adcorp

Connecting Human Potential

Separate Annual Financial Statements for the year ended 28 February 2023

Years of resilience

35

Teamwork

Respect

Customer centricity

Agility

Diversity and inclusion

Contents

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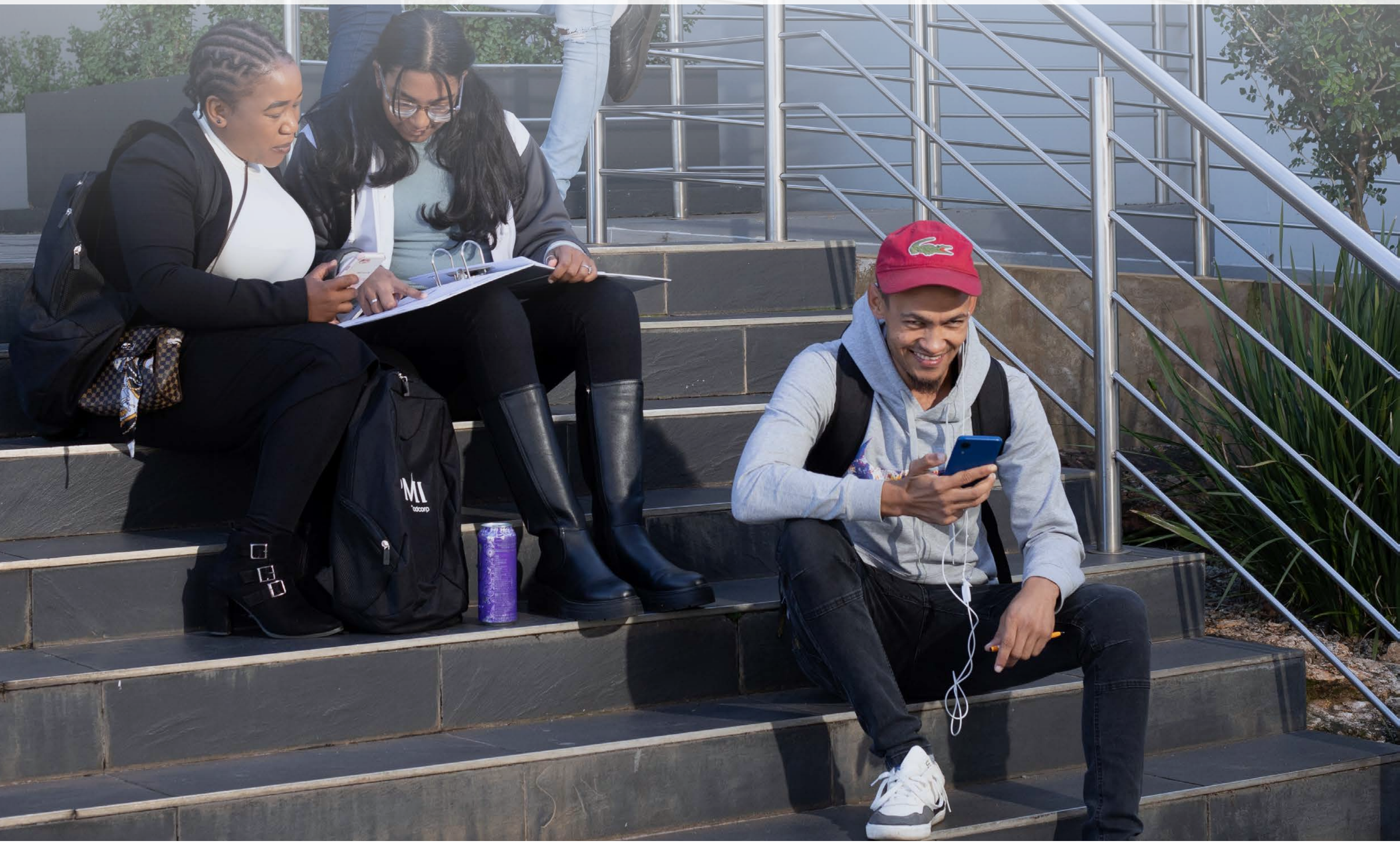

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Adcorp Holdings Limited has subsidiaries that carry on business in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training.
Directors	GT Serobe (Chairman) P Mnganga H Singh T Mokgabudi M Lubega S Sithole Dr J Wentzel N Prendergast R Van Dijk C Smith T Olls
Business address	102 Western Service Road Gallo Manor Extension 6 Woodmead Johannesburg 2191
Postal address	PO Box 70635 Bryanston 2021
Bankers	First National Bank
Auditor	KPMG Inc.
Secretary	Lisa Laporte
Company registration number	1974/001804/06
Level of assurance	These audited financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Ernst & Young Advisory Services Proprietary Limited Gisela Pieterse CA(SA)
Supervised by	These financial statements were prepared under the direction and supervision of Noel Prendergast CA(SA), Chief Financial Officer
Issued	30 June 2023

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa No 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the audited financial statements.

The audited financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards), the Companies Act of South Africa (No 71 of 2008) and the JSE Listings Requirements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion 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 have reviewed the cash flow forecast for the 12 months from approval of the audited financial statements to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Company's external auditor is 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 auditor and their report is presented on pages 11 to 13.

The annual financial statements set out on pages 04 to 49, which have been prepared on the going concern basis, were approved by the board of directors on 30 June 2023 and were signed on their behalf by:

John Wentzel
Chief Executive Officer

30 June 2023

Noel Prendergast
Chief Financial Officer

30 June 2023

Chief Executive Officer and Chief Financial Officer Responsibility statement and Company Secretary Compliance statement

Chief Executive Officer and Chief Financial Officer Responsibility statement

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

a) The financial statements set out on pages 04 to 49, fairly present in all material respects the financial position financial performance and cash flows of the issuer in terms of International Financial Reporting Standards;
b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies/taken steps to remedy the deficiencies; and
f) We are not aware of any fraud involving directors.

John Wentzel
Chief Executive Officer

30 June 2023

Noel Prendergast
Chief Financial Officer

30 June 2023

Company Secretary compliance statement

I certify that, to the best of my knowledge and belief, the Company and its subsidiaries has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public Company in terms of the Companies Act 71 of 2008, as amended, in respect of the year ended 28 February 2023 and that all such returns appear to be true, correct and up to date.

Lisa Laporte
Company Secretary

30 June 2023

Directors' report

for the year ended 28 February 2023

The directors have pleasure in submitting their report on the annual financial statements of Adcorp Holdings Limited for the year ended 28 February 2023.

1. Nature of business

The Company is an investment holding company and has subsidiaries that carry on business in South Africa and Australia.

Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing, training and financial services.

There have been no material changes to the nature of the Company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. 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 Company are set out in these annual financial statements.

3. Share capital

The authorised share capital is 183 177 151 (2022: 183 177 151) ordinary shares of 2,5 cents per share and 16 822 849 (2022: 16 822 849) "B" ordinary shares of 2,5 cents per share. The issued share capital of the Company at 28 February 2023 was 109 954 675 (2022: 109 954 675) ordinary shares of 2,5 cents per share and 6 729 140 (2022: 6 729 140) "B" ordinary shares of 2,5 cents per share.

4. Directorate and secretary

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

Name	Current year appointments and resignations
Non-executive directors	
GT Serobe (Chairman)	
P Mnganga	Appointed as lead independent director effective 26 May 2022
H Singh	
C Maswanganyi	Resignation effective 28 July 2022
T Mokgabudi	
M Lubega	
MM Nkosi	Resignation effective 1 June 2022
MW Spicer	Passed away 9 March 2022
S Sithole	Appointed as alternative director effective 28 July 2022
R Van Dijk	
C Smith	
T Olls	Appointed as non-executive director effective 28 July 2022
Executive directors	
Dr J Wentzel	
N Prendergast	
Company Secretary	
L Laporte	

5. Dividends

On 30 May 2023, the board of directors of Adcorp approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per ordinary share) and a special gross dividend of 91,3 cents per ordinary share, for the year ended 28 February 2023. The special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration.

6. Directors' interest in contracts

No material contracts involving directors were entered into during the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of Adcorp.

7. Special resolutions

At the annual general meeting (AGM) held on 28 July 2022, Adcorp's shareholders passed the following special resolutions for the purposes indicated:

Special resolution 1: To approve the remuneration payable to non-executive directors for their services as directors.

Special resolution 2: To approve that company and/or any subsidiary of the Company be authorised to repurchase shares issued by the Company, capped at 10% of issued share capital.

Special resolution 3: To approve, in terms of section 44 read with section 45 of the Companies Act of South Africa, that the Company provide financial assistance for the provision of any loans or other financial assistance to present or future related and inter-related companies.

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Company, were passed by the Company or its subsidiaries during the period covered by this directors' report.

8. Statutory information

The Company was incorporated in the Republic of South Africa on 16 July 1974. The registration number is 1974/001804/06.

9. Auditor

Following the conclusion of the mandatory audit firm rotation process in 2022, the audit committee recommended and the board of directors endorsed the proposed appointment of KPMG Inc. as the new external auditor for the financial year commencing on 1 March 2022, with Mrs Giuseppina Aldrighetti as the designated audit partner. This was approved at the AGM held on 28 July 2022. KPMG will be recommended for reappointment to the shareholders at the next AGM for the year ending 28 February 2024.

10. Secretary

The Board is satisfied that Lisa Laporte has the requisite knowledge of, or experience in relevant laws to fulfil the role.

11. Events after the reporting period

The board of directors is not aware of any material event which occurred after the reporting date and up to the date of this report other than:
On 30 May 2023, the board of directors of Adcorp approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per ordinary share) and a special gross dividend of 91,3 cents per ordinary share, for the year ended 28 February 2023. The special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration.

12. Directors' and prescribed officers' remuneration and interests held

Details of directors' and prescribed officers' remuneration and interests held in shares appear in note 21 of the financial statements.

13. Going concern

In preparing the financial statements, the board of directors is responsible for evaluating the Company's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The board of directors has assessed the economic environment, current financial position and the cash flow position for the next 12 months through to the end of June 2024. The liquidity and solvency position was also reviewed as part of this assessment. The Company was profitable for the year and solvent at year end, however, it was in a net current liability position of R 2,6 billion at year end due to amounts owing to Group subsidiaries. The net current liability position is supported at the reporting period by a subordinated loan of R1,6 billion with Adcorp Group South Africa Proprietary Limited and a subordinated loan of R707 million with Adcorp Management Services Proprietary Limited and undrawn facilities totalling R350 million enabling the Company to settle its obligations as they become due in the normal course of business and will remain in force for as long as it takes to restore the liquidity of the Company.

Directors' report continued

for the year ended 28 February 2023

Solvency

As on 28 February 2023, the Company had an accumulated loss of R280,5 million (2022: R370,3 million) and the Company's total assets exceed its liabilities by R1,6 billion (2022: R1,7 billion).

Liquidity

The Group's executive and head office treasury function provides services to the operating subsidiaries , coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until the end of June 2024. These cash flow forecasts are prepared on a group basis that include all operating subsidiaries, due to the centralised treasury function and cash management structure of the Group. Based on the short and long term forecasts (as per the budget approved by the board of directors), the Company is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the Company. The cash position is monitored daily by management and the Company is comfortable with its liquidity levels.

Going concern conclusion

The board of directors, after considering the factors described above, has concluded that the Company will be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

14. Compiler of audited financial statements

The compiler was responsible for preparation of the audited financial statements based on information provided by management and worked under the supervision of management. Management is responsible for these audited financial statements.

15. Compliance with applicable laws

The board of directors hereby confirms that the Company is:

- In compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its
- incorporation; and
- Operating in conformity with its Memorandum of Incorporation and/or relevant constitutional documents.

Report of the audit and risk committee

The Company's audit and risk committee (the committee or ARC) presents its report for the financial year ended 28 February 2023. The committee's duties and objectives, as mandated by the board of directors, allow it to discharge its statutory and other Board delegated duties in keeping with its terms of reference. These duties are briefly set out in this report.

1. Composition, meetings and assessment

The four members of the ARC were recommended by the board of directors to the shareholders and were formally appointed at the previous annual general meeting held on 28 July 2022.

- T Mokgabudi (Chairman)
- H Singh
- M Lubega
- R van Dijk

The ARC would like to acknowledge the services of M Spicer who sadly passed away on 9 March 2022, he was a highly regarded and respected director.

As provided for in the ARC's terms of reference, closed sessions are arranged at least once a year with key relevant parties to ensure confidential assessments and discussions can occur. Seven (7) committee meetings were held during the year, of which two (2) were special meetings and five (5) were ordinary meetings.

In line with King IV, the Board and its committee should be assessed once every two years and this was performed in the current financial year, with the recommendations to be tabled and onboarded.

2. Roles and responsibilities

The committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act of South Africa, the JSE Listings Requirements and the recommendations of King IV, as well as additional requirements prescribed by its terms of reference, as approved by the board of directors. The ARC's key areas of responsibilities include:

- Perform and fulfil the committee's duties pursuant to section 94 of the Companies Act and its responsibilities as set out in paragraph 3.84(g) of the JSE Listing Requirements, including the appointment and the assessment of the independence of the external auditor;
- Overseeing the integrated reporting process and assessing disclosures made to all stakeholders, which includes the Company financial statements for the year under review;
- Overseeing and evaluating the governance of risk and compliance and the related internal control environment, and considering the recommendation of the internal auditors in respect of the effectiveness of the system of internal controls;
- Monitoring and assessing all internal and external assurance providers and the non-audit services rendered during the year;
- Assessing key audit matters;
- Assessing the expertise and experience of the CFO and the resources within the financial function; and
- Reviewing and recommending the annual financial statements for approval by the board of directors.

In order to execute her responsibilities, the Chairperson of the committee met separately during the course of the year with the CFO, the Company Secretary, management and the internal and external auditors.

3. External auditor appointment and independence

In accordance with the Independent Regulatory Board for Auditors' (IRBA) rule regarding mandatory audit firm rotation, the committee embarked on a "Request for Proposals" process during 2022, in respect of the provision of external audit services. Following an extensive tender process under leadership of the committee, the committee recommended and the board of directors endorsed its proposal to appoint KPMG as the Company's new external auditor starting 1 March 2022, with Mrs Giuseppina Aldrighetti as the designated individual auditor. The decisive factors to recommend KPMG were the consistent strong performance of the proposed team, the best perceived integrated audit approach and competitive fee proposal. The appointment of KPMG was approved by the shareholders of Adcorp at the AGM held on 28 July 2022.

The committee satisfied itself that the appointment of the external auditor has been made in accordance with the provisions of Section 22 of the JSE Listings Requirements and that all requisite information in this regard has been received to enable it to arrive at this consensus.

The committee resolved to recommend to the shareholders that KPMG be appointed as the Company's registered external auditor for the 2024 financial year and Mrs Giuseppina Alrighetti as the designated partner.

Report of the audit and risk committee continued

The committee satisfied itself that the external auditor of the Company is independent. The requisite assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan, including the materiality levels proposed, and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

The committee continuously assesses the impact of the overall audit professional environment and current challenges. The external auditor shared their significant risk and focus areas and their response thereto. The committee thus satisfied itself of the continued independence and competence of the auditor.

4. Financial statements and accounting policies

The committee has assessed the Company's accounting policies and the financial statements for the year ended 28 February 2023 and is satisfied that they are appropriate and comply in all respects with Companies Act, IFRS and the JSE Listings Requirements together with consideration of the findings from the JSE proactive monitoring of financial statements in 2022.

The committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005. The committee did not receive any complaints relating to the accounting practices, internal audit, the content or auditing of the financial statements, the internal financial controls of the Company or any related matters.

The committee supports the opinion of the board of directors and the external auditor with regard to the financial statements, which have been approved by the Board and will be presented to shareholders at the AGM to be held on 27 July 2023.

Based on the information and explanations given by directors and the internal and external auditors, the committee believes that the accounting and internal controls, including the internal financial controls, are adequate and that the financial records may be relied upon for preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Company's assets and liabilities.

5. Governance of risk

The committee is responsible for overseeing the governance of risk for the Company. During the year, the committee revisited the risk management framework and determined how to ensure effective cascading of integrated assurance across the various board committees.

Nothing has come to the committee's attention to indicate that any material breakdown in the functioning of internal controls resulting in material loss to the Company has occurred during the year and up to the date of this report.

6. Internal audit

The internal audit function, outsourced to Ernst & Young, reviews and provides assurance on the adequacy and effectiveness of internal controls and internal financial controls.

During the year under review, the committee:
- Reviewed and approved the annual internal audit coverage plan;
- Evaluated the independence, effectiveness and performance of the internal audit function in terms of its scope, execution of its plan, coverage, independence, skills, resourcing, overall performance and position within the organisation and found it to be satisfactory;
- Considered the internal audit reports on the Company's systems of internal controls, including financial controls and accounting records;
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings;
- Met with the internal audit independently of management; and
- Assessed the adequacy of the performance of the internal audit function and found it to be satisfactory.

7. CEO and CFO responsibility statement

The committee evaluated the CEO and CFO's responsibility statement on the financial statements and internal financial controls as required by the JSE Listings Requirements as set out on page 03.

The CEO and CFO reviewed the controls over financial reporting and presented the findings to the committee. Based on this evaluation management identified certain deficiencies that were largely mitigated by compensating controls and did not lead to any material concerns with the financial reporting process.

A remediation plan has been developed by management to address control deficiencies as part of the Company's ongoing journey towards strengthening the internal controls related to financial reporting, especially as it relates to control improvements associated with control disciplines and the implementation of a new universal ERP system.

The committee received an update on the implementation of the risk and control matrices and discussed managements conclusion and believe the internal controls can be relied upon as a reasonable basis for the preparation of the annual financial statements

8. Going concern

In preparing the financial statements, the committee is responsible for evaluating the Company's ability to continue as a going concern and therefore the appropriateness of the going concern assumption in the preparation of the financial statements. The committee have assessed the economic environment, current financial position, and the expected cash flows for the next 12 months through to the end of June 2024. The liquidity and solvency position has also been reviewed as part of this assessment.

The committee is satisfied that there are no material uncertainties that cast doubt on the Company's ability to operate as a going concern. The Company has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the committee considers it appropriate to adopt the going concern assumption for the preparation of the 2023 financial statements and recommends the going concern assumption to the board of directors for approval.

9. Significant areas of judgement

In arriving at the figures disclosed in the financial statements, there are certain areas where judgement is needed. The ARC has considered various elements of the financial statements that require judgement and have found all judgements and estimates to be reasonable and provide additional commentary on the investment in subsidiaries and intercompany receivables impairment assessment.

Impairment of investments in subsidiaries and intercompany receivable

The committee has considered the carrying value of the investment in subsidiaries and amounts due by subsidiary companies in line with the recoverable amount of the respective asset class for the period under review. The committee has applied its mind to the assumptions used in determining the recoverable amount including the following, the financial position of the subsidiary from whom the loans are recoverable, the net asset value of the subsidiary and the financial performance of the subsidiary in the financial year ended 28 February 2023. A detailed view of the impairment assessment and conclusion has been provided in Note 3 and 5 in the financial statements.

Report of the audit and risk committee continued

Evaluation of expertise and experience of the CFO and the finance function

The committee has considered and is satisfied with the appropriateness of the expertise and experience of the CFO, Mr Noel Prendergast. The committee considered the appropriateness of the expertise, diversity and adequacy of resources of the Company's financial function and the effectiveness of the members of management responsible for the finance function.

The committee is satisfied that it has met the requirements of its terms of reference.

The ARC has access to all financial information of the Company, including the financial information of subsidiaries of the Company.

Key focus areas

In addition to executing on its statutory duties and the considering key audit matters, the committee also addressed the following key areas of focus during the year ended 28 February 2023.

- Continued to monitor the progress of the Company's financial roadmap and approved any amendments necessitated by the turnaround strategy;
- Continued monitoring the risk exposure of the Company and ensuring adequate and sound mitigating measures were in place;
- Ensured that the combined assurance model was in place and was applied to provide a coordinated approach to all assurance activities; and
- Evaluated initiatives implemented to monitor cyber security and security of data.

The committee has set the following key areas of focus for 2024:

- Monitor the progress of the Company's financial roadmap and alignment with the Company's strategy, this includes the impact of the current prevailing macro and microeconomic conditions;
- Continuing monitoring the risk exposure of the Company and ensuring adequate and sound mitigating measures are in place;
- Ensure that the combined assurance model is in place and is applied to provide a coordinated approach to all assurance activities; and
- Evaluating initiatives implemented to monitor cyber security and security of data.

Conclusion

Having considered all the material factors the committee recommended the financial statements for the year ended 28 February 2023 for approval to the Board. The board of directors has approved the audited financial statements which will be open for discussion at the forthcoming AGM of shareholders.

I would like to extend my appreciation to management, the external auditor, internal auditors and fellow committee members for their work and support throughout the year.

TMokgabudi

T Mokgabudi
Chairman, audit and risk committee

30 June 2023

Independent Auditor’s Report

To the shareholders of Adcorp Holdings Limited

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Adcorp Holdings Limited (the Company) set out on pages 14 to 49, which comprise the statement of financial position as at 28 February 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, accounting policies, notes to the financial statements and Annexure A – Details of significant subsidiaries.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Adcorp Holdings Limited as at 28 February 2023, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS 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 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.

Key audit matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the separate financial statements of the current period. This matter was addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment of investments in subsidiaries

Refer to accounting policy 1.7 Investments in subsidiaries and note 3 Investments in subsidiaries

Key audit matter	How the matter was addressed in our audit
Investments in subsidiaries of R3.8 billion comprise 84% of the total assets of the Company. As required by IAS 36, Impairment assets (IAS 36), where an indicator of impairment has been identified, management conduct impairment assessments to test the recoverability of the carrying amount of investments in subsidiaries. Impairment assessments are performed using discounted cash flow models to determine the value in use of the investment in subsidiary. The key estimates and assumptions made in determining the value in use, include: • Growth rates applied to revenue, EBITDA and EBITDA margin; • Terminal growth rates; and • The discount rate applied to the projected future cash flows. During the current year an impairment indicator was identified by management in respect of Adcorp Holdings Australia Proprietary Limited due to the investment value exceeding the net asset value of the subsidiary. Due to the significance of the value of investments in subsidiaries, the estimation uncertainty and judgments involved when using the discounted cash flow model to determine the value in use of the investments, as well as the level of audit effort required, this was considered a key audit matter in our audit of the separate financial statements.	Our team included senior audit team members and valuation specialists, who understand the company’s business and industry. Our audit procedures related to the Impairment of investments in subsidiaries included: • We tested the design and implementation of controls relating to the review of management’s assessment of the impairment of investments in subsidiaries. • We assessed whether any indicators of impairment of investments in subsidiaries were identified. In respect of the investment in Adcorp Holdings Australia Proprietary Limited, we performed the following procedures: • Critically evaluated whether the discounted cash flow model used by management to calculate the value in use of this investment complies with the requirements of IAS 36; • Challenged the key assumptions used by the management in their value in use calculations by: – assessing the reasonableness of assumptions relating to future cash flows in relation to our knowledge of the subsidiary and the industries in which it operates; – involved our valuation specialists in assessing the reasonableness of the discount rates applied by independently calculating the rates using independent inputs and inputs from comparable companies and comparing the rates to those used by management. • Compared the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to evaluate the accuracy of management’s projections. • Performed sensitivity analyses on key assumptions to assess the impact on the value in use calculations; and • Evaluated the adequacy and appropriateness of the disclosures made by management in the financial statements in accordance with IAS 36.

Auditor's report continued

Emphasis of matter – *comparative information*

We draw attention to Note 26 of the separate financial statements which indicates that the comparative information presented as at and for the year ended 28 February 2022 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The separate financial statements of the Company at and for the year ended 28 February 2022), excluding the adjustments described in note 26 to the separate financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 June 2022.

As part of our audit of the separate financial statements as at and for the year ended 28 February 2023, we audited the adjustments described in note 26 that were applied to restate the comparative information presented as at and for the year ended 28 February 2022.

We were not engaged to audit, review, or apply any procedures to the separate financial statements for the year ended 28 February 2022, other than with respect to the adjustments described in note 26 to the separate financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 26 are appropriate and have been properly applied.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcorp Holdings Limited Integrated Annual Report" and in the document titled "Adcorp Holdings Limited separate Annual Financial Statements for the year ended 28 February 2023", which includes the Company secretary compliance statement, Directors' report and the Report of the audit and risk committee 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 as issued by the International Accounting Standards Board (IFRS 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.

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 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 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 KPMG Inc. has been the auditor of Adcorp Holdings Limited for one year.

GAldrighetti

KPMG Inc.
Registered Auditor

Per G Aldrighetti

Chartered Accountant (SA)
Director
30 June 2023

KPMG Inc.
85 Empire Road
Parktown, 2193
South Africa

Statement of financial position

as at 28 February 2023

	Notes	2023 R'000	2022 R'000
Assets			
Non–current assets			
Investments in subsidiaries	3	3 752 600	3 752 600
Other financial assets – investment at fair value	4	21 074	19 597
Amounts due by subsidiary companies	5	555 468	498 369
		4 329 142	4 270 566
Current assets			
Amounts due by subsidiary companies	5	7 202	639
Other receivables	6	4 252	3 247
Cash and cash equivalents	7	114 777	144 387
		126 231	148 273
Total assets		4 455 373	4 418 839
Equity and liabilities			
Equity			
Share capital and share premium	8	1 741 178	1 741 178
Reserves		184 093	312 570
Accumulated loss		(280 549)	(370 354)
		1 644 722	1 683 394
Liabilities			
Non–current liabilities			
Deferred taxation	11	34 975	19 603
Current liabilities			
Interest–bearing borrowings	12	–	100 000
Trade and other payables	13	4 616	3 966
Amounts due to subsidiary companies	14	2 771 060	2 611 876
		2 775 676	2 715 842
Total liabilities		2 810 651	2 735 445
Total equity and liabilities		4 455 373	4 418 839

Statement of profit or loss and other comprehensive income

For the year ended 28 February 2023

	Notes	2023 R'000	2022 R'000
Revenue	15	–	2 011
Other operating gain / (loss)		56 934	(24 598)
Other operating expenses		(16 077)	(15 147)
Operating profit / (loss)	16	40 857	(37 734)
Investment income	17	4 545	15 689
Finance costs	18	(4 545)	(16 213)
(Impairment)/reversal of impairment of intercompany loans receivable		(65)	673 325
Profit before taxation		40 792	635 067
Taxation	19	(15 372)	7 613
Profit for the year		25 420	642 680
Other comprehensive income		–	–
Total comprehensive income for the year		25 420	642 680

Statement of changes in equity

For the year ended 28 February 2023

	Share capital R'000	Share premium R'000	Total share capital R'000
Balance at 1 March 2021	3 069	1 738 109	1 741 178
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Recognition of BBBEE and staff share-based payments	–	–	–
Equity settled share-based payment charge	–	–	–
Balance at 1 March 2022	3 069	1 738 109	1 741 178
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**
Recognition of BBBEE and staff share-based payments	**–**	**–**	**–**
Equity settled share-based payment charge	**–**	**–**	**–**
Transfer to retained earnings	**–**	**–**	**–**
Transfer from reserves	**–**	**–**	**–**
Distributions to shareholders	**–**	**–**	**–**
Balance at 28 February 2023	**3 069**	**1 738 109**	**1 741 178**
Notes	8	8	8

Share-based payments reserve R'000	Non-distributable reserve R'000	Total reserves R'000	Accumulated loss R'000	Total equity R'000
176 130	119 918	296 048	(1 013 034)	1 024 192
–	–	–	642 680	642 680
–	–	–	–	–
–	–	–	642 680	642 680
7 206	–	7 206	–	7 206
9 316	–	9 316	–	9 316
192 652	119 918	312 570	(370 354)	1 683 394
–	–	–	25 420	25 420
–	–	–	–	–
–	**–**	**–**	**25 420**	**25 420**
7 206	**–**	**7 206**	**–**	**7 206**
5 222	**–**	**5 222**	**–**	**5 222**
(9 560)	**(119 918)**	**(129 478)**	**129 478**	**–**
(11 427)	**–**	**(11 427)**	**–**	**(11 427)**
–	**–**	**–**	**(65 093)**	**(65 093)**
184 093	**–**	**184 093**	**(280 549)**	**1 644 722**
9	10			

Statement of cash flows

for the year ended 28 February 2023

	Notes	2023 R'000	Restated* 2022 R'000
Operating activities			
Profit before taxation		40 792	635 067
Adjusted for:			
Impairment/(reversal) of impairment intercompany loans receivable		65	(673 325)
Fair value gain on investment		(1 477)	(626)
Foreign exchange difference relating to foreign denominated intercompany loan receivable		(56 934)	24 598
Finance income		(4 545)	(15 689)
Finance costs		4 545	16 213
Share-based payment expenses		7 206	7 206
Changes in working capital:			
Increase in other receivables		(830)	(166)
Increase in trade and other payables		651	580
Cash utilised by operations		(10 527)	(6 142)
Finance income		2 330	4 777
Finance costs		(4 545)	(16 213)
Net cash outflow from operating activities		(12 742)	(17 578)
Investing activities			
Loans repaid by subsidiaries		–	862 946
Net cash inflow from investing activities		–	862 946
Financing activities			
Proceeds from borrowings	12	250 000	610 000
Repayment of borrowings	12	(350 000)	(960 000)
Loans advanced from subsidiaries		3 419 441	4 824 623
Loans repaid to subsidiaries		(3 271 216)	(5 307 620)
Dividends paid	22	(65 093)	–
Net cash outflow from financing activities		(16 868)	(832 997)
Net (decrease) / increase in cash and cash equivalents		(29 610)	12 371
Cash and cash equivalents at the beginning of the year		144 387	132 016
Cash and cash equivalents at the end of the year	7	114 777	144 387

* *Refer to note 26 for details on the restatement.*

For better presentation, information that was previously disclosed in the "Cash utilised by operations" note has now been presented on the face of the statement of cash flows. There was no material impact on the numbers as result of this change in presentation.

Accounting policies
for the year ended 28 February 2023

Corporate information

Adcorp Holdings Limited is a public company incorporated and domiciled in South Africa. The principle activity of the Company is investment holding. Areas of activity of its subsidiaries include the rendering of services in areas of permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training. Subsidiaries carry on business in South Africa and Australia.

1. Significant Company accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa and JSE Listing Requirements.

Adcorp Holdings Limited produces consolidated financial statements that comply with International Financial Reporting Standards and that are publicly available. These audited financial statements can be obtained at the registered office of the Company at 102 Western Service Road, Gallo Manor Extension 6, Woodmead, 2191.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards), the International Financial Reporting Interpretations Committee ("IFRIC") and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The financial statements are presented in Rand (ZAR), the currency of South Africa where Adcorp Holdings Limited is incorporated. All values are rounded to the nearest thousand in the tables presented and nearest million in explanatory notes unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measure at fair value. These accounting policies are consistent with those of the comparative financial year unless otherwise stated.

The financial statements were authorised for issue by the board of directors on 30 June 2023.

Fair value measurements and valuation processes

The Company measures certain financial instruments at fair value at each reporting date (note 4 and 24).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair values of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the audited financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 24.

1.3 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Accounting policies continued

for the year ended 28 February 2023

1. Significant Company accounting policies (continued)

1.3 Financial instruments (continued)

Subsequent measurement of financial assets (continued)

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on their classification of the financial asset.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise to cash flows that are solely payments of principal and interest on principal amount outstanding.

This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at instrument level.

Financial assets at amortised cost include other receivables (note 6), cash and cash equivalents (note 7) and loans to Group companies (note 5), as the business model is to collect payment of principal and interest.

Financial assets at fair value through profit or loss include an investment in a cell captive arrangement housed within an insurance company (note 4).

The Company currently does not recognise any financial assets through other comprehensive income.

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.

Subsequent measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss. The Company currently has no financial liabilities classified as at fair value through profit or loss.

Financial liabilities at amortised cost includes interest-bearing borrowings (note 12), loans from Group companies (note 14) and trade and other payables (note 13).

Derecognition of financial assets and liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains all the risks and rewards of ownership of a transferred financial asset substantially, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it, as an extinguishment of the original financial liability and recognising a new financial liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the profit or loss on extinguishment. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after the modification should be recognised in profit or loss.

The modification recognised in profit or loss and any costs or fees incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

Amortised cost and effective interest method
Finance income is recognised in profit or loss and presented in the finance income line item. Finance cost is recognised in profit or loss presented in the finance cost line item.

Other receivables
The Company recognises a loss allowance for expected credit losses (ECL) applying the simplified approach and measures the loss allowance at an amount equal to the lifetime ECLs. As there is no significant financing component to other receivables, the Company uses a specific identification and provision matrix when measuring ECLs.

The simplified approach is forward looking and takes into account historical credit loss experience, time value of money and future economic factors including inflation. Losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss. When an other receivable is uncollectible, it is written off and recognised in profit or loss.

1.4 Taxation
Tax expenses
Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Current taxation
Current taxation comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

The tax rates and tax laws used to compute the amount of taxation are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax assets and liabilities
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences, carry forward of unused taxation credits and unused taxation losses can be utilised. Such deferred taxation assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and those deferred taxation liabilities in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future and deferred taxation assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled, based on enacted or substantively enacted rates at the reporting date.

Deferred taxation assets and liabilities are offset when they arise from the same tax reporting entity, and relate to the same authority and when there exists a legal right to offset.

1.5 Share-based payments
Share-based payment schemes are all settled by providing shares of the Company to the recipients. The Company accounts for all share-based payments as equity settled.

Equity-settled share-based payment transactions are measured at the fair value of the equity instruments granted. The fair value is measured at the grant date. IFRS 2 defines the grant date as the date at which the entity and another party agree to a share-based payment arrangement, being when the entity and counterparty have a shared understanding of the terms and conditions of the arrangement.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense in profit and loss, with a corresponding increase in equity, over the vesting period of the awards. The share-based payment expense is on-charged to the relevant subsidiaries.

Accounting policies continued

for the year ended 28 February 2023

1. Significant Company accounting policies (continued)

1.6 Revenue

Dividends are recognised in profit or loss when the Company's right to receive payment is established.

1.7 Investments in subsidiaries

All investments in subsidiaries are carried at cost less any impairments.

For the purposes of impairment testing, the cost of each of the subsidiaries is compared to the recoverable amount which is the higher of the value in use or fair value less costs to sell. Where the recoverable amount is lower than the cost, an impairment is recognised in profit or loss. The value in use is determined when an impairment indicator exists.

1.8 Investment at fair value

Investments in securities are recognised on a trade date basis and are initially measured at fair value. The investment in the cell captive arrangement, is classified as held at fair value through profit or loss and measured subsequently at each reporting date at fair value. Refer additionally to note 1.2. Fair value measurements and valuation processes.

1.9 Foreign currency transactions and balances

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The profit or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the profit or loss on change in fair value of the item (i.e. translation differences on items whose fair value profit or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised costs and stated at carrying amount which reflects its fair value.

Certain bank accounts are provided as security for banking facilities available to the Group.

1.11 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from equity.

1.12 Accounting judgements and estimates

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Revisions to estimates are recognised prospectively.

1.12.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:
Note 9 – Accounting for share-based payment transactions

1.12.2 Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts assets and liabilities within in the next financial year is included in the following notes:
Note 3 – Impairment of investments in subsidiaries
Note 4 – Cell captive arrangement
Note 5 – Impairment of financial assets carried at amortised cost

2. Standards issued not yet effective

The standards and interpretations that are issued but not yet effective up to date of issuance of the Company's financial statements, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard	Annual reporting periods beginning on or after
The following standards will unlikely have a material impact:	
Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statements 2	1 January 2023
Definition of Accounting Estimates –amendments to IAS 8	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Deferral of Effective Date	1 January 2024
Annual improvements to IFRS 2018-2022	1 January 2023
The following standards will unlikely have a material impact, as the change does not apply to the entity as there are currently no transactions that are recognised under these standards:	
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024

Notes to the annual financial statements continued

for the year ended 28 February 2023

3. Investments in subsidiaries

	2023 R'000	2022 R'000
Investment at cost less any impairments:		
Adcorp Flexible Staffing Solutions Proprietary Limited	**209**	209
DAV Personnel Proprietary Limited	**7 269**	7 269
Research Surveys Proprietary Limited	**6 726**	6 726
Adcorp Holdings Australia Proprietary Limited	**284 875**	284 875
Adcorp Group South Africa Proprietary Limited	**3 011 441**	3 011 441
Adcorp Workforce Management Solutions Proprietary Limited	**456 075**	456 075
Adcorp Africa Limited*	**–**	–
	3 766 595	3 766 595
Impairment of investments in subsidiaries	**(13 995)**	(13 995)
	3 752 600	3 752 600
Accumulated impairment of investments in subsidiaries		
Research Surveys Proprietary Limited	**6 726**	6 726
DAV Personnel Proprietary Limited	**7 269**	7 269
	13 995	13 995

** The value of the investment is below R1 000.*

In the prior year, the intercompany loan with Adcorp Staffing Solutions proprietary Limited to the value of R456 million, was recapitalised as an investment in Adcorp Workforce Management Solutions Proprietary Limited, through a loan reorganisation process.

In the prior year, the following intercompany loans were recapitalised as an investment in Adcorp Group South Africa Proprietary Limited, through a loan re-organisation process:

- Adcorp Fulfilment Services Proprietary Limited R741 million
- Adcorp Workforce Solutions Proprietary Limited R370 million

During the current year, the Company acquired an investment in Adcorp Africa Limited for consideration of 1 United States Dollar.

Impairment of assets

As required by IAS 36, *Impairment assets* (IAS 36), where an indicator of impairment has been identified, management conduct impairment assessments to test the recoverability of the carrying amount of investments in subsidiaries. One of the impairment indicators considered is the net asset value of the underlying subsidiary.

The proportionate share of the net asset value of the underlying subsidiaries are as follows:

	Net asset value R'000
Adcorp Flexible Staffing Solutions Proprietary Limited	330 681
DAV Personnel Proprietary Limited*	7 034
Adcorp Group South Africa Proprietary Limited	3 011 445
Adcorp Workforce Management Solutions Proprietary Limited	1 883 054
Research Surveys Proprietary Limited*	–
Adcorp Holdings Australia Proprietary Limited	231 627

** In the prior year, the additional consideration that these subsidiaries were dormant and that no additional cash flows were expected to realise, triggered the risk of irrecoverability and therefore an impairment was raised to the carrying value.*

The net asset value of Adcorp Holdings Australia Proprietary Limited (AHA) is below the carrying value of the investment in AHA, which is an indicator of impairment. An impairment test was performed as at 28 February 2023, by comparing the value in use to the carrying value of the investment. No impairment was recognised in the current and prior financial years. Paxus, TalentCRU and Labour Solutions are the cash generating units in AHA.

The value-in-use calculation is based on a discounted cash flow (DCF) model or by comparing to the carrying value of the investment at year end to the proportionate share of the net asset value of the underlying subsidiary.

Impairment losses recognised in the prior year were based on comparing the carrying value of the investment at year end to the proportionate share of the net asset value of the underlying subsidiary. The investments in subsidiaries are unlisted shares not traded in an active market.

The cash flow inputs to the DCF were derived from the budget for the next five years and do not include restructuring activities that the management of the investee companies is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. In certain instances, the budgets have been revised to take into account the business risks.

Key estimates and assumptions

Key assumptions include the discount rate, terminal growth rate and cash flows used to determine the value in use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering five years and are extrapolated over the useful life of the asset to reflect the long-term plans for the Company using the estimated growth rate for the specific business which is determined with reference to long-term country specific gross domestic product ("GDP") rates.

The table below illustrates the discount rate growth rates and terminal growth rate used in the valuation calculation to determine the headroom of the investment.

	Pre-tax discount rate		Growth rate range		Terminal growth rate	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
AHA						
Paxus	**17,1**	17,1	**6 – 9**	2 – 12	**2**	2
TalentCru	**20,0**	20,0	**10 – 111**	2 – 10	**2**	2
Labour Solutions	**20,0**	17,1	**10 – 25**	2 – 10	**2**	2

	Headroom	
	2023 R'000	2022 R'000
Investment in subsidiary		
Adcorp Holdings Australia Proprietary Limited	**710 684**	348 938

Sensitivity analysis

The impairment calculations are most sensitive to the following assumptions:

- Discount rates.
- Terminal growth rates.
- Growth rates applied to revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) and EBITDA margin.

Cash flows

Only the plans that are committed to and given effect to at 28 February 2023 were affected in the projected cash flows.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Notes to the annual financial statements continued

for the year ended 28 February 2023

3. Investments in subsidiaries (continued)

Adjustments to the discount rates were made at 28 February 2023 to reflect the appropriate level of risk at the reporting date.

Appropriate sensitivity analyses were performed on the CGU, which included fluctuations in growth rates applied to revenue, EBITDA in the cash flow forecast, terminal growth rates and discount rates.

AHA

Paxus

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R102 million (2022: R133 million), which would not result in an impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R87 million (2022: R74 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R48 million (2022: R44 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

TalentCru in Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R1 million (2022: R12 million) which would not result in an impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R1 million (2022: R7 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil)

A change of 1% on the terminal growth rate would result in a R1 million (2022: R5 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

Labour Solutions Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R61 million (2022: R24 million), which would not result in an impairment if the deviation in earnings was negative (2022: Rnil).

A change of 1% on the discount rate would result in a R53 million (2022: R19 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R63 million (2022: R9 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

4. Other financial assets – investment at fair value

	2023 R'000	2022 R'000
Investment at fair value		
Opening balance	**19 597**	18 971
Fair value gain	**1 477**	626
Closing balance	**21 074**	19 597

The investment at fair value represents an investment in a cell captive arrangement which is housed within an insurance company where the Company owns a special class of shares that entitles the Company to participate in the administration, risk and economic result of the agreed insurance business introduced to the insurance company. The investment in the unlisted shares is not traded in an active market.

Key estimates and judgements

Under this cell captive arrangement Adcorp is insured against future adverse events by investing in shares issued by the insurer. The insurer utilises the capital received from Adcorp to purchase a portfolio of income-generating assets. Claims initiated by Adcorp against the insurer are settled from the portfolio of assets and are typically limited to the funds available from the portfolio.

The Company has determined that it does not have control over its insurance cell captive as the assets and liabilities are controlled by the insurer. The Company does not have the ability to direct the relevant activities of the cell captive arrangement or influence returns and the cell captive has therefore not been recognised as a subsidiary. There have been no changes during the current financial year to the cell captive arrangement.

5. Amounts due by subsidiary companies

	2023 R'000	2022 R'000
Subsidiaries		
Adcorp Flexible Staffing Solutions Proprietary Limited	**1 251**	1 251
Adcorp Staffing Solutions Proprietary Limited	**2 091**	2 038
Fortress Administration Proprietary Limited	**1 192**	233
Adcorp Holdings Australia Proprietary Limited	**554 916**	498 369
Adcorp Workforce Management Solutions Proprietary Limited	**303**	–
Adcorp Contracting Proprietary Limited	**1 682**	311
Production Management Institute of Southern Africa Proprietary Limited	**12**	40
Prior Learning Centre Proprietary Limited	**146**	55
Adcorp Workforce Solutions Proprietary Limited	**3 879**	–
Adcorp Africa Limited	**552**	–
	556 024	502 297
Expected credit losses	**(3 354)**	(3 289)
	562 670	499 008

Notes to the annual financial statements continued

for the year ended 28 February 2023

5. Amounts due by subsidiary companies (continued)

	2023 R'000	2022 R'000
Reconciliation: Expected credit loss on loans to subsidiaries		
Adcorp Staffing Solutions Proprietary Limited	2 091	2 038
Adcorp Flexible Staffing Solutions Proprietary Limited	1 251	1 251
Production Management Institute of Southern Africa Proprietary Limited	12	–
	3 354	3 289

The Adcorp Holdings Australia Proprietary Limited loan denominated in Australian Dollars is not expected to be repaid within 12 months of the reporting period.

The loan to Adcorp Africa Limited bears interest based on the One month Secured Overnight Funding Rate (SOFR), which is repayable together with the principal outstanding on 31 May 2024.

No interest was levied or received on the rest of the intragroup facilities during the current year.

Loans to and from the Group companies are generally unsecured and not subject to any fixed terms of repayment.

With the exception of the loan to Adcorp Holdings Australia Proprietary Limited, the directors consider loans to Group companies to be current. These are used for either cash management or trading purposes between Group companies and are therefore intended to be repaid within 12 months of the reporting period.

Key estimates and judgements

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition.

In determining the ECL on intercompany receivable loan accounts, management has considered:

- The financial position of the companies from whom intercompany loans are recoverable. The net asset value of the Company from whom the loan is recoverable was used by management to determine whether the loan could be recovered in the event of the Company's liquidation. A negative net asset value would increase the probability of non-recoverability in future; and
- The change in financial performance of the Company where declining profitability was considered a potential sign of decreased ability to make payment on receivable balances in future.

Management has assessed that there has not been a significant increase in credit risk associated with the intercompany loan accounts between the 2022 and 2023 financial years. The Company's financial performance contributed significantly to the assessed risk as well as having assessed credit risk, the Company expects credit losses of R3,4 million (2022: R3,3 million).

The assessed risk resulted in the recognition of expected credit losses as follows:

	2023 R'000	2022 R'000
Movement in the allowance for ECLs		
Balance at the beginning of the year	3 289	676 629
Amounts provided / (released) during the year	65	(673 340)
Balance at the end of the year	3 354	3 289
Split between non-current and current portions		
Non-current assets	555 468	498 369
Current assets	7 202	639
	562 670	499 008

6. Other receivables

	2023 R'000	2022 R'000
Financial instruments:		
Interest from bank facilities	**490**	315
Other receivables	**195**	195
Staff loans	**1**	1
Other receivable	**5**	–
Non-financial instruments:		
VAT	**3 061**	1 971
Prepayments	**–**	265
Deposits	**500**	500
Total other receivables	**4 252**	3 247

Fair value of other receivables

Due to short-term nature of other receivables, their carrying amounts is considered to be the same as their fair value.

Exposure to credit risk

Other receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due.

Key estimates and assumptions

The Company has considered the fact that no material write-offs have been made on other receivables in the past and has raised no expected credit loss on these assets.

7. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2023 R'000	2022 R'000
Bank balances	**114 777**	144 387

Group facilities

The Group has an intra-day facility at First National Bank of R100 million (2022: R100 million), total South African facilities available of R350 million (2022: R550 million) and total South African facilities used of Rnil (2022: R100 million).

The South African available facilities are the new revolving credit facility of R250 million (2022: R400 million) and accordion credit facility of R100 million (2022: R150 million).

Trade receivables and certain bank accounts of the Group are used as security to secure funding relating to the revolving loan facilities.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. As at 28 February 2023 the Company held majority of its cash and cash equivalents with local banks with a credit rating of Ba2.

Notes to the annual financial statements continued

for the year ended 28 February 2023

8. Share capital and share premium

	2023 R'000	2022 R'000
Authorised		
183 177 151 ordinary shares of 2,5 cents each (2022: 183 177 151)	**4 579**	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2022: 16 822 849)	**421**	421
Closing balance	**5 000**	5 000
Issued		
109 954 675 ordinary shares of 2,5 cents each (2022: 109 954 675)	**2 749**	2 749
6 729 140 "B" ordinary shares of 2,5 cents each (2022: 6 729 140)	**320**	320
Share premium	**1 738 109**	1 738 109
Closing balance	**1 741 178**	1 741 178

Voting and dividend rights

In terms of the memorandum of incorporation, both ordinary and B ordinary shareholders have voting rights, however only ordinary shares shareholders are entitled to a dividend.

9. Share-based payment reserve

A reconciliation of the share-based payment reserve (per share) is provided below:

	2023 R'000	2022 R'000
Share-based payment reserve		
Opening balance	**192 652**	176 130
Senior management long-term incentive scheme	**27 629**	18 313
Adcorp employee benefit trust and BBBEE shareholders' trust	**165 023**	157 817
Charge arising from equity-settled share-based schemes	**7 206**	7 206
Adcorp employee benefit trust and BBBEE shareholders' trust	**7 206**	7 206
Other movement in share-based payment reserve	**(15 765)**	9 317
Senior management long-term incentive scheme*	**5 222**	12 503
Senior management long-term incentive scheme**	**(9 560)**	–
Senior management long-term incentive scheme***	**(11 427)**	(3 186)
Closing balance	**184 093**	192 652
Senior management long-term incentive scheme	**11 864**	27 629
Adcorp employee benefit trust 2 and B-BBEE shareholders' trust	**172 229**	165 023

* *Share-based payment charge at subsidiary level.*
** *Relates to vesting of share awards.*
*** *Includes retention shares converted to performance bonuses.*

The full movement recognised for share-based payment transactions, for both the management long-term incentive scheme and the Adcorp Employee Benefit Trust and B-BBEE Shareholders' trust, arise from equity-settled share-based payment schemes.

Key estimates and judgements

The assessed fair value at grant date of share awards granted during the 28 February 2023 financial year is disclosed below. Retention shares (RS) and the performance shares (PS) at grant date are independently determined with the present value of future expected dividends discounted at a risk-free rate. The valuation models take into account the exercise price, the term of the share award, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the share award and the correlations and volatilities of the peer group companies.

Senior management long-term incentive scheme

Adcorp awards shares under the scheme as part of their retention and to align management remuneration with the achievement of short and long-term strategic and financial performance targets.

The plan includes two types of awards:

- PS: a conditional right to Adcorp shares, the vesting of which is subject to the fulfilment of service conditions as well as performance conditions. As specified in the award letter, participants will not be entitled to dividends or having any voting rights on the PS until the awards vest. Vesting periods are three years from date of award.
- RS: these are similar to PS but are not conditional on performance of Adcorp. These were converted to performance bonuses during the current financial year.

The following reconciles the outstanding share awards granted under the senior management long-term incentive scheme at the end of the financial year:

	2023		2022	
Senior management long-term incentive scheme	**Number of share awards**	**Weighted average exercise price**	Number of share awards	Weighted average exercise price
Outstanding at the beginning of the year	**13 435 079**	**5,11**	6 354 260	7,21
Granted during the year	**2 556 041**	**4,25**	9 142 712	4,92
Vested during the year	**(162 205)**	**23,46**	(264 370)	17,47
Forfeited during the year	**(6 386 882)**	**5,76**	(1 797 523)	8,81
Outstanding at the end of the year	**9 442 033**	**3,92**	13 435 079	5,11

The following awards were issued under the senior management long-term incentive scheme in the current and comparative financial years:

	Number still in issue	**Grant date**	**Vesting date**	**Type**	**Fair value at grant date**
Issued in FY2021	1 909 213	2020/12/01	2023/11/30	PS	4,26
Issued in FY2022	906 095	2021/04/01	2021/04/01	PS	4,88
Issued in FY2022	4 070 684	2021/06/30	2021/06/30	PS	3,82
Issued in FY2023	**2 556 041**	**2021/12/14**	**2021/12/13**	**RS**	**4,52**
	9 442 033				

The fair value at grant date are independently determined using a binomial model. The inputs to the model determining the fair value of the awards at grant date are set out below:

	2023	2022
Inputs		
Spot price (R)	**5,34 – 24,94**	5,20 – 24,94
Expected volatility (%)	**32,67 – 93,04**	34,06 – 109,32
Expected life (years)	**3 – 6**	3 – 6
Risk-free rate (%)	**4,20 – 8,80**	4,20 – 7,76
Expected dividend yield (%)	**1,77 – 10,27**	0 – 10,27

Adcorp Employee Benefit Trust and BBBEE shareholders' interest

In terms of the Broad Based Economic transaction in 2013 (2013 B-BBEE transaction), Adcorp has authorised and issued a total of 6 729 140 'B' ordinary shares (2022: 6 729 140 'B' ordinary shares) to its empowerment shareholders (AEBT 2) at a par value of 2.5 cents per share.

Notes to the annual financial statements continued

for the year ended 28 February 2023

9. Share-based payment reserve (continued)

In the 2014 financial year, Adcorp Holdings Limited entered into a share repurchase agreement with Thornbird Trade and Invest 33 Proprietary Limited and Wiphold Financial Services Number Two Proprietary Limited whereby, Adcorp Holdings Limited repurchased all the B ordinary shares held by Thornbird Trade and Invest 33 Proprietary Limited and Wiphold Financial Services Number Two Proprietary Limited respectively for R0,102 million.

	2023	2022
Issued "B" class shared in Adcorp Holdings shares		
6 729 140 ordinary shares of 2,5 cents per share (2022: 6 729 140) at the beginning of the year	168	168
6 729 140 ordinary shares of 2,5 cents per share (2022: 6 729 140) at the end of the year	168	168

In respect of the 2013 B-BBEE transaction, the fair value of the cancelled and new shares issued on date of modification were calculated using the Black-Scholes option-pricing model. The inputs to the model are set out below:

	2014
Weighted average share price (R)	34,86
Weighted average exercise price (R)	42,17
Expected volatility (%)	24,47
Expected life (years)	10,00
Risk-free rate (%)	7,99
Expected dividend yield (%)	4,07

Using the modification cost principles under IFRS 2: Share-based payments, the total modified cost of the B-BBEE scheme is R146 million. The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modification option cost plus (b) the unamortised option value relating to the 2007 B-BBEE deal. Details of the amounts expenses over the remaining period of the scheme are as follows:

	2023	2022
One year	7 206	7 206
Two to five years	–	7 206
	7 206	14 412

The following reconciles the outstanding share awards granted under the Adcorp Employee Benefit Trust at the beginning and end of the financial year:

	2023		2022	
	Number of share awards	Weighted average exercise price	Number of share awards	Weighted average exercise price
Adcorp Employee Benefit Fund Trust 2				
Outstanding balance at the beginning of the year	6 729 140	42,17	6 729 140	42,17
Outstanding at the end of the year	6 729 140	42,17	6 729 140	42,17

10. Non-distributable reserve

	2023	2022
Unrealised profit arising on sale of BEE companies into new entity during 2004	–	119 918

The unrealised profit was transferred to retained earnings in the current financial year.

11. Deferred taxation

	2023 R'000	2022 R'000
Deferred tax liability:		
Deferred tax on translation adjustment of foreign loan	**(34 975)**	(19 603)
Reconciliation of deferred tax liability		
At beginning of year	**(19 603)**	(27 216)
Reduction due to rate change	**569**	726
Movement of deferred tax on translation adjustment on foreign loan	**(15 941)**	6 887
	(34 975)	(19 603)

12. Interest-bearing borrowings

ZAR Revolving credit facility

The revolving credit facility of R400 million matured on 31 August 2022 and the Group renegotiated its facilities to include a revolving credit facility of R150 million (ZAR Revolving credit facility), an overdraft facility of R100 million and an accordion facility of R100 million which became effective on 1 September 2022 maturing in three years.

Interest is compounded monthly in arrears at an agreed margin plus JIBAR which is determined on each measurement date being the last day of each month. Any amount outstanding on the ZAR Revolving credit facility is to be repaid on the last day of the interest period. Any amount on the accordion facility which remains outstanding on the maturity date, will be repaid in full on that date.

The agreement sets out various events of default. For as long as an event of default has occurred and is continuing, the margin shall be the applicable margin plus 2% per annum. The financial covenants set out in the agreement includes the following:

Financial covenant ratio	**Requirement**
Interest cover ratio (ratio of adjusted EBITDA to net finance costs)	>3
Current ratio (ratio of current assets divided by current liabilities)	>1,1
Tangible net asset value('000)	R1 200 000

As at the reporting date, no events of default had occurred and the Group has complied with all financial covenants.

The accordion facility was not utilised during the current financial year.

Trade receivables with a carrying value of R552 million of the group are used as security to secure funding relating to the borrowing base facility. The eligible receivables are defined as those with outstanding invoices aged up to 90 days. Under the terms agreed to, the Company is restricted from invoice discounting and any other factoring arrangements on the eligible receivables.

As security for the borrowing base facility, a shared security agreement was entered into that holds a cession over the trade receivables and certain bank accounts between specified operating subsidiaries of the Adcorp Group.

	2023 R'000	2022 R'000
Reconciliation of movements on interest-bearing borrowings		
Opening balance	**100 000**	450 000
Repayments on facilities during the year	**(350 000)**	(960 000)
Interest accrued	**4 545**	16 213
Interest paid	**(4 545)**	(16 213)
Proceeds from facilities during the year	**250 000**	610 000
Closing balance at the end of the year	**–**	100 000

Notes to the annual financial statements continued

for the year ended 28 February 2023

13. Trade and other payables

	2023 R'000	2022 R'000
Financial instruments:		
Trade payables	16	322
Accruals	4 600	3 644
	4 616	3 966

Management is of the opinion that the net carrying value of trade and other payables approximates their fair value due to their short term nature.

14. Amounts due to subsidiary companies

	2023 R'000	2022 R'000
Subsidiaries		
Adcorp Management Services Proprietary Limited	1 143 992	988 463
Research Surveys Proprietary Limited	17 867	17 867
Capital Outsourcing Group Proprietary Limited – Africa	13 275	12 722
Quest Staffing Solutions Proprietary Limited	2 460	–
Torque IT Proprietary Limited	1 313	823
Adcorp Group South Africa Proprietary Limited	1 592 001	1 592 001
Adcorp Fulfilment Services Proprietary Limited	152	–
	2 771 060	2 611 876
Amounts due to subsidiaries		
Opening balance	2 611 876	3 113 156
Cash movement:		
Loans obtained from subsidiaries	3 419 441	4 824 622
Loans repaid to subsidiaries	(3 271 216)	(5 307 620)
Non cash movements:		
Loan rationalisation	–	2 659
Share-based payment expense	(5 222)	(4 990)
Interest transferred between subsidiaries	2 040	(10 912)
Management and commitment fees	(2 888)	(4 340)
Other movements	(2 434)	(699)
Provision for bonus	19 463	–
Closing balance	2 771 060	2 611 876

During the current year no interest on the intragroup facilities was levied or received.

Loans from subsidiaries are generally unsecured and not subject to any fixed terms of repayment.

Adcorp Group South Africa Proprietary Limited and Adcorp Management Services Proprietary Limited (R707 million) have subordinated their claims to loans made to the Company in favour of third party creditors until such time as the Company's current assets exceed its current liabilities.

Fair value of amounts due to subsidiaries

The fair value of Group loans payable approximates their carrying amounts due to their short-term nature.

15. Revenue

	2023 R'000	2022 R'000
Revenue other than from contracts with customers		
Dividends received	–	2 011

16. Operating profit /(loss)

Operating profit/(loss) includes the following items:

	2023 R'000	2022 R'000
Audit fees	114	110
Remuneration, other than to employees		
Consulting and professional services*	(71)	171
Share-based payments expense	7 206	7 206
**Consulting and professional services recovery.*		
Other		
Administrative and managerial services*	(2 870)	(4 341)
Fair value gain on other financial asset	(1 447)	(626)
Board fees	6 528	8 100
Computer expenses	–	407
Other expenses	6 576	4 120
Exchange differences arising on the foreign loan receivable by subsidiary	(56 934)	24 598

** Relates to recovery of costs for services performed on behalf of subsidiaries.*

17. Investment income

	2023 R'000	2022 R'000
Interest income		
Investments in financial assets:		
Bank and other cash	4 179	4 777
Interest received	366	10 912
Total interest income	4 545	15 689

18. Finance costs

	2023 R'000	2022 R'000
Financial instruments held at amortised cost		
Interest-bearing borrowings	4 545	16 213

Notes to the annual financial statements continued

for the year ended 28 February 2023

19. Taxation

	2023 R'000	2022 R'000
Major components of the tax income		
Deferred		
Current period	15 941	(7 613)
Changes in tax rates	(569)	–
	15 372	(7 613)
Reconciliation of the tax income		
Reconciliation between accounting profit and tax expense/(income):		
Profit before taxation	40 792	635 067
Tax at the applicable tax rate of 28% (2022: 28%)	11 422	177 819
Tax effect of adjustments on taxable income		
Impairment of loans	18	–
Limitation of loss*	2 896	–
Share-based payment	2 018	(816)
Non-taxable income	(413)	(184 616)
Tax rate change	(569)	–
	15 372	(7 613)

** This relates to expenses that have been added back to avoid creating an assessed loss as the Company does not have revenue.*

It was announced that the corporate tax rate will be reduced from 28% to 27% with effect from years of assessment ending on or after 31 March 2023.

This rate change will only have an impact on Adcorp's current tax rate for the year of assessment ending February 2024. Thus the rate for current tax purposes will remain at 28% for the reporting period February 2023.

20. Related parties

Relationships

Refer to notes 5 and 14 for details regarding related party balances. Refer to Annexure A for a listing of significant subsidiaries.

	2023 R'000	2022 R'000
Related party transactions		
Interest received from related parties		
Subsidiaries	–	(10 912)
Dividends received from related parties		
Adcorp Group South Africa Proprietary Limited	–	(2 011)
Consulting fees paid to related party		
Non-executive director – C Smith	1 449	1 462
Recovery of costs from subsidiary companies		
Adcorp Management Services Proprietary Limited	2 870	4 341

21. Directors' and prescribed officer's emoluments

Executive directors

2023	Salary R'000	Bonus R'000	Employee benefits R'000	Notice and leave pay R'000	Total R'000
Dr J Wentzel	5 076	4 000	1 206	–	10 282
N Prendergast	2 842	1 710	502	–	5 054
	7 918	5 710	1 708	–	15 336

2022	Salary R'000	Bonus R'000	Employee benefits R'000	Notice and leave pay R'000	Total R'000
Dr J Wentzel (appointed 1 April 2021)	4 409	6 088	1 157	–	11 654
N Prendergast	2 723	1 440	517	–	4 680
P Roux (resigned 31 March 2021)	500	–	40	353	893
	7 632	7 528	1 714	353	17 227

The executive directors remuneration is paid out of Adcorp Management Services Proprietary Limited.

The prescribed officers' remuneration is paid out of other companies within the group.

Notes to the annual financial statements continued

for the year ended 28 February 2023

21. Directors' and prescribed officer's emoluments (continued)

Prescribed officers

2023	Salary R'000	Bonus R'000	Other Bonus (Retention)* R'000	Employee benefits R'000	Realised gains on share awards R'000	Separation costs R'000	Notice and leave pay R'000	Total R'000
R de Grooth	2 859	1 136	3 001	277	213	–	–	7 486
N Najjar	2 352	1 238	–	564	–	–	–	4 154
B Toerien (appointed 2 December 2022)	2 111	899	2 449	622	84	–	–	6 165
M Woodbury (resigned 24 June 2022)	1 036	–	–	90	–	–	1 150	2 276
P Prasad (appointed November 2022)	1 202	695	–	126	–	–	–	2 023
	9 560	3 968	5 450	1 679	297	–	1 150	22 104

2022	Salary R'000	Bonus R'000	Employee benefits R'000	Realised gains on share awards R'000	Separation costs R'000	Notice and leave pay R'000	Total R'000
R de Grooth	2 715	1 350	301	298	–	–	4 664
N Najjar (appointed 1 April 2021)	1 798	1 638	471	–	–	–	3 907
K Vittee (resigned 28 February 2022)	2 440	–	666	615	3 069	877	7 667
M Woodbury	2 768	665	247	–	–	–	3 680
	9 721	3 653	1 685	913	3 069	877	19 918

* *A retention bonus was paid to select senior and executive managers to support the incoming CEO in 2020, 10 individuals were paid including the afore noted Prescribed Officers. The retention period was from 1 March 2021 until 28 February 2023. The beneficiaries of this retention bonus were required to stay in the employment of Adcorp for 2 years in return for a bonus equivalent to one year's value of their Total Cost to Company. The prescribed officers' remuneration is paid out of other companies within the group.*

Non-executive directors

2023	**Directors' fees R'000**
GT Serobe	**783**
P Mnganga	**523**
H Singh	**526**
C Maswanganyi**	**147**
S Sithole***	**142**
MM Nkosi#	**106**
R van Dijk	**528**
C Smith	**351**
T Mokgabudi	**656**
M Lubega	**475**
T Olls^	**239**
	4 476

2022	Directors' fees R'000
GT Serobe	1 037
P Mnganga	502
C Maswanganyi	329
T Mokgabudi	665
M Lubega	443
MM Nkosi#	268
H Singh	468
S Sithole	494
MW Spicer*	643
R van Dijk	443
C Smith	338
	5 630

* *Passed away on 9 March 2022.*
** *Resignation effective 28 July 2022.*
*** *Resigned as NED effective 28 July 2022 and became Alternate NED effective 28 July 2022.*
# *Resigned effective 1 June 2022.*
^ *Resigned as Alternate NED effective 28 July 2022 and became NED effective 28 July 2022.*

Notes to the annual financial statements continued

for the year ended 28 February 2023

21. Directors' and prescribed officer's emoluments (continued)

Directors' shareholding as at 28 February 2023

Executive directors	Number of outstanding share awards as at 28 February 2022	Issue price R/share	Number of share awards granted	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 28 February 2023	Vesting date
Dr J Wentzel	906 095	4,88	–	–	–	**906 095***	01/04/2024
	949 367	3,82	–	–	–	**949 367#**	30/06/2024
	–	4,25	614 878	–	–	**614 878#**	13/12/2025
N Prendergast	516 129	4,26	–	–	(258 065)	**258 064#**	30/11/2023
	303 797	3,82	–	–	–	**303 797#**	30/06/2024
	–	4,25	245 481	–	–	**245 481#**	13/12/2025
Prescribed officers							
R de Grooth	76 135	23,93	–	(76 135)	–	**–**	01/03/2022
	483 969	4,26	–	–	(241 985)	**241 984#**	30/11/2023
	456 713	5,93	–	–	(456 713)	**–~**	28/02/2023
	284 868	3,82	–	–	–	**284 868#**	30/06/2024
	–	4,25	184 148	–	–	**184 148#**	13/12/2025
N Najjar	261 076	3,82	–	–	–	**261 076#**	30/06/2024
	–	4,25	136 953	–	–	**136 953#**	13/12/2025
B Toerien	372 915	4,26	–	–	(186 458)	**186 457#**	30/11/2023
	372 907	5,93	–	–	(372 907)	**–~**	28/02/2023
	232 595	3,82	–	–	–	**232 595#**	30/06/2024
	–	4,25	94 747	–	–	**94 747#**	13/12/2025

 # Performance shares.
~ Retention shares converted into cash retention bonus.
** Sign-on shares.*
On resignation, rights to all shares in the long-term incentive scheme are forfeited.

Executive directors	Number of outstanding share awards as at 28 February 2021	Issue price R/share	Number of share awards granted	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 28 February 2022	
Dr J Wentzel	–	4,88	906 095	–	–	906 095*	01/04/2024
	–	3,82	949 367	–	–	949 367#	30/06/2024
N Prendergast	516 129#	4,26	–	–	–	516 129#	30/11/2023
	–	3,82	303 797	–	–	303 797#	30/06/2024
Prescribed officers							
R de Grooth	35 000#	17,99	–	(17 500)	(17 500)	–	01/03/2020
	68 671#	17,16	–	(34 336)	(34 336)	–	20/06/2021
	76 135#	23,93	–	–	–	76 135#	01/03/2022
	483 969#	4,26	–	–	–	483 969#	30/11/2023
	–	5,93	456 713	–	–	456 713~	28/02/2023
	–	3,82	284 868	–	–	284 868#	30/06/2024
K Vittee**	139 650#	17,99	–	(69 825)	(69 825)	–	01/03/2020
	74 132#	17,16	–	(37 066)	(37 066)	–	20/06/2021
	62 262#	23,93	–	–	(62 262)	–	01/03/2022
	469 965#	4,26	–	–	(469 965)	–	30/11/2023
	–	5,93	443 498	–	(443 498)	–	28/02/2023
	–	3,82	277 562	–	(277 562)	–	30/06/2024
N Najjar	–	3,82	261 076	–	–	261 076#	30/06/2024
T Fowler	64 779#	17,16	–	–	(64 779)	–	20/06/2021
	52 751#	23,93	–	–	(52 751)	–	01/03/2022

Performance shares.
~ *Retention shares converted into cash retention bonus.*
** *K Vittee resigned on 28 February 2022.*

Notes to the annual financial statements continued

for the year ended 28 February 2023

21. Directors' and prescribed officer's emoluments (continued)

Schedule of directors' interests – Adcorp Holdings Limited

Directors' names	Direct number of shares 2023	Indirect number of shares 2023	Total number of shares 2023	Direct number of shares 2022	Indirect number of shares 2022	Total number of shares 2022
Dr J Wentzel	19 100	–	19 100	19 100	–	19 100
S Sithole*	–	–	–	–	34 258 743	34 258 743
MW Spicer**	–	–	–	–	48 000	48 000
C Smith	–	1 601 463	1 601 463	–	1 601 463	1 601 463
T Olls*	–	34 258 743	34 258 743	–	–	–
Alternate directors	–	–	–	–	–	–
MM Nkosi* (Resignation effective 1 June 2022)	–	34 258 743	34 258 743	–	34 258 743	34 258 743
S Sithole*	–	34 258 743	34 258 743	–	–	–
T Olls*	–	–	–	–	34 258 743	34 258 743
	19 100	104 377 692	104 396 792	19 100	104 425 692	104 444 792
Less duplicate counting for Value Capital Partners (VCP)	–	(68 517 486)	(68 517 486)	–	(68 517 486)	(68 517 486)
	19 100	35 860 206	35 879 306	19 100	35 908 206	35 927 306

* *Interest held through Value Capital Partners (VCP).*
** *Passed away on 9 March 2022.*
Note: There have been no changes in directors' interest post-year-end to the date of this report.

22. Dividends

	2023 R'000	2022 R'000
Dividends	(65 093)	–

Dividends paid

The prior year final gross dividend of 47,0 cents per ordinary share, and the declared interim dividend of 12,2 cents per ordinary share were paid in the current financial year (2022: Rnil). The Company has elected to disclose dividends paid under financing activities in the statement of cash flows.

Dividends declared

On 30 May 2023, the board of directors of Adcorp approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per ordinary share) and a special gross dividend of 91,3 cents per ordinary share, for the year ended 28 February 2023. The special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration.

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023	Notes	Fair value through profit or loss	Financial assets at amortised cost	Total
Other financial assets – investment at fair value	4	21 074	–	21 074
Amounts due by subsidiary companies	5	–	562 670	562 670
Other receivables	6	–	691	691
Cash and cash equivalents	7	–	114 777	114 777
		21 074	678 138	699 212

2022	Notes	Fair value through profit or loss	Financial assets at amortised cost	Total
Other financial assets – investment at fair value	4	19 597	–	19 597
Amounts due by subsidiary companies	5	–	499 008	499 008
Other receivables	6	–	511	511
Cash and cash equivalents	7	–	144 387	144 387
		19 597	643 906	663 503

Categories of financial liabilities

2023	Notes	Financial assets at amortised cost	Total
Trade and other payables	13	4 616	4 616
Amounts due to subsidiary companies	14	2 771 060	2 771 060
		2 775 676	2 775 676

2022	Notes	Financial assets at amortised cost	Total
Trade and other payables	13	3 966	3 966
Amounts due to subsidiary companies	14	2 611 876	2 611 876
Interest-bearing borrowings	12	100 000	100 000
		2 715 842	2 715 842

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes amounts due by subsidiary companies in note 5, amounts due to subsidiary companies disclosed in note 14, cash and cash equivalents disclosed in note 7 and equity comprising of issued capital and reserves disclosed in note 8.

Notes to the annual financial statements continued

for the year ended 28 February 2023

23. Financial instruments and risk management (continued)

Financial risk management

Credit risk

The Company is exposed to credit risk on amounts due by subsidiary companies, other receivables and cash and cash equivalents. The maximum exposure to credit risk is presented in the table below:

	Notes	2023 Gross carrying amount R'000	2023 Credit loss allowance R'000	2023 Amortised cost / fair value R'000	2022 Gross carrying amount R'000	2022 Credit loss allowance R'000	2022 Amortised cost / fair value R'000
Amounts due by subsidiary companies	5	566 024	(3 354)	562 670	502 297	(3 289)	499 008
Other receivables	6	691	–	691	511	–	511
Cash and cash equivalents	7	114 777	–	114 777	144 387	–	144 387
		681 492	(3 354)	678 138	647 195	(3 289)	643 906

Interest rate risk

The Company is exposed to interest rate risk because it has interest-bearing borrowings (note 12) that attract interest at a floating rate.

At 28 February 2023, if interest rates had been 1% higher/lower and all other variables were held constant, the profit or loss for the year would have decreased/increased by R1 million (2022: decreased/increased by R1 million).

Liquidity risk

Maturity analysis of non-derivative financial liabilities (including interest)

The following tables detail the Company's remaining contractual maturity for non-derivative financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company will be required to pay. The table includes both interest and principal cash flows.

Categories of financial liabilities

2023	Notes	Financial assets at amortised cost	Total
Trade and other payables	13	4 616	4 616
Amounts due to subsidiary companies	14	2 771 060	2 771 060
Total due within one year		2 775 676	2 775 676

2022	Notes	Financial assets at amortised cost	Total
Trade and other payables	13	3 966	3 966
Amounts due to subsidiary companies	14	2 611 876	2 611 876
Interest-bearing borrowings	12	100 000	100 000
Total due within one year		2 715 842	2 715 842

Foreign currency risk

The Adcorp Holdings Australia Proprietary Limited loan exposes the Company to foreign currency risk.

The table below analyses the impact on amounts due by subsidiary companies. The analysis is based on the assumption that the ZAR had strengthened/weakened by 10% against the foreign currency with all variables held constant.

	Rand weakened 2023 R'000	Rand weakened 2022 R'000	Rand strengthened 2023 R'000	Rand strengthened 2022 R'000
Amounts due by subsidiary companies				
Adcorp Holdings Australia Proprietary Limited	54 492	49 837	(54 492)	(49 837)

24. Fair value information

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The primary valuation models utilised by the Company for valuing unlisted portfolio investments are market-related net asset value of investments. The market-related net asset value used is dependent on independent third party valuations. The following table gives information about how the fair values of these assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/financial liabilities	2023 R'000	2022 R'000	Valuation technique(s) and key inputs R'000	Fair value hierarchy	Significant observable input(s)	Relationship of unobservable input to fair value
Investment	**21 074**	19 597	Fair value – market valuation	Level 3	Aggregated publicly traded unit trusts at fair market value	The fair value is determined based on the net asset value of the insurance cell captive at the reporting date. The net asset value is determined from financial information received from the insurer

25. Commitments

Guarantees

	2023 R'000	2022 R'000
The bank has issued guarantees to creditors to the value of	**24 298**	24 133

Notes to the annual financial statements continued
for the year ended 28 February 2023

26. Reclassification and correction of line items on the statement of cash flows

Correction of cash movement

During 2023, management identified that the interest on charged to another subsidiary in the Group was not adjusted for as a non-cash item in the prior period. As a consequence, the finance income as presented on the statement of cash flows is overstated and the related movement in the intercompany accounts is understated. This has been corrected by restating each of the affected line items for the prior period. The correction had no impact on the net cash flows of the Company or the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.

Reclassification restatement

The statement of cash flows in the financial statements as at 28 February 2022, presented the cash movements relating to amounts due by/to subsidiary companies as part of working capital movements under operating activities. Due to the nature of the associated cash flows, loans to subsidiaries should be classified under investing activities and loans from subsidiaries should be classified under financing activities and both presented on a gross basis. This led to a misallocation of the reported cash flows from operating, investing and financing activities in the statement of cash flows. The classification of the cash flows has been corrected by restating each of the affected line items for the prior period. The reclassification had no impact on the net cash flows of the Company or the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.

The following summarises the impact on the statement of cash flow:

Correction of cash movement

	As previously reported	Adjustment	As restated
Cash flows from operating activities			
Other	(6 556)	–	(6 556)
Changes in working capital:			
Other	414	–	414
Movement in intercompany accounts	369 037	10 912	379 949
Cash generated from operations	**362 895**	**10 912**	**373 807**
Finance income	15 689	(10 912)	4 777
Finance costs	**(16 213)**	**–**	**(16 213)**
Net cash inflow from operating activities	**362 371**	**–**	**362 371**

Reclassification restatement

	As restated above	Adjustment	As restated
Operating activities			
Finance income			
Movement in intercompany accounts	379 949	(379 949)	–
Net cash inflow from operating activities	**379 949**	**(379 949)**	**–**
Investing activities			
Loans repaid by subsidiaries	–	862 946	862 946
Net cash inflow from investing activities	–	**862 946**	**862 946**
Financing activities			
Loans advanced from subsidiaries	–	4 824 622	4 824 623
Loans repaid to subsidiaries	–	(5 307 619)	(5 307 619)
Net cash outflow from financing activities	**–**	**(482 997)**	**(482 997)**
Net increase in cash and cash equivalents	**379 949**	**–**	**379 949**

27. Going concern

In preparing the financial statements, the board of directors is responsible for evaluating the Company's ability to continues as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The board of directors has assessed the economic environment, current financial position and the expected cash flows for the next 12 months through to the end of June 2024. The liquidity and solvency position has also been reviewed as part of this assessment.

There has been no event of default over the past 12 months on any of the Company's debt facilities. No facilities available to the Company have been withdrawn at the reporting date and remain committed by its lenders. The Company has forecast that it will achieve the required debt to adjusted EBITDA and interest cover ranges as per the debt covenants agreed with its lenders for the following 12 months.

Solvency

As on 28 February 2023, the Company had an accumulated loss of R280,5 million (2022: R370,3 million), the Company's total assets exceed its liabilities by R1,6 billion (2022: R1,7 billion) and the current ratio as at 28 February 2023 was 0,05:1. There are no events anticipated in the year ahead that indicate any risk to the Company's solvency position.

Liquidity

The Group's executive and head office treasury function provides services to the operating subsidiaries, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until end of June 2024. These cash flow forecasts are prepared on a Group basis that include all operating subsidiaries, due to the centralised treasury function and cash management structure of the Group. The cash position is monitored daily by management and the Company is comfortable with its liquidity levels. The Company was profitable for the year and solvent at year end, however, was in a net current liability position of R2,6 billion at year end due to amounts owing to Group subsidiaries. The Company's net current liability position is supported at the reporting period by a subordinated loan of R1,6 billion with Adcorp Group South Africa Proprietary Limited, a subordinated loan of R707 million with Adcorp Management Services Proprietary Limited and undrawn facilities totalling R350 million enabling the Company to settle its obligations as they become due in the normal course of business and will remain in force for as long as it takes to restore the liquidity of the Company.

Going concern conclusion

The board of directors, after considering the factors described above, has concluded that the Company will be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

28. Events after the reporting period

The board of directors is not aware of any material event which occurred after the reporting date and up to the date of the financial statements other than:
On 30 May 2023, the board of directors of Adcorp approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per ordinary share) and a special gross dividend of 91,3 cents per ordinary share, for the year ended 28 February 2023. The special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration.

Annexure A: Details of significant subsidiaries

for the year ended 28 February 2023

Name of subsidiary	Nature of business/status
Adcorp Fulfilment Services Proprietary Limited	Holding company
Adcorp Group South Africa Proprietary Limited	Holding company
Adcorp Group South Africa Proprietary Limited	Holding company
Adcorp Holdings Australia Proprietary Limited	Holding company
Adcorp Management Services Proprietary Limited	Shared services
Adcorp Staffing Solutions Proprietary Limited	Holding company
Adcorp Staffing Solutions Proprietary Limited	Holding company
Adcorp Technical Training Proprietary Limited	Training
Adcorp Workforce Management Solutions Proprietary Limited	Holding company
Adcorp Workforce Management Solutions Proprietary Limited	Holding company
Adcorp Workforce Solutions Proprietary Limited	Flexible staffing
Adfusion Contract Management Services Proprietary Limited	Flexible staffing
All About Xpert Australia Proprietary Limited	Project management products and services
All About Xpert Technologies Proprietary Limited	Project management products and services
Fortress Administration Solutions Proprietary Limited	Outsourcing solutions
Fortress Administration Solutions Proprietary Limited	Outsourcing solutions
Inn-Staff Swaziland Proprietary Limited	Flexible staffing
Labour Solutions Australia Agri Proprietary Limited	Flexible staffing
Labour Solutions Australia Proprietary Limited	Flexible staffing
Paxus Australia Proprietary Limited	Supplier of IT services
Production Management Institute of Southern Africa Proprietary Limited	Training
Quest Staffing Solutions Proprietary Limited	Flexible staffing
Quest Staffing Solutions Proprietary Limited	Flexible staffing
TalentCru Proprietary Limited (Australia)	Emergent business
Torque Technical Computer Training Proprietary Limited	Supplier of IT services

The table of significant subsidiaries excludes subsidiaries disposed during the current financial year, dormant subsidiaries and subsidiaries in a deregistration process.

A full list of the Group's dormant subsidiaries and trusts is available on request from the Company's registered office.

Share type	Authorised share capital of subsidiary/associate February 2023 Number	Authorised share capital of subsidiary/associate February 2022 Number	Issued share capital of subsidiary/associate February 2023 Number	Issued share capital of subsidiary/associate February 2022 Number	Number of shares held by Adcorp February 2023 Number	Number of shares held by Adcorp February 2022 Number
Ordinary	**20 000**	20 000	**9 000**	9 000	**9 000**	9 000
Ordinary	**100 000**	100 000	**10 000**	10 000	**6 458**	6 458
Redeemable preference	**10 000**	10 000	**1 592**	1 592	**1 592**	1 592
Ordinary	**30 000 100**	30 000 100	**30 000 100**	30 000 100	**30 000 100**	30 000 100
Ordinary	**4 000**	4 000	**400**	400	**400**	400
Ordinary	**4 000**	4 000	**100**	100	**100**	100
Class “A” redeemable preference	**225 000**	225 000	**–**	–	**–**	–
Ordinary	**1 000**	1 000	**100**	100	**100**	100
Ordinary	**900 000 000**	900 000 000	**349 716 709**	349 716 709	**349 716 709**	349 716 709
Convertible redeemable preference	**100 000 000**	100 000 000	**–**	–	**–**	–
Ordinary	**1 000 000 000**	1 000 000 000	**100 000 000**	100 000 000	**100 000 000**	100 000 000
Ordinary	**4 000**	4 000	**2 100**	2 100	**2 100**	2 100
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**4 000**	4 000	**2550**	2550	**2 550**	2 550
A’ ordinary	**450**	450	**450**	450	**–**	–
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**1 000**	1 000	**1 000**	1 000	**1 000**	1 000
Ordinary	**60 530 464**	60 530 464	**60 530 464**	60 530 464	**60 530 464**	60 530 464
Ordinary	**152 856**	152 856	**152 856**	152 856	**152 856**	152 856
Ordinary	**4 000**	4 000	**100**	100	**100**	100
Ordinary	**1 000**	1 000	**700**	700	**700**	700
A’ ordinary	**1 000**	1 000	**400**	400	**400**	400
Ordinary	**1 000**	1 000	**100**	100	**100**	100
Ordinary	**1 000**	1 000	**100**	100	**100**	100


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