INVICTA HOLDINGS LIMITED

(Registration number 1966/002182/06)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Invicta
HOLDINGS LIMITED

Invicta Holdings Limited

(Registration number 1966/002182/06)
Audited Financial Statements for the year ended 31 March 2020

Index

The reports and statements set out below comprise the audited financial statements presented to the shareholders:

The annual financial statements set out in this report have been prepared under the supervision of N Rajmohamed CA(SA), Financial Director.

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is their responsibility to ensure that the audited financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the audited financial statements.

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

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

The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The auditors are responsible for independently auditing and reporting on the company's audited financial statements. The audited financial statements have been examined by the company's external auditors and their report is presented on pages 2 to 3.

The audited financial statements set out on pages 2 to 33, which have been prepared on the going concern basis, were approved by the board on 31 July 2020 and were signed on its behalf by:

N. Rajmohamed	S. Joffe
Director	Director

CERTIFICATE BY THE COMPANY SECRETARY

In accordance with the provisions of section 88(2) of the Companies Act of South Africa, I certify that, to the best of my knowledge and belief, the company has filed for the financial year ended 31 March 2020 all such returns and notices as are required of a public company of the said Act, and that all such returns notices appear to be true, correct and up to date.

Lize Dubery

Secretary

31 July 2020

Independent auditors report

To the Shareholders of Invicta Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Invicta Holdings Limited ('the Company') set out on pages 9 to 33, which comprise the separate statement of financial position as at 31 March 2020, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

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 separate financial statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants (IESBA code)* and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have not identified any Key Audit Matters for the Company separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 33 page-document titled "Invicta Holdings Limited audited financial statements for the year ended 31 March 2020" which includes the Directors' Responsibilities and Approval, Certificate by the Company Secretary, Audit Committee's Report and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the separate Financial Statements

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

Independent auditors report - continued

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 related safeguards applied.

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

Report on Other legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst and Young Inc. has been the auditor of Invicta Holdings Limited for two years.

Ernst & Young Inc.
Director: Amelia Young
Registered Auditor
Chartered Accountant (SA)
Johannesburg

31 July 2020

Audit Committee Report

Background

The Audit Committee is guided by a charter and amendments are approved by the Board. The charter incorporates the specific responsibilities outlined in the Companies Act (2008) and the JSE Listings Requirements.

The purpose of the Audit Committee is:
- To ensure the overall adequacy and efficiency of the internal control systems and information systems.
- To ensure that the company has appropriate financial reporting procedures and that those procedures are operating in compliance with all applicable legal requirements, corporate governance and accounting standards.
- To provide a forum for communication between the Board, management, and the internal and external auditors.
- To review and confirm the independence, objectivity and effectiveness of the external auditors, and to review and approve the engagement of the external auditors for non-audit work.
- To introduce such measures as in the Audit Committee's opinion may serve to enhance the reliability, integrity and objectivity of financial information, statements and affairs of the company.
- To provide support to the Board on the risk management of the company through the establishment of a Risk Committee.
- To review and monitor the objectivity and effectiveness of the internal audit function.
- To review and recommend to the Board the financial statements, press announcements and integrated annual report.

Membership

The Committee members were re-appointed at the Annual General Meeting "AGM" of the company held on the 26th September 2019. The members during the 2020 financial year were:
- David Samuels *(Chairman)**
- Rashid Wally *(member)**
- Lance Sherrell *(member)*

**independent*

The Audit Committee members are considered to be independent of executive management. The CEO, CFO and Commercial Director attend the meeting by invitation.

Shareholders will be requested to approve the appointment and/or reappointment of the members of the Audit Committee at the AGM scheduled for 17 September 2020.

Attendance at meetings by Audit Committee members during the reporting period were as follows:

	Scheduled meetings	Ad hoc meetings
David Samuels (Chairman)	5	1
Rashid Wally (member)	5	1
Lance Sherrell (member)	5	1

The CEO, CFO, Commercial Director, Internal Audit Manager and representatives of the external auditors are invited to attend meetings and to report to the Audit Committee.

Compliance

The company's subsidiaries operate in complex compliance environment such as South Africa, other Southern African countries and Asia. The subsidiaries also operate in Europe and North America. The Board has delegated responsibility to facilitate compliance throughout the Company and its subsidiaries to the Audit Committee. In this regard the Audit Committee:
- monitors compliance with applicable laws and considers adherence to relevant non-binding rules, codes and standards;
- monitors the establishment and maintenance of a compliance framework that is appropriate taking into account the laws, rules, codes and standards that are applicable to the relevant territory;
- ensures that a legal compliance policy is established and implemented;
- ensures that a compliance manual is established and implemented;
- identifies, assesses, advises, monitors and reports on the regulatory compliance risk of the Company and its subsidiaries, which contributes to the overall risk management framework of the Company and its subsidiaries;
- ensures that compliance monitoring and reporting is undertaken in a manner that is appropriate for the Company and its subsidiaries; and
- ensures that a compliance culture is encouraged through leadership, appropriate structures, education and training, communication, and measurement of key performance indicators.

Audit Committee Report – continued

Information, Communication and Technology

Invicta's Information, Communication and Technology ("ICT") Committee is established to assist the Audit Committee and Board in respect of the following aspects:

- appraise major information, communication and technology ("ICT") related projects and technology architecture decisions;
- ensure that the company and its subsidiaries ICT programs effectively support the business objectives and strategies;
- monitor the overall performance of the Company and its subsidiaries senior IT management team; and
- advise the Audit Committee and Board on strategic or material ICT-related matters.

The ICT Committee consists of the executive directors and meets as often as required. The Companies Commercial Director provides regular reports to the Audit Committee on projects throughout the Company and its subsidiaries.

Internal audit

The Company and its subsidiaries benefits from an internal audit function that continually assesses the internal controls and operation of procedures throughout.

The Audit Committee is satisfied with the arrangements for internal audit and the effectiveness of the head of internal audit.

The Audit Committee approved the internal audit plan, and is satisfied with the effectiveness of the design and operation of internal financial controls. Any failures in this regard are assessed and addressed on a case-by-case basis.

External audit

Ernst & Young Inc. ("audit firm") were reappointed independent external auditor. Ms. Amelia Young, who is a registered independent auditor is the designated partner for the audit of the 2020 reporting period.

The Audit Committee has satisfied itself through enquiry that the auditor of the Company is independent as defined by the Companies Act (2008) and as per the standards stipulated by the auditing profession.

Requisite assurance was sought and provided by the auditor that internal governance processes within Ernst & Young support and demonstrate their independence.

The Audit Committee, in consultation with executive management, agreed to the engagement letter, audit scope and audit plan for the 2020 reporting period. The budgeted fee was considered appropriate for the work that could reasonably have been foreseen at that time. The final fee will be agreed on completion of the audit.

There is a formal procedure that governs the level of non-audit services that may be undertaken by the audit firm without audit committee approval. The audit committee reviews the level of non-audit fees bi-annually. Meetings may be held with the auditor where management is not present, but this was not requested by either party during the year under review.

The Audit Committee is satisfied with the quality and effectiveness of the external audit.

Key audit matters

The Audit Committee has assessed the key audit matters included in the external auditors' report and has concluded after considering submissions from management that these matters have been appropriately addressed.

Annual financial statements

The Audit Committee filled its mandate and recommended the annual financial statements for approval to the Board. The Board subsequently approved the annual financial statements, which will be open for discussion at the forthcoming AGM.

Group Financial Director and financial reporting procedures

As required by the JSE Listings Requirements, the Audit Committee confirms that the Company's Financial Director, Ms. Nazlee Rajmohamed CA(SA), has the necessary expertise and experience to carry out her duties. The Audit Committee is satisfied with the effectiveness of Ms. N. Rajmohamed and the finance function as a whole. The Audit Committee is further satisfied that appropriate financial reporting procedures have been established throughout the Company, and that these procedures are operating effectively.

Risk management

Responsibility for managing Company risk ultimately lies with the Board. The board manages risk through the audit committee. The audit committees of subsidiary companies, executive committees and management at operational level assist the audit committee in discharging these responsibilities by identifying, monitoring, and managing risk on an ongoing basis.

Risk management specifically includes the consideration of:

- the risk profile and management of strategic and operational risk within the Company;
- the risk profile and risk management of major projects and acquisitions;
- the impact of environmental, economic and geopolitical factors;

Audit Committee Report – continued

- the adequacy of self-insurance and external insurance programs; and
- the risk profile and management of information technology (IT).

The Board manages risk through the Audit Committee, and operational audit committees. A number of key risk areas have been identified for monitoring and detailing to stakeholders:

De-industrialisation of South Africa

The decline in manufacturing, capital expenditure and foreign direct investment are lead indicators of the potential de-industrialisation of South Africa, resulting in flat or declining group revenue and profitability. The risk response is to seek geographical diversification to growing industrial regions, and to diversify away from South African markets and products.

Business model

The business model needs to adapt to new market realities based on declining demand, making current business processes redundant or inefficient. The risk response is to develop digital platforms throughout the various businesses, and to restructure the operational framework.

COVID 19 pandemic

The disruption to the world and South African economies has had direct impact on current business performance. Further the permanent setback to South African and world growth has become a distinct possibility. Adapted management focus to ensure cash preservation, and expenditure reductions in line with new levels of business activity.

Political and labour instability

There is a high risk of labour and political instability following growing economic hardships, which could disrupt economic and business activities. The risk response is to diversify geographically to more stable regions.

South Africa's electricity supply

The lack of stability of electricity supply is a disruption to economic and business recovery. The risk response is to invest in a power supply independent of the national grid.

David Samuels
Chairman of the Audit Committee
23 July 2020

Directors' Report

The directors have pleasure in submitting their report on the activities of the company for the year ended 31 March 2020.

1. Main business and operations

The company is incorporated and operates in South Africa.

The company is an investment holding and management company.

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

The loss for the year ended 31 March 2020 was R604 145 685 (2019: loss R332 854 120).

The directors are confident about the future performance of the company.

2. Compliance with accounting standards

The Companies' financial statements comply with IFRS, the Companies Act (2008), the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and financial Pronouncements as issued by the Financial Reporting Standards Council.

3. Authorised and issued share capital

The authorised and issued share capital is detailed in note 7 and 9 of the annual financial statements.

4. Dividends

Dividends as reflected in the statement of change in equity were declared or paid to the shareholders during the year.

5. Directors

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

C.H. Wiese	
C. Barnard	
S. Joffe	Appointed 1 January 2020
A. Goldstone	Resigned 31 December 2019
A.M. Sinclair	
D.I. Samuels	
J.D. Wiese	
L.R. Sherrell	
R.A. Wally	
B. Nichles	Resigned 1 May 2020
G.M. Pelser	
N. Rajmohamed	
P.M. Makwana	Appointed 1 May 2020
I. Van Heerden	Appointed 1 May 2020
F. Davidson	Appointed 1 May 2020

Directors' Report – continued

6. Events after reporting period

Many of the subsidiaries' businesses have been impacted by the lockdown, with operations running on skeleton staff appropriate to the level of activity. Measures were implemented both prior and subsequent to the lockdown to defer and/or curtail expenditure:

- All international and local travel suspended
- Substantial actions to reduce overall operating costs have been implemented
- Purchases and supplier payments deferred as appropriate
- Rental payment concessions negotiated with landlords where possible
- Non-executive director fees reduced by 25% for both the 2020 and 2021 financial years
- Executive director salaries reduced by 30% for 3 months.

Refer to note 23 for details on events after reporting date.

7. Going concern

Refer to note 24 for the going concern assessment and considerations.

8. Auditors

Ernst & Young Inc.("EY") was appointed as auditors of the Company and its major subsidiaries for the year ended 2020.

Shareholders will be requested to reappoint EY as auditors of Invicta and the Group, at the Annual General Meeting ("AGM"), and to confirm that Ms. Amelia Young will be the designated audit partner for the 2021 reporting period.

Postal address	**Business address**
Private Bag X14 Sandton 2146	102 Rivonia Road Sandton 2146

9. Secretary

The company secretary is Lize Dubery.

Postal address	**Business address**
P.O. Box 33431 Jeppestown Johannesburg Gauteng 2043	3 Droste Crescent Droste Park Johannesburg Gauteng 2094

10. Registered office

The company's registered office address:

Business address

3 Droste Crescent
Droste Park
Johannesburg
Gauteng
2094

Invicta Holdings Limited

(Registration number 1966/002182/06)
Audited Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

	Notes	2020 R'000	2019 R'000
Assets			
Non-Current Assets			
Investments in subsidiaries	3	3,921,709	4,505,987
Loans to group companies	4	62,500	118,227
		3,984,209	4,624,214
Current Assets			
Loans to group companies	4	84,284	47,587
Trade and other receivables	5	761	7
Cash and cash equivalents	6	1,143	1,151
		86,188	48,745
Total Assets		4,070,397	4,672,959
Equity and Liabilities			
Equity			
Share capital and share premium	7	2,658,071	2,658,071
Preference share capital	9	750,000	750,000
Retained income		218,299	903,871
		3,626,370	4,311,942
Liabilities			
Non-current liabilities			
Loans from group companies	4	689	689
Long-term tax liability	14	100,000	200,000
		100,689	200,689
Current Liabilities			
Other payables*	10	1,633	4,221
Loans from group companies	4	199,295	12,964
Current tax liability	14	110,042	107,917
Provisions*	8	753	332
Dividends payables		31,615	34,894
		343,338	160,328
Total Liabilities		444,027	361,017
Total Equity and Liabilities		4,070,397	4,672,959

*Prior year accruals previously recognised as provisions have been reclassified to other payables.

Invicta Holdings Limited

(Registration number 1966/002182/06)
Audited Financial Statements for the year ended 31 March 2020

Statement of Profit or Loss and other Comprehensive Income for the year ended 31 March 2020

	Note	2020 R'000	2019 R'000
Other income	11	3,130	140,809
Operating expenses		(591,383)	(113,878)
Operating (loss)/profit	11	**(588,253)**	**26,931**
Finance income	12	1,088	17,636
Finance costs	13	(16,981)	(35,607)
(Loss)/ Profit before taxation		**(604,146)**	**8,960**
Income tax expense	14	-	(341,814)
Loss for the year		**(604,146)**	**(332,854)**
Other comprehensive income		-	-
Total comprehensive loss for the period		(604,146)	(332,854)

Statement of Changes in Equity for the year ended 31 March 2020

	Share capital	Share premium	Preference share capital	Retained income	Total equity
	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2018	**5,425**	**2,652,646**	**750,000**	**1,428,049**	**4,836,120**
Total comprehensive loss for the year	-	-	-	(332,854)	**(332,854)**
Dividends paid	-	-	-	(191,324)	**(191,324)**
Balance at 31 March 2019	**5,425**	**2,652,646**	**750,000**	**903,871**	**4,311,942**
Total comprehensive loss for the year	-	-	-	(604,146)	**(604,146)**
Preference dividends accrued	-	-	-	(81,426)	**(81,426)**
Balance at 31 March 2020	**5,425**	**2,652,646**	**750,000**	**218,299**	**3,626,370**

Statement of Cash Flows for the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash utilised in operations	15	(8,994)	(13,357)
Finance income		1,088	17,636
Dividends received		-	62,290
Finance costs		(16,981)	(35,607)
Tax paid	16	(97,875)	(442,083)
Net cash outflow from operating activities		**(122,762)**	**(411,121)**
Cash flows from investing activities			
Investments in subsidiaries		-	(136,884)
Payments received on loans to group companies		19,030	740,151
Net cash inflow/(outflow) from investing activities		**19,030**	**603,267**
Cash flows from financing activities			
Dividends paid	17	(82,607)	(191,861)
Increase in loans from group companies		186,332	-
Net cash inflow from financing activities		**103,725**	**(191,861)**
Total cash and cash equivalents movement for the year		(8)	285
Cash and cash equivalents at the beginning of the year		1,151	866
Cash and cash equivalents at end of the year	6	**1,143**	**1,151**

Accounting policies

1.1 Basis of preparation: Statement compliance

The financial statements have been consistently prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) interpretations, the Companies Act (2008), the Listing Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those applied in the prior year, with the exception of IFRIC 23 – Uncertainty over Income Tax Treatment (refer to note 2.2).

Basis of measurement

The audited financial statements have been prepared on the historical cost basis except for the fair valuing of certain financial instruments and incorporate the principal accounting policies set out below. These are presented in South African Rands and have been rounded to thousands.

Presentation currency

The financial statements are presented in Rand, rounded to its nearest thousand (R'000) unless otherwise indicated.

1.2 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect recognised amounts of assets, liabilities, income and expenses and related disclosures. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no accounting policies that have been identified as involving particularly complex or subjective judgements or assessments.

1.3 Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

1.4 Preference shares

Non-redeemable preference shares are classified as equity because they do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Cumulative dividends thereon are recognised as equity distributions on approval by the Company's directors. The preference shares do not have any voting rights.

1.5 Taxes

Deferred tax assets are recorded for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recorded, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

1.6 Operating profit

Operating profit is the result generated from the company's continuing revenue-producing activities (considered core operations), thus excluding finance income, finance costs and taxes.

1.7 Investment in subsidiaries

Investment in subsidiaries is carried at cost and measured for impairment on an annual basis

Accounting policies - continued

1.8 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

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

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Accounting policies - continued

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The entity's financial assets that are at amortised cost include loans to group companies, other receivables and cash and cash equivalents.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Finance costs and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification of financial liabilities:

At amortised cost: Loans from Group companies and other payables.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

Accounting policies - continued

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Financial instruments

The Company recognises loss allowances for expected credit losses (ECLs) on:

- financial instruments measured at amortised cost.

The credit risk on cash and cash equivalents is assessed as low. The expected credit loss on cash and cash equivalents is negligible.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

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

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

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Accounting policies - continued

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in profit or loss.

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company’s procedures for recovery of amounts due.

Loans to/from Group Subsidiaries

These include loans to and from subsidiaries and are recognized initially at fair value plus direct transaction costs. Loans to group companies are subsequently classified as financial assets measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost.

Investments

Investments consist of an investment in subsidiary companies. They are recognised at the purchase price and measured for impairment on an annual basis.

Trade payables

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

Impairment

The company recognises an allowance for expected credit losses (“ECL”s) for all debt instruments not held at fair value through profit or loss. The company applies a simplified approach in calculating ECLs. The company, therefore does not track changes in credit risk, but instead recognises a loss allowance based on a lifetime ECLs at each reporting date. The company has established a provision matrix that us based on its historical credit loss experience, adjusted forward-looking factors specific to the debtors and the economic environment.

Preference shares and other equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

Accounting policies - continued

1.9 Income tax

Tax assets and liabilities

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

Current Tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

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

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

1.10 Revenue recognition

Revenue is predominantly derived from interest received and dividends received. The 2019 reported results are based on IFRS 15 and those for 2018 are based IAS 18, users are refer to the 2018 annual financial statements for the accounting policies relating to IAS 18.

1.11 Dividend income

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

1.12 Finance income and costs

The Company’s finance income and costs include:

- interest income;
- interest expense;

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Audited Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective or relevant

The company applies all applicable IFRS as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing this report and are relevant to the company's operations have been applied. At the date of authorisation of these financial statements, the following new and revised IFRSs applicable to the company were in issue but not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after
IFRS 7 Financial Instrument: Disclosures	1 January 2020
IAS 1 Presentation of Financial Statements: Definition of Material	1 January 2020
IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2020
IAS 39 Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform.	1 January 2020
IFRS 9 Financial Instruments: Interest Rate Benchmark Reform	1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Disclosure initiative	1 January 2020
IFRS 3 Business Combinations: Definition of a Business	1 January 2020
IFRS 16 amendment: Accounting for covid-19 related rent concessions	1 January 2020

None of these standards are expected to have a material impact on the financial statements.

2.2 IFRIC 23 considerations

The Company considered whether it had any uncertain tax positions relating to the company's tax filings. The Company determined based on its assessments that the tax treatments will be accepted by the taxation authorities. The application of IFRIC 23 did not have an impact on the audited financial statements of the company. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

2.3 IFRS 16 considerations

IFRS 16 introduces new or amended requirements with respect to lease accounting, it had no impact on the company.

	2020 R'000	2019 R'000

3. Investment in subsidiaries

Name of subsidiary	Principal activity	Place of operation	% shareholding	Carrying amount	Carrying amount
Invicta Finance (Pty) Ltd	Financial company	South Africa	100%	2,452,009	2,452,009
October Wind 48 Trading (Pty) Ltd	Investment holding company	South Africa	100%	-	178,000
Invicta Offshore Holdings	Investment holding company	Mauritius	100%	995,012	995,012
Invicta South Africa Holdings (Pty) Ltd	Investment holding company	South Africa	75%	435,463	841,741
Invicta Properties (Pty) Ltd	Property holding company	South Africa	100%	39,225	39,225
Invicta Treasury Holdings (Pty) Ltd *	Treasury company	South Africa	100%	-	-
Invicta Africa (Pty) Ltd*	Investment holding company	South Africa	100%	-	-
Invicta IT Solutions (Pty) Ltd*	Investment holding company	South Africa	100%	-	-
Goldquest International Hydraulics South Africa (Pty) Ltd *	Dormant entity	South Africa	100%	-	-
Non-Current Assets				**3,921,709**	**4,505,987**

*Nil due to rounding

Impairment of investments in subsidiaries
The losses recognised due to impairments in the current year and the depressed results outlook due to the Covid pandemic, presented an impairment indicator for the investment in Invicta South Africa Holdings (Pty) Ltd which required a value in use assessment to be performed. A calculated value of R435 million for the 75% shareholding was determined using a discount rate of 15.83% and resulted in an impairment of R406 million. The investment in October Wind 48 Trading (Pty) Ltd "October Winds" was also impaired by R178 million. This was as a result of the impairment, based on a discounted cash flow valuation, recognised on the 20% shareholding in Invicta South Africa Holdings (Pty) Ltd. The interest in Invicta South Africa Holdings (Pty) Ltd secures the October Winds preference share investment in Theramanzi Investments (Pty) Ltd. This impairment is included in operating expenses in the statement of profit or loss.

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000

4. Loans to/(from) group companies

Subsidiaries

	2020 R'000	2019 R'000
Humulani Marketing (Pty) Ltd	(6,617)	(6,617)
Invicta Treasury Holdings (Pty) Ltd	(166,332)	18,039
Humulani Employee Investment Trust	-	(1)
Invicta Finance (Pty) Ltd	(26,346)	(6,346)
Invicta SA Holdings (Pty) Ltd	117,236	118,227
Invicta Share Trust	(689)	(689)
Bearing Man Group (Pty) Ltd	29,548	29,548
	(53,200)	**152,161**

Group loans consist mainly of amounts received to enable the company to pay it tax and dividend liabilities.

Terms and conditions

The loans are unsecured, bear no interest and no fixed terms of repayment have been negotiated. The subordinated portion of loans to group companies are reflected as non-current.

Expected credit losses

The impairment for loans to group companies has been considered and based on historical evidence and management's judgement no ECL has been recognised for any loans to group companies.

	2020 R'000	2019 R'000
Non-current assets	62,500	118,227
Current assets	84,284	47,587
Non-current liabilities	(689)	(689)
Current liabilities	(199,295)	(12,964)
	(53,200)	**152,161**

Invicta Holdings Limited has subordinated R62,500,000 of the loan owed to it by Invicta South Africa Holdings (Pty) Ltd.

5. Trade and other receivables

	2020 R'000	2019 R'000
Prepaid expenses	292	7
Other receivables	469	-
	761	7

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank and cash balances	1,143	1,150
Other cash and cash equivalents	-	1
	1,143	1,151

7. Share capital and premium

	2020 R'000	2019 R'000
Authorised		
134 000 000 (2019: 134 000 000) ordinary shares of 5c each	6,700	6,700
108 494 738 (2019: 108 494 738) ordinary shares of 5c each at the beginning of the year	5,425	5,425
	12,125	**12,125**
Share premium		
Balance at the beginning of the year	2,652,646	2,652,646
Issued		
108 494 738 (2019: 108 494 738) ordinary shares of 5c each at the beginning of the year	5,425	5,425
Share premium	2,652,646	2,652,646
	2,658,071	**2,658,071**

The remaining unissued ordinary shares remain under the unrestricted control of the directors until the following annual general meeting.

8. Provisions

	2020 R'000	2019 R'000
Other provisions*	753	332
Balance at the beginning of the year	332	11,145
Utilised in the current year	(761)	(792)
Charged to profit and loss	1,182	(10,021)
Balance at the end of the year	**753**	**332**

*Other provisions consist of a provision for printing and stationary costs. R3.2 million relating to directors and audit fees disclosed as other provisions in the prior year has been reclassified to other payables.

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000

9. Preference share capital

Authorised		
18 000 000 (2019: 18 000 000) cumulative, non-participating preference shares of no par value	1,800,000	1,800,000
Issued		
Issued 7 500 000 (2019: 7 500 000) cumulative, non-participating preference shares of R100 each	750,000	750,000

The company declared a final preference dividend of 617,06943 cents (2019: 634,06798 cents) per share and an interim preference dividend of 484,34717 cents (2019: 478,03767 cents) per share.

10. Other payables

Other payables*	1,633	4,221

*R3.2 million relating to directors and audit fees disclosed as other provisions in the prior year has been reclassified to other payables.

11. Operating profit

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

Auditor's remuneration - external		
Audit fees	893	783
Leases		
Operating lease charges		
Premises	-	195
Other		
Employee benefit expenses	961	2,511
Foreign exchange gain on USD denominated loans	-	(71,218)
Foreign exchange loss on USD denominated loans	-	71,586
Consulting fees	1,943	7,347
Impairment of investment	584,278	30,000
Other Income		
Foreign Currency adjustments on foreign loans	-	70,442
Dividends received	-	62,290
Sundry income	3,130	-

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000

12. Finance income

Finance income	1,088	17,636
	1,088	17,636

13. Finance costs

Group companies	-	16,383
Interest paid SARS	16,981	19,224
Total finance costs	16,981	35,607

14. Income tax

Income tax expense recognised in profit or loss

Current		
Current year	-	341,814

Reconciliation of the tax expense

Reconciliation between statutory tax rate and average effective tax rate.

Statutory tax rate	28.00%	28.00%
Dividends received	0.00%	-194.66%
Consulting fees non-deductible	-0.09%	22.96%
Tax losses where no deferred tax asset has been recognised	-0.05%	-0.81%
SARS interest paid: non-deductible	-1.00%	60.00%
Impairment of investment	-27.00%	94.00%
Provisions	0.00%	-9.49%
Specific taxation provision	0.00%	3814.98%
Effective tax rate	**0%**	**3814.98%**

Tax losses where no deferred tax asset was raised amount to R 988 325 (2019: R0)

Tax liability

Current tax liability	110,042	107,917
Long term liability	100,000	200,000
	210,042	307,917

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000

15. Cash generated from operations

	2020 R'000	2019 R'000
(Loss)/profit before taxation	(604,146)	8,960
Adjustments for:		
Finance costs	16,981	35,607
Movements in provisions	421	(10,813)
Dividends received	-	(62,290)
Finance income	(1,088)	(17,636)
Impairment of investment	584,278	30,000
Prescription of dividend liability	(2,098)	-
Changes in working capital:		
Decrease in trade and other receivables	(754)	-
Decrease/(increase) in trade and other payables	(2,588)	2,815
	(8,994)	(13,357)

16. Tax paid

	2020 R'000	2019 R'000
Amounts unpaid at the beginning of the year	(307,917)	(408,186)
Current tax for the period recognised in profit or loss	-	(341,814)
Amounts unpaid at the end of the year	210,042	307,917
	(97,875)	(442,083)

The Board of Invicta has noted both stakeholder and market commentary over the potential tax consequences of certain transactions which Invicta entered into several years ago, and which were referred to by the Independent Auditors in their report on the 2017 financial statements (“the transactions”).

The Company had reached settlement with SARS, in terms of which Invicta will pay a total amount of R750 million.

At the date of this report R550 million (2019: R450 million) has been paid.

17. Dividends paid

	2020 R'000	2019 R'000
Balance at beginning of the year	(34,894)	(35,431)
Preference dividends accrued	(81,426)	(191,324)
Prescription of dividend liability	2,098	-
Amounts unpaid at the end of the year	31,615	34,894
Total	**(82,607)**	**(191,861)**

Notes to the Audited Financial Statements - continued

18. Risk management

Liquidity risk

The following table details the company's contractual terms on its financial liabilities
The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

At 31 March 2020	Less than 1 year	Between 2 and 5 years	Total
	R'000	R'000	R'000
Loans from related parties	199,295	689	199,984
Other payables	1,633	-	1,633
Dividends payable	31,615	-	31,615
	232,543	689	233,232

At 31 March 2019	Less than 1 year	Between 2 and 5 years	Total
	R'000	R'000	R'000
Loans from related parties	12,964	689	13,653
Other payables	4,221	-	4,221
Dividends payable	34,894	-	34,894
	52,079	689	52,768

Credit risk management

Potential areas of credit risk consist of loans to group companies and short term cash investments. The loans to group companies are limited to entities that are either wholly owned or controlled by the group, and thus are also under the management of the company's directors. These loans are re-assessed annually by the directors and steps taken to secure the liquidity and solvency of each entity. It is the company policy to deposit short term cash investments only with the major banks. The company has no past due receivable balances.

Capital risk management

Capital is managed to ensure that operations are able to continue as a going concern, whilst maximising return to stakeholders through an appropriate debt and equity structure. The capital structure of the company consists of a mix of debt and equity which includes loans from group companies, cash and cash equivalents, preference and ordinary share capital. Capital risk is continuously reviewed by the board and risks are mitigated accordingly.

Foreign exchange risk

The US Dollar denominated loan was settled during the 2019 year. No foreign exchange currency sensitivity analysis was therefore necessary at year end.

Notes to the Audited Financial Statements - continued

	2020 R'000	2019 R'000

19. Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	2020 R'000	2019 R'000
Financial assets at amortised cost		
Loans to related parties	146,784	165,814
Trade and other receivables	469	-
Cash and cash equivalents	1,143	1,151
	148,396	166,965
Financial liabilities		
Loans from related parties	199,984	13,653
Other payables	21	1,032
Dividends payable	31,615	32,518
	231,620	47,203

20. Related parties

Relationships
Investments in subsidiaries are disclosed in note 3.

Related party balances

	2020 R'000	2019 R'000
Loan to/(from) related parties		
Humulani Marketing (Pty) Ltd	(6,617)	(6,617)
Invicta Treasury Holdings (Pty) Ltd	(166,333)	18,039
Humulani Employee Investment Trust	-	(1)
Invicta Finance (Pty) Ltd	(26,346)	(6,346)
Invicta SA Holdings (Pty) Ltd	117,236	118,227
Invicta Share Trust	(689)	(689)
Bearing Man Group (Pty) Ltd	29,548	29,548

Balances with related parties are detailed in note 4

Related party transactions

	2020 R'000	2019 R'000
Dividends received from related parties		
Invicta SA Holdings (Pty) Ltd	-	32,742
Goldquest International Hydraulic (Pty) Ltd	-	29,548
Interest paid to (received from)		
Invicta Treasury Holdings (Proprietary) Limited	-	16,383
Invicta Offshore Holdings	-	(16,383)

Notes to the Audited Financial Statements - continued

21. Directors' and prescribed officer's emoluments

Executive*

2020

	Salary and benefits	Retirement benefits	Performance related remuneration	Total
	R'000	R'000	R'000	R'000
S. Joffe **	1,539	115	-	1,654
C. Barnard	3,349	337	126	3,812
A. Goldstone***	4,712	365	-	5,077
A.M. Sinclair	4,081	329	-	4,410
G.M. Pelser	5,510	538	1,800	7,848
N. Rajmohamed	3,147	233	-	3,380
	22,338	1,917	1,926	26,181

* The director's emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.

** S Joffe was appointed as an executive director with effect from 1 January 2020.

*** A Goldstone resigned as an executive director with effect from 31 December 2019.

2019

	Salary and benefits	Retirement benefits	Performance related remuneration	Total
	R'000	R'000	R'000	R'000
C. Barnard	3,183	325	-	3,508
A. Goldstone	4,952	466	-	5,418
A.M. Sinclair	3,922	278	-	4,200
G.M. Pelser	3,860	372	-	4,232
N. Rajmohamed**	2,273	167	-	2,440
	18,190	1,608	-	19,798

* The director's emoluments paid to the executive directors are paid by a subsidiary of Invicta Holdings Limited.

** N Rajmohamed was appointed as an executive director with effect from 01 July 2018.

Notes to the Audited Financial Statements - continued

21. Directors' and prescribed officer's emoluments - continued

Non-executive

2020

	Directors' fees	Audit and remuneration committee fees	Total
	R'000	**R'000**	**R'000**
C.H. Wiese	918	43	961
D.I. Samuels	124	473	597
J.D. Wiese	109	-	109
L.R. Sherrell	124	135	259
R.A. Wally	179	257	436
B. Nichles	95	-	95
	1,549	908	2,457

2019

	Directors' fees	Audit and remuneration committee fees	Total
	R'000	**R'000**	**R'000**
C.H. Wiese	860	30	890
D.I. Samuels	73	206	279
J.D. Wiese	109	-	109
L.R. Sherrell	109	-	109
R.A. Wally	179	158	337
B. Nichles	109	-	109
	1,439	394	1,833

Notes to the Audited Financial Statements - continued

21. Directors' and prescribed officer's emoluments - continued

Equity settled share based payments

	Number of awards	Weighted average incentive rights cost (Black Scholes)	Number of awards	Weighted average incentive rights cost (Black Scholes)
		2020		**2019**
Outstanding at the beginning of the year	1,517,704	-	1,011,732	-
Awarded during the year	-	-	837,305	10.41
Lapsed and cancelled during the year	(492,208)	-	(331,333)	-
Outstanding at the end of the year	1,025,496	-	1,517,704	-

	Tranche 9	Tranche 10	Tranche 13	Tranche 14	Tranche 15
Number of grants	193,467	565,486	680,399	761,471	75,834
Cancelled	(193,467)	(565,486)	(234,082)	(258,126)	-
Grant date	**11 June 2012**	**13 March 2014**	**27 June 2017**	**25 June 2018**	**6 July 2018**
Grant price	R 64.37	R120.93	R54.30	R37.90	R35.82
Adjusted grant price *	R 50.03	R91.47	N/A	N/A	N/A
Option value - Black Scholes	R 10.16	R0.46	R16.02	R10.46	R9.89
	3 years	**3 years**	**3 years**	**3 years**	**3 years**
Expected volatility (daily)	2.1%	2.1%	2.3%	2.1%	2.1%
Dividend yield	3.1%	3.1%	3.0%	3.1%	3.1%
Risk free rate	7.0%	7.0%	7.5%	7.9%	7.8%

Tranche 9 and 10 of the incentives were cash-settled, whilst tranche's 13, 14 and 15 of the incentives awarded are equity settled.

Notes to the Audited Financial Statements - continued

21. Directors' and prescribed officer's emoluments

31 March 2020	Outstanding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outstanding rights end of year	Date granted/ adjusted	Option value - Black Scholes (Rands)
A. Goldstone*	**492,208**		**-**	**492,208**	**-**	**-**		
	234,082	54.34	-	234,082	-	-	27 Jun 17	16.02
	258,126	37.90	-	258,126	-	-	25 Jun 18	10.46
C. Barnard	**298,024**		**-**	**-**	**-**	**298,024**		
	156,055	54.30	-	-	-	156,055	27 Jun 17	16.02
	141,969	37.90	-	-	-	141,969	25 Jun 18	10.46
A.M. Sinclair	**383,391**		**-**	**-**	**-**	**383,391**		
	165,418	54.30	-	-	-	165,418	27 Jun 17	16.02
	217,973	37.90	-	-	-	217,973	25 Jun 18	10.46
N. Rajmohamed***	**75,834**		**-**	**-**	**-**	**75,834**		
	75,834	35.82	-	-	-	75,834	06 Jul 18	9.89
G.M. Pelser	**268,247**		**-**	**-**	**-**	**268,247**		
	124,844	54.30	-	-	-	124,844	27 Jun 17	16.02
	143,403	37.90	-	-	-	143,403	25 Jun 18	10.46
	1,517,704		-	492,208	-	1,025,496		

31 March 2019	Outstanding rights beginning of year	Strike price	Granted during the year	Lapsed and cancelled during the year	Exercised during the year	Outstanding rights end of year	Date granted/ adjusted	Option value - Black Scholes (Rands)
A. Goldstone	**475,146**	**-**	**258,126**	**241,064**	**-**	**492,208**		**-**
	146,340	66.14	-	146,340	-	-	11 Jun 12	4.07
Adjusted**	47,127	(16.11)	-	47,127	-	-	23 Jan 15	4.07
	35,948	120.93	-	35,948	-	-	14 Mar 14	0.46
Adjusted**	11,649	(29.46)	-	11,649	-	-	23 Jan 15	0.46
	234,082	54.30	-	-	-	234,082	27 Jun 17	16.02
	-	37.90	258,126	-	-	258,126	25 Jun 18	10.46
C. Barnard	**200,368**		**141,969**	**44,313**	**-**	**298,024**		
	33,467	120.93	-	33,467	-	-	13 Mar 14	0.46
Adjusted**	10,846	(29.46)	-	10,846	-	-	23 Jan 15	0.46
	156,055	54.30	-	-	-	156,055	27 Jun 17	16.02
	-	37.90	141,969	-	-	141,969	25 Jun 18	10.46
A.M. Sinclair	**211,374**		**217,973**	**45,956**	**-**	**383,391**		
	34,708	120.93	-	34,708	-	-	13 Mar 14	0.46
Adjusted**	11,248	(29.46)	-	11,248	-	-	23 Jan 15	0.46
	165,418	54.30	-	-	-	165,418	27 Jun 17	16.02
	-	37.90	217,973	-	-	217,973	25 Jun 18	10.46
N. Rajmohamed***	**-**		**75,834**	**-**	**-**	**75,834**		
		35.82	75,834	-	-	75,834	06 Jul 18	9.89
G.M. Pelser	**124,844**		**143,403**	**-**	**-**	**268,247**		**-**
	124,844	54.30	-	-	-	124,844	27 Jun 17	16.02
	-	37.90	143,403	-	-	143,403	25 Jun 18	10.46
	1,011,732		**837,305**	**331,333**	**-**	**1,517,704**	**-**	

* A Goldstone resigned as an executive director with effect from 31 December 2019.
** The spot price and number of incentives had been adjusted to account for the effect of the special dividend declared and the rights offer in 2015.
*** N Rajmohamed was appointed as an executive director with effect from 1 July 2018.

22. Director's interest in the shares of the company

Number of shares held 31 March 2020	Direct interest	Indirect interest
Ordinary shares		
C. Barnard	-	511,536
A. Goldstone*	-	-
D.I. Samuels	1,061,876	1,105,233
L.R. Sherrell	30,801	7,612,723
A.M. Sinclair	598,956	-
J.D. Wiese	-	1,691,531
G.M. Pelser	65,536	-
C.H. Wiese	-	42,307,228
Preference shares		
C. Barnard	-	12,968
A. Goldstone*	-	-
A.M. Sinclair	10,000	-
J.D. Wiese	-	611,800
C.H. Wiese	-	1,381,598
	1,767,169	55,234,617

* A Goldstone resigned as an executive director with effect from 31 December 2019.

Number of shares held 31 March 2019	Direct interest	Indirect interest
Ordinary shares		
C. Barnard	-	511,536
A. Goldstone	262,281	2,925,078
D.I. Samuels	1,061,876	1,105,233
L.R. Sherrell	30,801	7,612,723
A.M. Sinclair	598,956	-
J.D. Wiese	-	150,000
G.M. Pelser	65,536	-
C.H. Wiese	-	40,765,697
Preference shares		
C. Barnard	-	10,750
A. Goldstone	-	441,399
A.M. Sinclair	10,000	-
J.D. Wiese	-	611,800
C.H. Wiese	-	1,381,598
	2,029,450	55,515,814

There have been no further changes in directors shareholding between 31 March 2020 and the date of this Report.

All directors' share transactions have been disclosed via a SENS announcement.

23. Events after the reporting period

On the 15th March 2020 a national state of disaster was declared, and on the 23rd March 2020 the President called on all South African citizens and businesses to adhere to a 21-day national lockdown to combat the spread of Covid-19. After year end the South African lockdown at level 5 was extended by a further two weeks. The situation continues to be closely monitored so that the various businesses may adapt as necessary to comply with regulations and meet the needs of our customers. Our top priority remains the safety and well-being of our employees.

A number of the Company's subsidiaries were classified as essential service providers, comprising those which operate and supply equipment and spare parts in the material handling market, the agriculture market, as well as specific mining sectors. The supply of industrial consumable parts continued to those customers classified as essential services.

This lockdown was lifted in controlled stages, and at the date of this report, the country was at level 3. There remains uncertainty regarding the timing to reach full lift of the lockdown, and the rate of recovery from the impact of the COVID-19 pandemic.

All loans are to and from group entities that are controlled by the group. This provides adequate comfort to the directors that all finance income and finance cost obligations are under their management, and fulfilment may be considered secure despite the pandemic. Further Invicta Treasury Holdings (Pty) Ltd "Invicta Treasury" has provided a letter of guarantee and will support the SARS obligation and any dividend obligations. Refer to Going concern note 24.

24. Going concern

Through their assessment of whether the company is a going concern, the directors considered and confirmed that:

- The company is solvent;
- It has sufficient access to facilities or executable liquidity events with the support of Invicta Treasury, and
- It will meet debt covenant ratio's as per the lender agreements.

Letter of guarantee

Invicta Treasury has provided a letter of guarantee in terms of which it will ensure that the company will be in a position to meet its financial obligations as they fall due, and that Invicta holdings Limited will duly perform and comply with all its financial obligations.

Debt covenant

For the 2021 financial year, the covenants measured on a consolidated Group basis, will be primarily on a liquidity ratio and on free cash flow. These are based on updated cash flow and forecasts for the 2021 financial year, which have been revised for the impact of COVID-19.

These covenants will apply until 30th September 2020. Thereafter, the measures may be amended by agreement between the parties to take account of updated forecasts. If agreement is not reached, the existing covenants under each of the agreements will continue to apply.

Based on their assessment, the board of directors have every reason to believe that the company has adequate resources and facilities in place to continue in operational existence for the foreseeable future, and it continues to adopt the going-concern basis in preparing the annual consolidated financial statements.