Restated balance** |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment in associates and joint venture | 71 885 | (3 598) | 68 287 |
| **Equity** | | | |
| Reserves | 17 667 | 2 646 | 20 313 |
| **Non-current liabilities** | | | |
| Deferred tax | 32 997 | (546) | 32 451 |
| **Current liabilities** | | | |
| Current tax payable | 6 442 | (533) | 5 909 |

| **Statement of Profit or Loss and Other Comprehensive Income - 2019** | **As previously reported** | **Adjusted** | **Restated balance** |
|---|---|---|---|
| Movement in credit allowances | (3 795) | (3 598) | (7 393) |
| Non-cash expenses | (27 035) | (1 588) | (28 623) |

| **Statement of Cash Flows - 2019** | **As previously reported** | **Adjusted** | **Restated balance** |
|---|---|---|---|
| Cash generated from operations: | | | |
| Movement in credit allowances | 6 427 | 1 588 | 8 015 |
| Share options costs | (5 436) | 3 598 | (1 838) |

| **Statement of Financial position - 2018** | **As previously reported** | **Adjusted** | **Restated balance** |
|---|---|---|---|
| **Equity** | 5 020 | 1 058 | 6 078 |
| Accumulated loss | (114 991) | (1 058) | (116 049) |

| **Statement of Cash Flows - 2018** | **As previously reported** | **Adjusted** | **Restated balance** |
|---|---|---|---|
| Cash generated from operations: | | | |
| Share options costs | (6 986) | (1 058) | (8 044) |

Figures in Rand thousand

### 36. Financial instruments and risk management

**Categories of financial instruments**

**Categories of financial assets**

**2020**

| | Note(s) | At fair value through profit or loss | Financial assets at amortised cost | Total |
|---|---|---|---|---|
| Financial assets | 9 | 45 507 | 16 587 | 62 094 |
| Trade and other receivables | 11 | - | 66 306 | 66 306 |
| Cash and cash equivalents | 13 | - | 93 734 | 93 734 |
| | | **45 507** | **176 627** | **222 134** |

**2019**

| | Note(s) | At fair value through profit or loss | Financial assets at amortised cost | Total |
|---|---|---|---|---|
| Financial assets | 9 | 65 460 | 31 790 | 97 250 |
| Trade and other receivables | 11 | - | 56 954 | 56 954 |
| Cash and cash equivalents | 13 | - | 72 026 | 72 026 |
| | | **65 460** | **160 770** | **226 230** |

**Categories of financial liabilities**

**2020**

| | Note(s) | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| Lease liabilities | 7 | (6 985) | (6 985) |
| Bank overdraft | 13 | (29 685) | (29 685) |
| Trade and other payables | 17 | (24 891) | (24 891) |
| | | **(61 561)** | **(61 561)** |

**2019**

| | Note(s) | At fair value through profit or loss | Financial liabilities at amortised cost | Total |
|---|---|---|---|---|
| Lease liabilities | 7 | - | (7 641) | (7 641) |
| Trade and other payables | 17 | - | (37 636) | (37 636) |
| Financial liabilities | 18 | (26 551) | - | (26 551) |
| | | **(26 551)** | **(45 277)** | **(71 828)** |

Carrying value of financial assets and financial liabilities at amortised cost is a reasonable approximation of fair value as determined by its cash flow characteristics.

### 36. Financial instruments and risk management (continued)

**Financial risk management**

**Overview**

The board of directors has overall responsibility for the establishment and oversight of Anchor Group Limited's ('the group') risk management framework. The board has established the audit and risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's management policies are established to identify and analyse the risks faced by the group, to set appropriate controls, and to monitor these. Risk management policies are reviewed regularly to reflect changes in products and services offered. The group, through its training aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

**Capital adequacy**

The group comprises of financial services providers and are subject to the financial services regulations. The Financial Sector Conduct Authority has prescribed minimum capital requirements for financial service entities operating in South Africa. As such the group ensures ongoing compliance with these requirements.

There have been no material changes in the group's management of capital adequacy during the period.

The group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk, and interest rate risk through a combination of the nature of its operations, the financial instruments of which it is a party and the location of its operations. This note represents information about the group’s exposure to each of the above risks, the group’s objectives, policies and processes for measuring and managing risk, and the group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

**Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which are subject to credit risk consist principally of cash and cash equivalents, trade receivables and other financial assets.

At the reporting date, the majority of cash and cash equivalents were held with local banks with high quality credit standings.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the group only holds accounts with major South African banks and international banks, with credit ratings ranging from Ba1 to Ba2.

The high credit standings of these banks with whom the balances are held, decreases the credit risk.

Trade receivables comprise of a limited customer base, with high quality credit standings. The customer base is local banks and other local financial institutions (insurance and medical aid). The high quality credit standing of the counterparty decreases the credit risk. Due to these factors the impact on the expected credit losses of these balances were not material. The impact of COVID-19 on expected credit losses is insignificant.

There is no significant concentration of credit risk for the group. Credit risk with respect to trade receivables is limited due to high credit rating of the group's counter-parties.

The trade receivables balances in the offshore subsidiary are treated in line with other financial assets, as the settlement period is longer.

Other financial assets consist of investments held at fair value (listed and unlisted), loans to individuals and loans to local and foreign entities. The credit risk on each of the above categories was assessed in terms of IFRS 9 credit risk differently.

**36. Financial instruments and risk management (continued)**
**Loans to individuals, local entities, and foreign entities.**

IFRS 9's impairment requirements use more forward-looking information, the general approach, to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The following factors have been included in the forward-looking approach:

- assessing the uncertainty about potential future economic scenarios
- use of historical experience to derive to links between changes in economic conditions and and customer behaviour
- certain types of regions may be severely affected by the economic effects of COVID-19, which is appropriately captured

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); or
- financial instruments that have objective evidence of impairment at the reporting date ('Stage 3').

## Notes to the Consolidated Financial Statements

Figures in Rand thousand

### 36. Financial instruments and risk management (continued)

| | | Gross balance | | | Total gross balance | Expected credit loss | | | Total expected credit loss | Carrying amount | Expected credit loss probability of default | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | **Note** | **Stage 1** | **Stage 2** | **Stage 3** | | **Stage 1** | **Stage 2** | **Stage 3** | | | **Stage 1** | **Stage 2** | **Stage 3** |
| **Non-current assets** | | **4 711** | **3 161** | **6 282** | **14 154** | **-** | **(3 161)** | **(3 745)** | **(6 906)** | **7 248** | | | |
| **Financial assets** | | **4 711** | **3 161** | **6 282** | **14 154** | **-** | **(3 161)** | **(3 745)** | **(6 906)** | **7 248** | | | |
| Anchor Consulting | **9** | - | - | 2 537 | 2 537 | - | - | - | - | 2 537 | | | 0% |
| Contractual loans to individuals | **9** | 4 711 | 3 161 | 3 745 | 11 617 | - | (3 161) | (3 745) | (6 906) | 4 711 | 0% | 100% | 100% |
| **Current assets** | | **92 624** | **-** | **305** | **92 929** | **(2 160)** | **-** | **-** | **(2 160)** | **90 769** | | | |
| **Financial assets** | | **92 624** | **-** | **305** | **92 929** | **(2 160)** | **-** | **-** | **(2 160)** | **90 769** | | | |
| Contractual loans to individuals | **9** | 6 440 | - | - | 6 440 | (1 165) | - | - | (1 165) | 5 275 | 18% | | |
| Loans to associates | **8** | 18 886 | - | - | 18 886 | - | - | - | - | 18 886 | 0% | | |
| Trade receivables | **11** | 67 298 | - | - | 67 298 | (995) | - | - | (995) | 66 303 | 1% | | |
| Cartesian Capital | **9** | - | - | 305 | 305 | - | - | - | - | 305 | | | 0% |
| Loans to entities | **9** | - | - | - | - | - | - | - | - | - | | | |

Figures in Rand thousand

# Notes to the Consolidated Financial Statements



## 36. Financial instruments and risk management (continued)

| | | Gross balance | | | Total gross balance | Expected credit loss | | | Total expected credit loss | Carrying amount | Expected credit loss probability of default | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | **Note** | **Stage 1** | **Stage 2** | **Stage 3** | | **Stage 1** | **Stage 2** | **Stage 3** | | | **Stage 1** | **Stage 2** | **Stage 3** |
| **Non-current assets** | | **37 808** | **27 548** | **7 536** | **72 892** | **(359)** | **(6 543)** | **(6 863)** | **(13 765)** | **59 127** | | | |
| **Investments in associates and joint ventures** | | **31 722** | **6 281** | **-** | **38 003** | **(200)** | **(1 377)** | **-** | **(1 577)** | **36 426** | | | |
| Loans to associates and joint ventures | **8** | 31 722 | 6 281 | - | 38 003 | (200) | (1 377) | - | (1 577) | 36 426 | 1% | 22% | |
| | | - | - | - | - | - | - | - | - | - | | | |
| **Financial assets** | | **6 086** | **21 267** | **7 536** | **34 889** | **(159)** | **(5 166)** | **(6 863)** | **(12 188)** | **22 701** | | | |
| Hatch Corp | **9** | - | - | 1 518 | 1 518 | - | - | (1 518) | (1 518) | - | | | 100% |
| Anchor Consulting | **9** | 6 086 | - | - | 6 086 | (159) | - | - | (159) | 5 927 | 3% | | |
| Contractual loans to individuals | **9** | - | 21 267 | 6 018 | 27 285 | - | (5 166) | (5 345) | (10 511) | 16 774 | | 24% | 89% |
| **Current assets** | | **10 943** | **-** | **-** | **10 943** | **(1 854)** | **-** | **-** | **(1 854)** | **9 089** | | | |
| **Financial assets** | | **10 943** | **-** | **-** | **10 943** | **(1 854)** | **-** | **-** | **(1 854)** | **9 089** | | | |
| Contractual loans to individuals | **9** | 2 799 | - | - | 2 799 | (1 538) | - | - | (1 538) | 1 261 | 55% | | |
| Cartesian Capital | **9** | 1 368 | - | - | 1 368 | (316) | - | - | (316) | 1 052 | 23% | | |
| Loans to entities | **9** | 6 776 | - | - | 6 776 | - | - | - | - | 6 776 | 0% | | |

# Notes to the Consolidated Financial Statements

Figures in Rand thousand

## 36. Financial instruments and risk management (continued)

### Liquidity risk

The group's liquidity risk is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and managing credit facilities. Cash flow forecasts are prepared and reviewed by the executive on a weekly basis. Adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**2020**

| | Less than 1 year | 1 - 5 years | Total |
|---|---|---|---|
| Lease liabilities | (2 915) | (6 196) | (9 111) |
| Trade and other payables | (24 891) | - | (24 891) |
| | **(27 806)** | **(6 196)** | **(34 002)** |

**2019**

| | Less than 1 year | 1 to 2 years | Total |
|---|---|---|---|
| AG Capital contingent purchase consideration | (22 169) | - | (22 169) |
| Methwold contingent purchase consideration | (4 382) | - | (4 382) |
| Lease liabilities | (2 253) | (6 089) | (8 342) |
| Trade and other payables | (36 966) | - | (36 966) |
| | **(65 770)** | **(6 089)** | **(71 859)** |

### Foreign currency risk

The group is exposed to Rand, Dollar, Euro, and GBP forex movements. This is through Anchor Capital Mauritius Limited. The group does not hedge foreign exchange fluctuations and it reviews its foreign currency exposure, including commitments on an ongoing basis.

# Notes to the Consolidated Financial Statements

| Figures in Rand thousand | | 2020 | 2019 |
|---|---|---|---|

## 36. Financial instruments and risk management (continued)

### Exposure in Rand

The net carrying amounts, in Rand, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:
**US Dollar exposure:**

| | | | |
|---|---|---|---|
| **Current assets:** | | | |
| Trade and other receivables | 11 | 4 493 | 6 482 |
| Cash and cash equivalents | 13 | 8 359 | 3 580 |
| **Current liabilities:** | | | |
| Trade and other payables | 17 | (6 949) | (1 825) |
| **Net US Dollar exposure** | | **5 903** | **8 237** |

### Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
**US Dollar exposure:**

| | | | |
|---|---|---|---|
| **Current assets:** | | | |
| Trade and other receivables | 11 | 307 | 462 |
| Cash and cash equivalents | 13 | 572 | 255 |
| **Current liabilities:** | | | |
| Trade and other payables | 17 | (475) | (130) |
| **Net US Dollar exposure** | | **404** | **587** |

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. An exchange rate of 1 USD to R14.62, the spot exchange rate at 31 December 2020, (2019: R13.99) has been used.

| | **2020** | **2020** | **2019** | **2019** |
|---|---|---|---|---|
| **Increase or decrease in rate** | ZAR Appreciating | ZAR Depreciating | ZAR Appreciating | ZAR Depreciating |
| **Impact on profit or loss:** | | | | |
| US Dollar 15% (2019: 10%) | 837 | (837) | 824 | (824) |
| **Impact on statement of financial position:** | | | | |
| Trade and other receivables | 3 819 | 5 167 | 5 834 | 7 130 |
| Cash and cash equivalents | 7 105 | 9 613 | 3 222 | 3 938 |
| Trade and other payables | (5 907) | (7 991) | (1 643) | (2 008) |
| | **5 017** | **6 789** | **7 413** | **9 060** |
| | **5 854** | **5 952** | **8 237** | **8 236** |

### 36. Financial instruments and risk management (continued)

**Interest rate risk**

The group is exposed to interest rate risk on its cash and cash equivalents, trade and other receivables and other financial assets, other financial liabilities and trade and other payables balances.

The cash and cash equivalents balance changes daily based on the cash flow needs of the group. The cash balances attract interest at a rate of 2.00% - 7.50% p.a.

Trade and other receivables are mainly settled within 7 days where the remaining balances are settled between 30 and 60 days and the impact of discounting these receivables are not material.

Other financial assets are loans and receivables to individuals and entities. R11.4 million of these carry interest at market related interest rates of 7.5% - 10.25%, and have repayment terms. A 10% increase in the interest rate will increase the profit or loss by R0.6 million, and have the reverse effect with a 10% decrease in interest rates.

Other financial liabilities consist of fair valued contingent considerations of Methwold and AG Capital.

Trade and other payables are predominantly non-interest bearing balances and the impact of discounting the remaining payables are not material.

**Market risk**

The group is exposed to market risk through its investments which is carried at fair value. The fair value of the investments primarily determined by reference to the listed share prices. Movements in the listed price will impact the fair value movements of the investments. A detailed breakdown is not possible, as the group has various listed instruments which is exposed to various listed prices.

### 37. Events after the reporting period

**Delisting**

As of Friday 12 February 2021, Anchor Group Limited has ceased to be a publicly listed entity on the Johannesburg Stock Exchange, Alternative Exchange (Altx). As a result of the delisting, Anchor Group Limited is now categorised as an unlisted public entity.

The website www.anchorgroup.co.za , will remain active, serving as a platform through which the public can be directed to information on investing activities.

**COVID-19 impact on revenue and assets.**

COVID-19 has an impact on Anchor’s revenue and assets.

The revenue in Anchor arises from two main sources:

1. South African and Global asset management fees; and
2. Brokerage fees.

COVID-19 has decreased the value of the all equity markets, which causes a decrease in the revenue generated from South African and Global asset management fees. The duration of decrease and the value of the decrease are the key factors in quantifying the value of the decline in revenue. Global asset management fees are earned in dollars and the rand depreciation during COVID-19 offsets the impact of the decline in revenue.

The decrease in the value of equity markets also leads to an increase in new inflows, and change in the yield of assets, as clients invest more in equity markets at a higher fee, than in the fixed income market, which also offsets some of the revenue decline.

COVID-19 has increased the volatility in the equity markets, which has increased the trading activities and brokerage fees have increased. The duration of the volatility is the key factor in quantifying the value of the increase in brokerage fees.

### 37. Events after the reporting period (continued)

A COVID-19 assessment performed by management involved stress testing the budgeted 2021 numbers. The stress testing changed the revenue line items by changing the revenue drivers such as market growth rates, volatility and AUM ("assets under management") flows. Revenue movements will impact profits of the subsidiaries to which goodwill is allocated and will impact the balances. Movements in the current market will not materially impact the goodwill, as a 5-year discounted cash flow method is used which is longer term in nature and the revenue streams of the subsidiaries are well diversified to account for the market impacts.

Anchor has financial assets invested in the equity market and COVID-19 has decreased the value of these assets, however the movements are not expected to be material on the overall profits.

### 38. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group other than the COVID-19 assessment made by management after year end.

The COVID-19 assessment performed by management involved stress testing the budgeted 2021 numbers. The stress testing changed the revenue line items by changing the revenue drivers such as market growth rates, volatility and AUM flows. The stress testing was also performed on market exposed statement of financial position assets by changing the key drivers of market values. The initial impact of COVID-19 as at 31 March 2021 was considered to be not material. The revenue is well diversified into local and off-shore management fees and brokerage fees, and the statement of financial position assets exposed to market movements are not material, therefore it was concluded that the going concern impact is not material.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.