8. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Financial assets by category	Company At amortised cost R'000
Year ended 30 June 2020	
Trade and other receivables excluding prepayments (Note 8.2)	129
Cash and cash equivalents (Note 8.3)	1 934
	2 063
Year ended 30 June 2019	
Loan to group company* (Note 8.7)	126 792
Trade and other receivables (Note 8.2)	184
Cash and cash equivalents (Note 8.3)	10 316
	137 292

* *The loan is unsecured and has no fixed repayment terms. Interest is charged at prime rate.*

Financial liabilities by category	Group		
	Liabilities at FVTPL R'000	At amortised cost R'000	Total R'000
Year ended 30 June 2020			
Lease liability (Note 8.6)	–	278 282	278 282
Borrowings (Note 8.5)	–	386 311	386 311
Trade and other payables excluding non-financial liabilities (Note 8.4)	–	361 486	361 486
Year ended 30 June 2019			
Lease liability (Note 8.6)	–	322 655	322 655
Borrowings (Note 8.5)	–	491 566	491 566
Trade and other payables excluding non-financial liabilities (Note 8.4)	–	406 230	406 230
Deferred payment	7 335	–	7 335

Financial liabilities by category	Company		
	Liabilities at FVTPL R'000	At amortised cost R'000	Total R'000
Year ended 30 June 2020			
Loan from group company	–	9 767	9 767
Trade and other payables excluding non-financial liabilities (Note 8.4)	–	6 766	6 766
	–	16 533	16 533
Year ended 30 June 2019			
Trade and other payables excluding non-financial liabilities (Note 8.4)	–	7 690	7 690

8. FINANCIAL INSTRUMENTS (CONTINUED)

8.1 Trade receivables

Ageing of trade and other receivables	Group				
	Current R'000	30 days R'000	60 days R'000	90+ days R'000	Total R'000
June 2020					
Gross trade debtors	285 942	70 606	15 436	76 890	448 874
Expected credit losses	(2 556)	(230)	(497)	(31 979)	(35 262)
Net trade debtors	283 386	70 376	14 939	44 911	413 612
Past due but no expected credit loss	–	–	14 939	44 911	59 850
Other receivables	2 837	3 278	–	–	6 115
Sundry debtors	36 872	743	–	–	37 615
Deposits	–	–	–	7 094	7 094
June 2019					
Gross trade debtors	298 415	51 389	12 733	31 361	393 898
Expected credit losses	–	–	–	(30 041)	(30 041)
Net trade debtors	298 415	51 389	12 733	1 320	363 857
Past due but no expected credit loss	–	51 389	12 733	2 348	66 470
Other receivables	618	52	1 187	222	2 079

Disclosure of trade debtors

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Gross trade debtors	448 874	393 898	–	–
Loss allowance for trade receivables as below	(35 262)	(30 041)	–	–
Net trade debtors	413 612	363 857	–	–

Movement in the loss allowance for trade and other receivables are as follows:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
At the beginning of the year	30 041	24 800	–	–
Increase in loss allowance recognised in profit or loss during the year	5 221	2 423	–	–
Amounts restated through opening retained earnings	–	2 818	–	–
At the end of the year	35 262	30 041	–	–

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all the trade receivables.

To measure the ECL, trade receivables have been grouped based on the shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2020 and the corresponding historical credit losses experienced within this period. The historical loss rate has been adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP rate, inflation rate and average prime lending rate to be the most relevant forward looking factors.

The Group has assessed the impact of the COVID-19 on expected further payments and deemed the impact to be immaterial for the following reasons:

- » The Group's debtors have been historically good payers with minimal provisions and write-offs experienced;
- » The Group entities' largest customers are medical aid schemes and payment is made within agreed payment period; and
- » The Group entities have continued operating under the respective lockdown regulation, contracts with customers have not been affected and contractual conditions have been met with no impact.

8. FINANCIAL INSTRUMENTS (CONTINUED)

8.2 Trade and other receivables

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Trade debtors	413 612	363 857	–	–
Sundry debtors	37 615	30 488	129	184
Prepayments*	39 899	131 146	80	–
Deposits	7 094	3 925	–	–
Other receivables	6 115	2 079	–	–
Total trade and other receivables	504 335	531 494	209	184

* *Prepayments are not financial instruments but are included in trade and other receivables.*

All receivables are current. The carrying amounts of all trade and other receivables approximate fair value due to the short- term nature of the receivables, hence the impact of discounting is immaterial.

8.3 Cash and cash equivalents

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Cash at bank and short-term deposits				
Ba1 – FNB Limited	16 330	20 083	–	–
AA – Bank Windhoek Limited	18 691	20 837	–	–
Ba1 – Nedbank Limited*	138 624	217 729	1 934	10 181
Baa3 – Standard Bank Limited**	1 800	4 228	–	–
BBB+ – Sasfin Limited*	93	223	–	135
zaA+ – Sanlam Limited	2 142	2 196	–	–
Total cash at bank and short-term bank deposits	177 680	265 296	1 934	10 316

* *The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.*

** *Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 3 indicates a ranking in the lower end of that generic rating category.*

The ratings for Nedbank Limited, FNB Limited and Standard Bank Limited were obtained from Moody's.

The ratings for Sasfin Limited and Bank Windhoek Limited were obtained from Global Credit Rating Company.

The rating for Sanlam Limited was obtained from Standard & Poor's.

The rating scores are based on the following broad investment grade definitions:

AA Very high credit quality relative to other issuers or obligations in the same country. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

BBB Adequate protection factors relative to other issuers or obligators in the same country. However, there is considerable variability in risk during economic cycles.

Ba1 Obligations rated Ba1 signify higher degrees of default risk.

8. FINANCIAL INSTRUMENTS (CONTINUED)

8.3 Cash and cash equivalents (continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Cash	127 944	193 852	1 934	10 181
Short term deposits*	49 736	71 444	–	135
	177 680	265 296	1 934	10 316

* *Short-term deposits relate to cash at the year-end deposited into specific bank accounts.*

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

8.4 Trade and other payables

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Trade payables*	234 237	278 163	69	22
Payroll creditors	19 726	34 786	–	–
Accruals	57 322	57 897	27	(20)
Shareholders for dividends	6 153	5 483	4 089	3 359
Other payables*	44 048	29 901	2 581	4 329
Provisions	8 376	9 606	911	785
Total trade and other payables	369 862	415 836	7 677	8 475

* *All trade and other payables are current and are expected to be settled within the next 12 months. The carrying values at the year-end approximate their fair values due to the short-term nature of the payables, hence the impact of discounting is immaterial.*

8.5 Borrowings

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Nedbank facility (1 year +)	266 311	371 566	–	–
Nedbank facility (0 - 1 year)	120 000	120 000	–	–
	386 311	491 566	–	–

8. FINANCIAL INSTRUMENTS (CONTINUED)

8.5 Borrowings (continued)

Movement in borrowings are as follows:

	Group	
	June 2020 R'000	June 2019 R'000
At the beginning of the period	491 566	–
Borrowings acquired during the period	50 000	550 000
Interest accrued	41 319	12 813
Borrowings repaid	(196 574)	(71 247)
Balance at the end of the year	386 311	491 566

Compliance with loan covenants

During the prior period, Nedbank issued a revolving loan facility totalling R900 million (of which R386 million has been utilised) to the Group of which amounts shall be applied to funding the working capital and general corporate requirements of the Group. The rate of interest on the loan for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and Johannesburg Inter-bank Average Rate (JIBAR).

The financial condition to the Nedbank facility is for the Group to ensure that net debt to EBITDA in respect of any relevant period shall not exceed 2.5:1 times and interest cover in respect of any relevant period shall not be less than 4:1 (refer to Note 3 (v)).

8.6 Lease liability

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Non-current liabilities	181 427	261 104	–	–
Current liabilities	96 855	61 551	–	–
	278 282	322 655	–	–

Movement in lease liability are as follows:

	Group	
	June 2020 R'000	June 2019 R'000
At the beginning of the period	322 655	–
Lease liability recognised per IFRS 16	13 870	385 307
Interest accrued	27 886	31 822
Lease payments made	(86 129)	(94 474)
Balance at the end of the year	278 282	322 655

8.7 Loans to/(from) group company

Loans to/(from) group company comprise the following balances:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
AfroCentric Health Proprietary Limited	–	–	(9 767)	126 792
The loan is unsecured, bears interest and has no fixed terms of repayment.				
Current assets	–	–	–	126 792
Current liabilities	–	–	(9 767)	–
	–	–	(9 767)	126 792

8. FINANCIAL INSTRUMENTS (CONTINUED)

8.8 Financial assets

Financial assets at FVTPL

In the current year the Company and Group disinvested, resulting in no investments being held at year-end.

In the prior financial year the Company and Group had funds in the following investments, namely:

» STANLIB Extra Income Fund;

» NedGroup Core Income Fund;

» Coronation Strategic Income fund; and

» Prescient Income Property Fund.

(i) Classification to FVTPL

Investment in AAR Insurance Kenya was reclassified from available for sale to financial assets at FVTPL upon adoption of IFRS 9 on 1 July 2018.

On adoption of IFRS 9 on 1 July 2018, there were no related fair value gains to transfer from the available-for-sale financial assets reserve to retained earnings.

	Group and Company			
	Opening fair value R'000	Fair value gains and losses R'000	Disposals/ transfer to short term R'000	Closing fair value R'000
2020				
Investment in AAR Insurance Kenya	–	–	–	–
2019				
Non-current assets				
Collective investment scheme	65 028	–	(65 028)	–
Investment in AAR Insurance Kenya	9 000	(9 000)	–	–
	74 028	(9 000)	(65 028)	–
Current assets				
Collective investment scheme	152 250	–	152 250	–
	152 250	–	152 250	–

9. INVESTMENTS IN ASSOCIATES

The Associated Fund Administrators Botswana Proprietary Limited is incorporated in Botswana. During the prior year an additional 25% was purchased to increase the Group's shareholding from 24% to 49%. At the end of the prior and current year the only investment in associates was Associated Fund Administrators Botswana Proprietary Limited.

Due to the Group's non-controlling interest in Associated Fund Administrators Botswana Proprietary Limited, it has no influence in aligning its reporting dates with the Group's. Management accounts were used to equity account this investment.

	Group		Company	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Carrying value of investment in associate	**33 307**	29 943	**–**	–