

**KLK LANDBOU LIMITED GROUP
(REGISTRATION NO. 1997/015589/06)**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 28 FEBRUARY 2022**

DIRECTORS

JS Marais	-	Chairperson
JPN Stander	-	Vice-Chairperson
AR Kotze		
CF Kruger		
F Strydom		
GC Olivier		
JDM Minnaar		
VJ Klein		
A Human	-	Financial Director resigned 31 January 2022
SD van Huyssteen	-	Managing Director

COMPANY SECRETARY

G Marquard

REGISTERED OFFICES

14 Karakoel Street
Upington

AUDITORS

Du Toit van den Heever
PO Box 204
Upington

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JF van der Walt CA(SA):

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APPROVAL AND RESPONSIBILITY STATEMENT

The Companies Act requires the directors to prepare financial statements for each financial year which fairly present the state of affairs of the company and the profits and losses for the year.

In preparing these financial statements, the directors must:

- set accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether set accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping proper accounting records and preparing complete financial statements and related information. The external auditors are responsible to express an independent opinion if the financial statements are fairly presented in accordance with International Audit Standards. The financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act.


The directors are also responsible for the internal financial control systems. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The directors are not aware of any material default in the functioning of the control systems and procedures during the year under review.

The financial statements have been prepared on the going concern basis, as the directors are of the opinion that the company has sufficient means to continue its business in the foreseeable future.

The political situation intensified in Europe on 24 February 2022 with the invasion of Ukraine by Russia. This has led to various sanctions and has affected the global and economic financial markets, which lead to higher oil and grain prices and will drive inflation globally and in South Africa. Other direct impacts include supply-chain disruptions, shortages of materials, transportation delays and higher costs of freight. The South African economy may be impacted by rising costs in fuel, wheat and edible oils. To date neither the impact of COVID 19 nor the war in Ukraine has materially impacted the results nor the ability of the company to continue as a going concern as operations continued without any disruptions. Strict procedures and structures will remain to mitigate any risk to the company's liquidity and long-term profitability.

No event, other than reported in the Directors' report, material to the understanding of this report, has occurred between the financial year-end and the date of this report.

The Group financial statements, as set out on pages 6 to 43 have been approved by the board of directors on 31 May 2022 and the following directors was authorised to sign it on their behalf.



JS MARAIS
Chairperson



JPN STANDER
Vice-Chairperson

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DIRECTORS' REPORT

The directors present their report for the year ended 28 February 2022.

REVIEW OF ACTIVITIES

The company carries on the business of the retail of agricultural - and related products.

The business and operations of the company continued during the year as in the past. To date neither the impact of COVID 19 nor the war in Ukraine has materially impacted the results of the company as the operations continued without disruptions. The results of the business and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require any further comment.

Acquisition of remaining non-controlling interest in Carnarvon Abattoir (Pty) Ltd for R412 191 as approved by the board of directors was concluded during the year. Acquisition of 100.0% interest in KLK Makelaars (Pty) Ltd for R500 was also concluded during the year.

The directors have taken the decision to cease the operations of Ramskop Abattoir (Pty) Ltd within the near future and to sell the assets. No provision for future losses or liabilities for which a commitment did not exist at the end of the reporting date was recognised.

The directors have also taken the decision to sell/discontinue the auction division in the near future. No provision for future losses or liabilities for which a commitment did not exist at the end of the reporting date was recognised. No assets were impaired after evaluation of recoverable amount of assets based on conditions existing at the end of the reporting period and providing for contractual commitments i.e. cost of disposal.

After announcement of the change in corporate tax rate with an expected effective date of 31 March 2023, the deferred tax assets and liabilities were considered taking into account the expected date when the temporary differences are expected to unwind, i.e. the deferred tax asset will be realised or the liability settled. Due to impracticalities and the nature of the deferred tax assets and liabilities the valuation thereof remained at 28% to not undervalue the line items. The effective date for implementation of the 27% corporate tax rate will be implemented for deferred tax on 28 February 2023 to reflect an accurate valuation thereof.

EVENTS AFTER THE REPORTING PERIOD

No material fact or circumstance has occurred between the accounting date and the date of this report.

GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient cash resources and borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

With reference to the events described in the previous paragraph "Events after the reporting period" of this report, the directors have evaluated the possible impact of the events described on the going concern status of the company.

Based on their evaluation, and after taking all currently available information into account about the foreseeable future for at least twelve months from the reporting date, the directors have concluded that the events described in the previous paragraph "Events after the reporting period" will not, within the foreseeable future, result in the company not being able to continue as a going concern.

The directors have also, after careful consideration, concluded that there is, at the date of this report, no material uncertainty as to whether or not the company will be able to continue as a going concern for the foreseeable future.

SHARE CAPITAL

There were no changes in the authorised share capital of the Company during the year under review. Share buyback of R957 766 (47 773 shares) were concluded during the year under review.

NON-CURRENT ASSETS

There were no major changes in the nature or policy relating to the use of non-current assets during the year under review.

DIVIDENDS

Dividends of Rnil (2021: Rnil) was declared and paid to the shareholders during the year under review.

31 May 2022

Independent Auditor's Report

To the Shareholders of KLK Landbou Limited

Opinion

We have audited the consolidated financial statements of KLK Landbou Limited set out on pages 6 to 43, which comprises of the statement of financial position as at 28 February 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the company as at 28 February 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report in this regard.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report as required by the Companies Act, 71 of 2008 of South Africa, and the supplementary information which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Financial Statements

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

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

- * Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements present 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.

Report of other legal and regulatory requirements

In terms of the IRBA regulation published in the Government Gazette No 39475, dated 4 December 2015, we report that Du Toit Van Den Heever has been the auditors of the group for the past 25 years.

Du Toit van den Heever

DU TOIT VAN DEN HEEVER
Chartered Accountants (SA)
Registered Auditors

J de W van den Heever
31 May 2022

Uppington

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Statement of Financial Position

	Notes	2022	2021
		R	R
Assets			
Non-current assets			
Property, plant and equipment	2	325 815 498	306 026 189
Right-of-use assets	3	11 280 817	15 352 895
Investment properties	4	1 110 360	1 110 360
Goodwill	5	32 001 831	32 001 831
Intangible assets	6	1	1
Deferred tax	7	11 164 274	12 603 867
		381 372 781	367 095 143
Current assets			
Inventories	8	259 044 337	277 040 080
Trade and other receivables	9	188 776 117	143 446 773
Cash and cash equivalents	10	85 380 096	95 574 543
		533 200 550	516 061 396
Total assets		914 573 331	883 156 539
Equity and Liabilities			
Equity			
Share capital	11	16 111 515	17 069 281
Retained earnings		543 394 897	467 793 975
		559 506 412	484 863 256
Non-controlling interests		98 551 892	89 995 698
		658 058 304	574 858 954
Non-current liabilities			
Deferred tax	7	38 666 855	32 060 609
Interest-bearing borrowings	12	4 844 352	11 593 890
Lease obligations: Right-of-use assets	13	11 289 638	14 537 367
Deferred government grants	14	10 031 026	11 952 921
		64 831 871	70 144 787
Current liabilities			
Bank overdrafts	10	-	14 490 427
Current portion of interest-bearing borrowings	12	3 249 882	6 211 731
Current portion of lease obligations: Right of use assets	13	3 416 908	3 751 705
Current portion of deferred government grants	14	1 798 918	3 291 782
Trade and other payables	15	183 217 448	210 407 153
		191 683 156	238 152 798
Total liabilities		256 515 027	308 297 585
Total Equity and Liabilities		914 573 331	883 156 539

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Statement of Profit or Loss and other Comprehensive Income

	Notes	2022	2021
		R	R
Revenue		2 541 908 319	2 226 913 928
Cost of Sales		<u>(2 038 836 925)</u>	<u>(1 725 642 888)</u>
Gross profit		503 071 394	501 271 040
Other operating income		22 385 835	23 236 451
Operating expenditure		<u>(398 399 388)</u>	<u>(366 359 992)</u>
Operating profit	16	127 057 841	158 147 499
Investment income	17	4 742 445	5 127 752
Finance cost	18	<u>(5 046 174)</u>	<u>(7 893 270)</u>
Profit before tax		126 754 112	155 381 981
Income tax expense	19	<u>(38 184 805)</u>	<u>(46 896 933)</u>
Profit after tax for the year		88 569 307	108 485 048
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>88 569 307</u>	<u>108 485 048</u>
Total comprehensive income attributable to:			
Owners of the holding company		75 496 616	81 124 589
Non-controlling interest		<u>13 072 691</u>	<u>27 360 459</u>
		<u>88 569 307</u>	<u>108 485 048</u>

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Statement of Changes in Equity

	Share capital	Retained earnings	Change in ownership	Total	Non- controlling interest	Total Equity
	R	R	R	R	R	R
Balance at 1 March 2020	17 069 281	398 902 857	(229 752)	415 742 386	139 881 520	555 623 906
Total comprehensive income for the year	-	81 124 589	-	81 124 589	27 360 459	108 485 048
Dividends	-	-	-	-	(6 000 000)	(6 000 000)
Change of interest in subsidiaries	-	-	(12 003 719)	(12 003 719)	(71 246 281)	(83 250 000)
Balance at 28 February 2021	17 069 281	480 027 446	(12 233 471)	484 863 256	89 995 698	574 858 954
Repurchase of shares	(957 766)	-	-	(957 766)	-	(957 766)
Total comprehensive income for the year	-	75 496 616	-	75 496 616	13 072 691	88 569 307
Dividends	-	-	-	-	(4 000 000)	(4 000 000)
Change of interest in subsidiaries	-	-	104 306	104 306	(516 497)	(412 191)
Balance on 28 February 2022	16 111 515	555 524 062	(12 129 165)	559 506 412	98 551 892	658 058 304

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Statement of Cash Flows

	Notes	2022	2021
		R	R
Cash flow generated from operating activities			
Cash generated from operations	20	99 943 334	209 560 087
Investment income	17	4 742 445	5 127 752
Finance costs	18	(5 046 174)	(7 893 270)
Tax paid	21	(31 072 891)	(38 309 525)
Net cash flow from operating activities		68 566 714	168 485 044
Cash flow from investing activities			
Acquisition of property, plant and equipment	2	(46 274 922)	(50 823 599)
Acquisition and increase of interest in subsidiaries		(412 191)	(83 250 000)
Proceeds on disposal of property, plant and equipment		945 567	457 491
Net cash flow from investing activities		(45 741 546)	(133 616 108)
Cash flow from financing activities			
Repurchase of shares		(957 766)	-
Proceeds from government grants		-	6 568 218
Interest-bearing loans and borrowings acquired/(repaid)		(9 711 387)	(5 691 516)
Repayment of leasing obligations		(3 860 035)	(6 325 323)
Dividends paid		(4 000 000)	(6 000 000)
Net cash flow from financing activities		(18 529 188)	(11 448 621)
Net change in cash and cash equivalents for the year			
		4 295 980	23 420 315
Cash and cash equivalents at the beginning of the year		81 084 116	57 663 801
Cash and cash equivalents at the end of the year	10	85 380 096	81 084 116
Cash and cash equivalents		85 380 096	95 574 543
Bank overdraft		-	(14 490 427)
		85 380 096	81 084 116

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Notes to the Financial Statements

Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow, and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in this note.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, associates and joint ventures, including special purpose entities controlled by the Company.

There is control when the Company has the power to regulate the financial and operating policies of an entity in order to benefit from its activities.

The results of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date on which control is lost.

Adjustments are made, where necessary, to the financial statements of subsidiaries in order to align their accounting policies with those of the Company.

All intercompany transactions, balances, income and expenses are fully eliminated on consolidation.

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

Transactions that result in changes in ownership where the Company has control of the subsidiary, before and after the transaction, are considered an equity transaction and are recognised directly in the Statement of Changes in Equity.

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

Where a subsidiary is sold and non-controlling interest is retained, the remaining investment of the controlling interest is recognised at fair value and the fair value adjustment is recognised in the profit or loss on the sale, as part of the gain or loss on the disposal of an investment.

Goodwill is calculated as the fair value of the consideration paid, plus the fair value of any holding held prior to acquisition, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquire.

Notes to the Financial Statements

1.3 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgements include:

Key sources of estimation uncertainty:

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Property, plant and equipment

The estimation of the useful life of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by Management. These depreciation rates represent Management's current best estimate of the useful life of the assets.

Deferred tax asset

A deferred tax asset is recognised for tax losses only to the extent that it is probable that future taxable profit will be available for set off against which the unused tax losses can be utilised. Judgement is required in determining the future profitability of the Company.

Trade receivables

The Company assesses its trade receivables for impairment at the end of each reporting period. In determining whether a loss allowance should be recorded in profit or loss, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by Management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful life and the lease term.

Notes to the Financial Statements

1.4 Property, plant and equipment (continued)

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The estimated useful life for the current and comparative years is as follows:

Category	Ratio
Property	2-5% per year
Plant and equipment	3-35% per year
Motor vehicles	20% per year (20% residual value)

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

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when and only when it is probable that the future economic benefit associated with the investment property will be the business and the investment property cost can be measured reliably.

Investment properties are initially recognised at cost, including transaction costs. Depreciation is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives. Land is not depreciated. Investment properties depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of derecognition.

Transfers are made to/(or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Company accounts for it in accordance with property, plant and equipment up to the date of change.

Under certain circumstances, it is difficult to distinguish between investment property and property occupied by the owner. In such circumstances, the criteria are to distinguish based on the existing occupation and purpose of the property.

1.6 Goodwill

Goodwill represents the amount by which the cost price of an acquisition exceeds the fair value of the Company's interest in the net assets of the acquired subsidiary / associate at the date of acquisition. Goodwill is recognised as an intangible asset on the Statement of Financial Position at the acquisition date. The carrying value is reviewed annually and measured for possible impairments. The carrying value of a subsidiary, associated companies and joint ventures is compared with the fair value of the underlying net assets annually. Any decrease in the carrying value is recognised.

Notes to the Financial Statements

1.7 Intangible assets

Intangible assets are initially recognised at cost, including transaction costs. Intangible assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Intangible asset amortisation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

It is assumed that an intangible asset has an indefinite useful life when, on the basis of all applicable factors, that there is no foreseeable limit in the period that the asset is expected to generate net cash flow. No amortisation is provided for these intangible assets. For all other intangible assets, amortization is provided on a straight-line basis over its estimated useful life.

Brands, mastheads, publishing titles, customer lists and items similar in substance that are internally generated are recognised as assets.

The reassessment of the useful life of an intangible asset to a specified useful life, when previously classified as indefinite, might indicate that the asset is impaired. Consequently, the asset is tested for impairment and the residual carrying amount is amortised over its remaining useful life.

The estimated useful life for the current and comparative years is as follows:

Category	Ratio
Trademark	10% per year

1.8 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Fair value through other comprehensive income. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or
- Mandatorily at fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss. This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. This applies to contingent consideration in a business combination or to liabilities which are held for trading; or
- Designated at fair value through profit or loss. This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

Financial instruments and risk management present the financial instruments held by the Company based on their specific classifications.

Notes to the Financial Statements

1.8 Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

(i) Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(ii) Borrowings and loans from related parties

Classification

Loans from shareholders are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Notes to the Financial Statements

1.8 Financial instruments (continued)

(iii) Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

(iv) Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

(v) Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.9 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

Notes to the Financial Statements

1.9 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10 Leases

The Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether substantially all the economic benefits from the use of that asset is obtained and whether the right to direct the use of the asset is obtained.

Upon lease commencement a lessee will recognise a right-of-use asset and a lease liability.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is subsequently measured by reducing the liability for payments made and increasing for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The right-of-use asset is initially measured based on the present value of lease payments, plus initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments made at or prior to commencement and restoration obligations. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator thereof by applying IAS 36 and has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

Right-of-use assets are included in the heading Right-of-use assets and the lease liability is included in the headings current and non-current Lease obligations.

Leases where the total lease term is less than or equal to 12 months, or leases of low value equipment are not recognised as Right-of-use assets. The payments for such leases are recognised in the statement of comprehensive income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Notes to the Financial Statements

1.12 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

Ordinary shares are classified as equity. Loans from shareholders, which are repayable only by mutual consent of the issuers of the loans and the company, are classified as equity.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after such service is rendered such as leave and sick leave, bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and is not discounted.

The expected cost of paid absenteeism is recognised as an expense as the employee provides service that increases his or her entitlement, or in case of absence that does not accumulate when the absence occurs.

The expected cost of bonus payments, long-term incentives, and profit sharing is recognised as an expense when there is a legal or derivative obligation to make such payment due to previous performance.

The long-term performance incentive scheme is to align long-term interests, of executive management and identified key staff, with long-term goals in terms of both earnings and net asset value of the company and shareholders; and to encourage the continuation of their careers with the company in order to maintain critical expertise.

Defined contribution provident fund

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Notes to the Financial Statements

1.15 Revenue from contracts with customers

The Company recognises revenue from the following major sources:

- Sale of inventory and products; and
- Rendering of services.

Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the products or services provided. Revenue from the sale of goods is recognised when the goods are delivered and have been accepted by customers. Revenue from services is recognised in the period in which services are rendered.

Other revenues earned are recognised on the following bases:

- Interest income is recognised on a time-proportion basis using the effective interest rate method;
- Dividend income is recognised when the shareholders' right to receive payment is established;
- Rental income is recognised as it is earned, over the term of the lease.

1.16 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

1.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board.

1.18 New Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 28 February 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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	2022	2021
	R	R
2. Property, plant and equipment		
Cost	466 679 300	426 812 040
Property	146 925 622	132 310 624
Plant and equipment	270 295 278	250 234 566
Motor vehicles	49 458 400	44 266 850
Accumulated depreciation and impairments	(140 863 802)	(120 785 851)
Property	(4 612 694)	(1 775 033)
Plant and equipment	(107 036 241)	(91 409 031)
Motor vehicles	(29 214 867)	(27 601 787)
Total carrying value	325 815 498	306 026 189

A register of property is available at the registered offices of the Company for inspection.

Leasehold property becomes the property of the lessor upon termination of the rental agreement.

Property, plant and equipment is ceded as per note 22.

The cost of the plant and equipment additions committed to will be depreciated once the plant and equipment is complete and available for use. The estimated (additional) cost to completion of the plant and equipment, and to which the company is contractually committed is R6 125 255 (2021: R8 258 358).

The Board of Directors approved the acquisition of land and buildings to the amount of R25 000 000 (2021: R25 000 000). The transaction can only be completed once the land has been rezoned.

Reconciliation of carrying values of assets:

	Carrying value beginning of the year	Additions	Disposals	Depreciation and impairments	Carrying value end of the year
2022	R	R	R	R	R
Property	130 535 591	14 614 998	-	(2 837 661)	142 312 928
Plant and equipment	158 825 535	24 014 986	(483 307)	(19 098 177)	163 259 037
Motor vehicles	16 665 063	7 644 938	(592 426)	(3 474 042)	20 243 533
	306 026 189	46 274 922	(1 075 733)	(25 409 880)	325 815 498
2021	R	R	R	R	R
Property	122 622 405	8 095 300	-	(182 114)	130 535 591
Plant and equipment	132 222 732	43 411 226	(76 819)	(16 731 604)	158 825 535
Motor vehicles	17 246 666	2 375 183	(199 197)	(2 757 589)	16 665 063
	272 091 803	53 881 709	(276 016)	(19 671 307)	306 026 189

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Notes to the Financial Statements

	2022	2021
	R	R
3. Right-of-use assets		
Cost	24 044 476	23 766 966
Buildings	22 101 618	21 824 228
Plant and equipment	1 942 858	1 942 738
Accumulated depreciation and impairments	(12 763 659)	(8 414 071)
Buildings	(11 026 116)	(7 324 148)
Plant and equipment	(1 737 543)	(1 089 923)
Total carrying value	11 280 817	15 352 895

Lease obligations recognised in terms of IFRS 16 relating to right-of-use assets amount to R14 706 546 (2021: R18 289 072). The company leases the manufacturing and trading facilities situated in Upington, Keimoes and Kathu and forklifts used during production, refer to note 13.

Leases for plant and equipment (bins) was settled during the prior financial year. Carrying value of bins transferred to Property, plant and equipment amounted to R3 058 110.

An amendment of a lease for trading facility occurred as 0% escalation of rent was negotiated for the 2021 financial year.

Other amendments amounted to R119 (2021: R2 539) and were due to the changes of the interest rate where contracts are linked to the prime lending rate.

Reconciliation of carrying values of assets:

	Carrying value beginning of the year	Additions and amendments	Disposals and transfers	Depreciation	Carrying value end of the year
2022	R	R	R	R	R
Buildings	14 500 080	277 390	-	(3 701 968)	11 075 502
Plant and equipment	852 815	119	-	(647 619)	205 315
	15 352 895	277 509	-	(4 349 587)	11 280 817
2021	R	R	R	R	R
Buildings	18 008 719	46 470	-	(3 555 109)	14 500 080
Plant and equipment	4 734 856	(2 539)	(3 058 110)	(821 392)	852 815
	22 743 575	43 931	(3 058 110)	(4 376 501)	15 352 895

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

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	2022	2021
	R	R
4. Investment property		
Cost	1 110 360	1 110 360
Accumulated depreciation and impairments	-	-
Total carrying value	1 110 360	1 110 360

A register of investment property is available at the registered offices of the Company for inspection.

Buildings have not been depreciated as the directors deem the residual values exceed the carrying value in the current period.

The fair value of land and buildings is estimated at R6 040 628 (2021: R5 897 000). The capitalisation method was used as the valuation method. Higher rates of return, occupation levels and lower expected market-related rental value will reduce fair value.

5. Goodwill		
Cost	32 001 831	32 001 831
Accumulated amortisation and impairments	-	-
Total carrying value	32 001 831	32 001 831

The goodwill recognised with the acquisition of an investment in a subsidiary is initially recognised at cost.

The directors deem the fair value of goodwill exceed the carrying value in the current period.

6. Intangible assets		
Cost	147 419	147 419
Accumulated amortisation and impairments	(147 418)	(147 418)
Total carrying value	1	1

Reconciliation of carrying values of assets:

	Carrying value beginning of the year	Additions	Disposals and transfers	Depreciation	Carrying value end of the year
	R	R	R	R	R
2022	R	R	R	R	R
Intangible assets	1	-	-	-	1
2021	R	R	R	R	R
Intangible assets	1	-	-	-	1

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	2022	2021
	R	R
7. Deferred tax		
Deferred tax – Assets		
Assessed loss	452 899	1 185 629
Deferred government grant	3 312 384	3 808 843
Provisions	7 398 991	7 609 395
	11 164 274	12 603 867
Deferred tax – Liabilities		
Accelerated capital allowances	(38 663 044)	(32 056 798)
Timing difference – subsidiary	(3 811)	(3 811)
	(38 666 855)	(32 060 609)
Current assets	11 164 274	12 603 867
Current liabilities	(38 666 855)	(32 060 609)
	(27 502 581)	(19 456 742)
Reconciliation of asset/liability		
At the beginning of the year	(19 456 742)	(10 850 576)
Assessed loss	(732 730)	(1 395 089)
Capital allowances	(6 606 246)	(9 287 163)
Deferred government grant	(496 459)	460 789
Provisions	(210 404)	1 615 297
	(27 502 581)	(19 456 742)
<p>After announcement of the change in corporate tax rate with an expected effective date of 31 March 2023, the deferred tax assets and liabilities were considered taking into account the expected date when the temporary differences are expected to unwind, i.e. the deferred tax asset will be realised or the liability settled.</p> <p>Due to impracticalities and the nature of the deferred tax assets and liabilities the valuation thereof remained at 28% to not undervalue the line items. The effective date for implementation of the 27% corporate tax rate will be implemented for deferred tax on 28 February 2023 to reflect an accurate valuation thereof.</p>		
8. Inventories		
Animal-related products	21 071 456	14 524 167
Fuel	31 888 196	23 488 491
Raisins	101 639 435	151 950 498
Trading inventory	89 045 127	76 705 062
Vehicles and automotive parts	14 803 286	9 930 306
Other	596 837	441 556
	259 044 337	277 040 080

Inventory is ceded as per note 22.3

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	2022	2021
	R	R
9. Trade and other receivables		
Trade receivables	168 963 591	121 817 352
Foreign exchange contracts	846 878	29 618
	<u>169 810 469</u>	<u>121 846 970</u>
Trade receivables – Related parties	31 223	177 314
South African Revenue Service	10 347 387	13 372 197
Income tax	730 860	571 147
VAT	9 616 527	12 801 050
Other receivables	8 587 038	8 050 292
	<u>188 776 117</u>	<u>143 446 773</u>

Due to the short-term nature of the trade receivables, the carrying value is considered to be the same as the fair values.

On 28 February 2022, trade receivables (excluding related parties) of R143 031 205 (2021: R88 326 840) fully performed within trading terms.

Trade receivables older than 30 days outstanding which are not provided for, are not deemed to be irrecoverable.

On 28 February the trade receivables (excluding related parties) age analysis were as follows:

30 days	143 032 700	88 326 840
60 days	5 903 545	10 205 414
90 days	1 031 038	4 477 634
120 days	5 949 537	6 009 560
Trade receivables with credit balances	6 994 120	6 586 523
Trade payables with debit balances	6 899 529	6 240 999
	<u>169 810 469</u>	<u>121 846 970</u>

By transaction currency:

ZA Rand denominated	101 758 650	79 094 686
Euro denominated	-	128 433
Pound Sterling denominated	2 319 591	-
US Dollar denominated	65 732 228	42 623 851

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of each line item of receivables disclosed above. The Company limits risk by keeping collateral security in specific cases. The other line items classified under receivables do not contain any unrealised amounts or impairments of assets.

Trade receivables are ceded as per note 22.4.

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	2022	2021
	R	R
10. Cash and cash equivalents		
Current assets: Cash and cash equivalents		
Bank accounts	79 984 617	92 309 713
Petty cash	319 392	327 652
Cash on hand	5 076 087	2 937 178
	85 380 096	95 574 543
Current liabilities: Bank-overdrafts		
First Rand Bank Ltd	-	14 490 427
	-	14 490 427
Current assets	85 380 096	95 574 543
Current liabilities	-	(14 490 427)
	85 380 096	81 084 116
Bank overdrafts are secured as per note 22.5		
11. Share capital		
Authorised		
30 000 000 ordinary shares	30 000 000	30 000 000
Issued		
17 127 558 (2021: 17 175 331) ordinary shares	16 111 515	17 069 281
12. Interest-bearing borrowings		
The Standard Bank of SA Ltd – Mortgage loan	-	6 286 666
The Standard Bank of SA Ltd – Instalment sales agreement	-	343 005
Wesbank Ltd – Instalment sales agreement	8 094 234	11 175 950
	8 094 234	17 805 621
Repayment of interest-bearing borrowings:		
Within one year	3 249 882	6 211 731
Between one and five years	4 844 352	11 593 890
Later than five years	-	-
	8 094 234	17 805 621
Non-current liabilities	4 844 352	11 593 890
Current liabilities	3 249 882	6 211 731

The mortgage loan and instalment sales agreement from The Standard Bank of SA Ltd was settled during the current financial year.

The instalment sales agreement from Wesbank Ltd carries interest at rates linked to the prime lending rate of banks plus one, and is repayable in monthly instalments which includes interest and is insured as per note 22.2.

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	2022	2021
	R	R
13. Lease obligations: Right-of-use assets		
Unsecured		
Buildings	14 467 591	17 357 123
Plant and equipment	238 955	931 949
	14 706 546	18 289 072
Repayment of interest-bearing borrowings:		
Within one year	4 692 116	5 360 165
Between one and five years	12 983 516	17 498 880
Later than five years	-	-
	17 675 632	22 859 045
Less: Financing cost	(2 969 086)	(4 569 973)
Accrued finance costs for the next 12 months	(1 275 208)	(1 608 460)
Finance costs still to be recognised over 12 months over the term of the lease	(1 693 878)	(2 961 513)
	14 706 546	18 289 072
Non-current liabilities	11 289 638	14 537 367
Current liabilities	3 416 908	3 751 705

The leases for buildings include manufacturing facilities situated in Upington, having a carrying value of R10 286 774 (2021: R12 970 274), bearing interest at rates linked to the incremental borrowing rate of the Company of 9,75% at inception of the adoption of IFRS 16 (see note 3).

The leases for buildings also include trading and operational facilities situated in Upington, Keimoes and Kathu having a carrying values of R255 456 (2021: R383 184) and R533 272 (2021: R1 146 622), bearing interest at rates linked to the incremental borrowing rate of the Companies of 10,25% and at inception of the adoption of IFRS 16 (see note 3).

The lease for plant and equipment is with various suppliers of forklift and related services, with a carrying value of R205 315 (2021: R852 815), bearing interest at rates linked to prime rate at date of inception of the lease (see Note 3).

Leases for wooden bins included in plant and equipment was settled in the prior financial year. Carrying value of bins transferred to Property, plant and equipment amounted to R3 058 110.

There were no leases with variable lease payments, residual value guarantees or leases not yet commenced to which the Company is committed.

There were no leases relating to low-value assets accounted for under paragraph 6 of the IFRS 16.

There were no leases with a contract term of less than 12 months for which the practical expedient described in paragraph 5a of the IFRS 16 could be applied.

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13. **Lease obligations: Right-of-use assets (continued)**

Reconciliation of carrying values of lease liabilities:

	Carrying value beginning of the year	Additions and amendments	Interest expense	Lease payments	Carrying value end of the year
2022	R	R	R	R	R
Buildings	17 357 123	277 390	1 563 301	(4 730 223)	14 467 591
Plant and equipment	931 949	119	56 936	(750 049)	238 955
	18 289 072	277 509	1 620 237	(5 480 272)	14 706 546
2021	R	R	R	R	R
Buildings	19 760 529	46 470	1 809 517	(4 259 393)	17 357 123
Plant and equipment	4 809 935	(2 539)	393 241	(4 268 688)	931 949
	24 570 464	43 931	2 202 758	(8 528 081)	18 289 072

2022

2021

R R

14. **Deferred government grants**

Government grants have been received for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants. Deferred government grants are recognised according to the useful life of the assets to which it relates.

During the prior financial year R3 000 000 was received as government grant to subsidise the operational expenses of a subsidiary. To date R3 000 000 (2021: R1 358 311) was utilised.

Balance at the beginning of the year	15 244 703	11 957 341
Received during the current year	-	6 568 218
Realised in profit or loss	(3 414 759)	(3 280 856)
	11 829 944	15 244 703
Non-current liabilities	10 031 026	11 952 921
Current liabilities	1 798 918	3 291 782
	11 829 944	15 244 703

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	2022	2021
	R	R
15. Trade and other payables		
Trade payables	139 232 924	171 300 187
Contract liabilities	161 774	198 864
Foreign exchange contracts	655 767	2 820
Provisions	23 156 076	23 906 503
Other payables	14 923 190	11 108 970
South African Revenue Service – Income tax	1 529 874	2 304 086
South African Revenue Service – VAT	3 557 843	1 585 723
	183 217 448	210 407 153

The contract liabilities from contracts with customers R161 774 (2021: R198 864) relate to the advance consideration received from customers taking into account the provisions of IFRS 15.

The amount of R198 864 recognised in contract liabilities at 28 February 2021 has been recognised as revenue for the period ended 28 February 2022.

16. Operating profit

Operating profit is arrived at after taking into account:

Other operating income

Gain on disposal of assets	-	181 475
Gain on foreign exchange contracts	112 317	-

Operating expenditures

Auditors remuneration	2 095 100	1 926 545
Depreciation and impairments	25 409 880	19 671 307
Depreciation: Right-of-use assets	4 349 587	4 376 501
Employee benefits	129 119 562	119 914 473
Loss foreign exchange contracts	515 174	1 444 193
Directors' remuneration	10 728 586	9 800 315
Loss on disposal of assets	130 166	-

Directors' remuneration is compiled as follows:

	Remuneration	Travel allowance	Performance bonus	Total
28 February 2022	R	R	R	R
Executive directors				
SD van Huyssteen	3 573 366	112 087	2 310 880	5 996 333
A Human	1 981 289	-	691 878	2 673 167
	5 554 655	112 087	3 002 758	8 669 500

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16. **Operating profit (continued)**

Directors' remuneration is compiled as follows (continued):

	Honorarium	Travel allowance	Daily fee	Total
Non-executive directors	R	R	R	R
JS Marais – Chairperson	368 933	35 949	69 330	474 212
JPN Stander – Vice-Chairperson	233 700	12 449	104 730	350 879
JDM Minnaar	163 000	6 296	19 090	188 386
VJ Klein	163 000	2 120	47 330	212 450
AR Kotze	163 000	7 296	25 840	196 136
GC Olivier	163 000	16 324	45 590	224 914
Senwes Limited - CF Kruger	163 000	8 611	45 590	217 201
Senwes Limited - F Strydom	163 000	7 828	24 080	194 908
	1 580 633	96 873	381 580	2 059 086
	7 135 288	208 960	3 384 338	10 728 586

	Remuneration	Travel allowance	Performance bonus	Total
28 February 2021	R	R	R	R
Executive directors				
SD van Huyssteen	3 176 802	104 301	2 143 700	5 424 803
A Human	2 021 122	-	688 065	2 709 187
	5 197 924	104 301	2 831 765	8 133 990

	Honorarium	Travel allowance	Daily fee	Total
Non-executive directors	R	R	R	R
JS Marais – Chairperson	254 800	32 768	72 070	359 638
JPN Stander – Vice-Chairperson	191 100	12 892	65 930	269 922
WSB du Toit	52 917	18 173	15 420	86 510
JDM Minnaar	127 000	8 827	15 420	151 247
VJ Klein	127 000	1 928	26 760	155 688
AR Kotze	127 000	6 181	21 960	155 141
GC Olivier	127 000	15 494	28 420	170 914
Senwes Limited - CF Kruger	127 000	7 537	28 420	162 957
Senwes Limited - F Strydom	127 000	7 048	20 260	154 308
	1 260 817	110 848	294 660	1 666 325
	6 458 741	215 149	3 126 425	9 800 315

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	2022	2021
	R	R
17. Investment income		
Dividend income	3 365	3 746
Finance income	4 739 080	5 124 006
	4 742 445	5 127 752
18. Finance costs		
Interest-bearing borrowings	845 160	1 780 584
Interest on lease obligations: Right-of-use assets	1 620 239	2 202 758
Interest on bank accounts	2 580 775	3 723 233
Trade payables	-	186 695
	5 046 174	7 893 270
19. Income tax expense		
Components of income tax expense:		
Current		
South African normal tax – Current period	30 138 966	38 290 767
Deferred		
Timing differences – Net	8 045 839	8 606 166
	38 184 805	46 896 933
Reconciliation of tax expense to accounting profit		
Profit before tax	126 754 112	155 381 981
Other comprehensive income	-	-
	126 754 112	155 381 981
Tax at 28%	35 491 151	43 506 955
Assessed loss deferred tax asset impairment	3 398 946	4 255 169
Dividends received	(942)	(1 049)
Permanent and non-deductible expenses	(19 935)	(56 152)
Tax allowances	(684 415)	(807 990)
Income tax expense recognised in profit or loss	38 184 805	46 896 933

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	2022	2021	
	R	R	
20. Cash (used in)/generated from operations			
Profit before tax	126 754 112	155 381 981	
Adjustments for:			
Depreciation of property, plant and equipment	25 409 880	19 671 307	
Depreciation: Right-of-use assets	4 349 588	4 376 501	
Finance costs	3 425 935	5 690 512	
Finance costs: Right-of-use assets	1 620 239	2 202 758	
Investment income	(4 742 445)	(5 127 752)	
Loss/(Gain) on disposal of plant and equipment	130 166	(181 475)	
Movement in deferred government grants	(3 414 759)	(3 280 856)	
	<u>153 532 716</u>	<u>178 732 976</u>	
Working capital changes:			
Inventory	17 995 743	8 190 210	
Foreign exchange contracts	(164 313)	(2 465 074)	
Trade and other receivables	(44 352 371)	(5 546 757)	
Trade and other payables	(27 068 441)	30 648 732	
	<u>99 943 334</u>	<u>209 560 087</u>	
21. Tax paid			
Balance unpaid at the beginning of the year	1 732 939	1 751 697	
Tax for the current year	30 138 966	38 290 767	
Balance unpaid at the end of the year	(799 014)	(1 732 939)	
	<u>31 072 891</u>	<u>38 309 525</u>	
22. Contingent liabilities	In favour of	Amount	Exposure
		R	R
22.1 Plant and equipment			
SA Dorper (Pty) Ltd Business term loan	Standard Bank	7 000 000	-
Carpe Diem Raisins (Pty) Ltd General notarial bond over movable assets, operating plant and equipment and inventory registered.	First Rand Bank	135 000 000	
Instalment sales agreement	Wesbank	8 094 234	8 094 234
Capital commitment for the acquisition of land and buildings	Carpe Diem Landgoed	25 000 000	

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22. Contingent liabilities (continued)	In favour of	Amount	Exposure
		R	R
22.2 Inventory			
Raisins:			
Carpe Diem Raisins (Pty) Ltd General notarial bond over movable assets, operating plant and equipment and inventory registered.	First Rand Bank	135 000 000	101 639 435
Build It inventory:			
KLK Landbou Limited General notarial bond over inventory registered.	The SPAR Group Ltd	10 507 500	8 271 964
Guarantees issued on behalf of the company by ABSA Ltd for:			
Fuel and oil:			
KLK Landbou Ltd	Caltex Oil	450 000	-
KLK Landbou Ltd	Engen Petroleum	200 000	-
KLK Landbou Ltd	Total SA	20 000	-
Vehicles and parts:			
Gordonia Motors (Pty) Ltd – Floorplan	Wesbank	7 500 000	883 358
Oranje Meganies (Pty) Ltd	Nissan SA	2 100 000	489 291
Oranje Meganies (Pty) Ltd – Floorplan	Wesbank	5 000 000	754 668
22.3 Debtors			
Cession registered for:			
Raisins:			
Carpe Diem Raisins (Pty) Ltd	First Rand Bank	2022/2023 crop	76 022 683
Skins:			
SA Dorper (Pty) Ltd	Standard Bank	10 581 205	10 581 205
22.4 Cash and cash equivalents			
SA Dorper (Pty) Ltd Bank overdraft	Standard Bank	7 000 000	-
Limited suretyship:			
- KLK Landbou Ltd		5 600 000	
- SA Dorper Properties (Pty) Ltd		7 000 000	
- SA Dorper Export Co (Pty) Ltd – non-controlling shareholder		5 600 000	
KLK Landbou Ltd Bank overdraft	ABSA Bank	10 000 000	-
Overnight facility	ABSA Bank	20 000 000	-
Revolving credit facility	ABSA Bank	50 000 000	-
General notarial bond over movable assets, plant and equipment and inventory registered.			

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22. Contingent liabilities (continued)	In favour of	Amount	Exposure
		R	R

22.4 Cash and cash equivalents (continued)

Carpe Diem Raisins (Pty) Ltd Bank overdraft	First Rand Bank	135 000 000	-
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Cession of:

- KLK Landbou Ltd loan account
- Carpe Diem Raisins (Pty) Ltd debtors
- The short term insurance policy
- Van der Colff Beleggings (Pty) Ltd loan account – non-controlling shareholder

Carnarvon Abattoir (Pty) Ltd Bank overdraft	ABSA Bank	7 000 000	-
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Limited suretyship KLK Landbou Ltd

22.5 Other Guarantees

Guarantees issued by ABSA Bank Ltd for:

Eskom	1 800
South African Revenue Service	500 000

Guarantees issued by Carpe Diem Raisins (Pty) Ltd for:

Cool Raisins (Pty) Ltd	First Rand Bank	5 000 000
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Other:

KLK Landbou Ltd issued a letter of support to Ramskop Abattoir (Pty) Ltd and Upington Abattoir (Pty) Ltd for a period of 12 months to ensure that they meet their working capital and capital requirements (going concern requirements) for the said period.

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23. **Related parties**

23.1 **Relationships**

Holding company	Senwes Limited	
Directors	JS Marais	- Chairperson
	JPN Stander	- Vice chairperson
	AR Kotze	
	CF Kruger	
	F Strydom	
	GC Olivier	
	JDM Minnaar	
	VJ Klein	
	A Human	- Financial Director Resigned 31 January 2022
	SD van Huyssteen	- Managing Director

Subsidiaries	Carnarvon Abattoir (Pty) Ltd
	Carpe Diem Raisins (Pty) Ltd
	Cool Raisins (Pty) Ltd (100% subsidiary of Carpe Diem Raisins (Pty) Ltd)
	Gordonia Motors (Pty) Ltd
	Jaagvlak Motors (Pty) Ltd
	KLK Makelaars (Pty) Ltd
	KLK Petroleum Verspreiders (Pty) Ltd
	Majestic Silver Trading 60 (Pty) Ltd
	Oranje Meganies (Pty) Ltd
	Ramskop (Pty) Ltd
	SA Dorper (Pty) Ltd (50% subsidiary of UPT Meat (Pty) Ltd)
	SA Dorper Properties (Pty) Ltd
	Uppington Abattoir (Pty) Ltd
	UPT Meat (Pty) Ltd

Key management members	R Bicego
	E Fortuin
	DJ Franken
	G Marquard
	P Naude
	P Swart
	J van der Colff
	V Viviers

2022	2021
R	R

23.2 **Transactions (continued)**

Amounts included in trade receivables/(payables) by related parties

Agrinet (Pty) Ltd	(555 445)	(1 729 594)
Carpe Diem Landgoed (Pty) Ltd	23 694	56 211
Carpe Diem Landgoed (Pty) Ltd	(541 823)	(3 462 083)
GDM Transport	(103 831)	-

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Notes to the Financial Statements

	2022	2021
	R	R
23. Related parties (continued)		
23.2 Transactions (continued)		
Amounts included in trade receivables/(payables) by related parties (continued)		
GDM Transport	-	86 153
Hinterland (Pty) Ltd	(61 295)	-
Johan van der Colff Trust	(361 853)	(335 049)
Leaf Botanicals (Pty) Ltd	1 713	1 117
Pe-Bee Agri (Pty) Ltd	(73 429)	(32 512)
Rodelande Boerdery (Pty) Ltd	4 321	859
SA Dorper Export Co. (Pty) Ltd	1 495	1 495
Telabase (Pty) Ltd	-	771
Telabase (Pty) Ltd	(1 321 842)	-
Van der Colff Beleggings (Pty) Ltd	(4 024)	(3 578)
Directors	-	30 708
Purchases from/(sales to) related parties		
Agrinet (Pty) Ltd	24 593 218	19 289 669
Carpe Diem Landgoed (Pty) Ltd	17 286 547	21 817 091
Hinterland (Pty) Ltd	1 207 431	-
Leaf Botanicals (Pty) Ltd	(12 079)	-
Pe-Bee Agri (Pty) Ltd	772 751	600 653
Rodelande Boerdery (Pty) Ltd	3 543 337	699 022
SA Dorper Export Co. Proprietary Limited	(14 300)	(27 900)
SA Dorper Export Co. Proprietary Limited	20 872	29 095
Telebase (Pty) Ltd	6 408 042	3 772 330
Directors	244 178	81 906
Directors	(2 787 638)	(3 550 610)
Administration fees received from/(paid to) related parties		
Carpe Diem Landgoed (Pty) Ltd	(2 541 218)	(2 379 822)
Interest received from /(paid to) related parties		
Senwes Limited	1 236 654	-
Contractual rent paid to related parties		
Oranje Koelkamers (Pty) Ltd	442 190	839 837
Johan van der Colff Trust	3 519 469	3 258 768
Van Der Colff Beleggings (Pty) Ltd	502 481	-
IFRS 16 presentation of lease with Johan van der Colff Trust:		
Lease payments made to related party reversed	(3 519 469)	(3 258 768)
Right-of-use asset	10 286 774	12 970 274
Depreciation: Right-of-use asset	2 683 500	2 683 503
Lease obligation: Right-use-asset	(13 439 355)	(15 535 138)
Finance cost: Right-of-use asset	1 423 686	1 604 296

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	2022	2021
	R	R
23. Related parties (continued)		
23.2 Transactions (continued)		
Transport cost paid to related parties		
Carpe Diem Landgoed (Pty) Ltd	-	10 000
GDM Transport	1 384 488	1 460 476
Operational cost paid to related parties		
Carpe Diem Landgoed (Pty) Ltd	651 797	416 613
Gog van der Colff	112 191	-
Leaf Botanicals (Pty) Ltd	7 407	5 153
Rodelande Boerdery (Pty) Ltd	-	6 706
Telebase (Pty) Ltd	11 999	19 568
Van der Colff Beleggings (Pty) Ltd	37 962	47 864
Wingerdskuur	122 550	144 180
Dividends received from/(paid to) related parties		
SA Dorper Export Co. (Pty) Ltd	(4 000 000)	(4 000 000)
Van der Colff Beleggings (Pty) Ltd	-	(2 000 000)
Remuneration paid to Key Management	16 697 671	16 235 491

23.3 Directors remuneration

Refer to note 16 for full disclosure.

24. Financial Risk Management

24.1 Financial Risk Factors

The Company's activities expose it to various financial risks including: market risk (including foreign exchange rate risks, cash flow and fair value interest rate risk and price risks), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures of measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive controlled environment in which all employees understand their roles and obligations.

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Notes to the Financial Statements

24. **Financial Risk Management (continued)**

24.1 **Financial Risk Factors (continued)**

(a) **Market risk**

(i) **Foreign currency risk**

The Company is exposed to foreign exchange rate risk from sales nominated in foreign currencies. Exchange rate risk arises mainly from future economic transactions. Covers are taken to manage the risk.

On 28 February the Group had the following assets, liabilities and forward exchange contracts denominated in foreign currency in the following amounts:

	2022	2021
	R	R
Foreign currency in US Dollars	\$ 7 327 442	\$ 1 200 000
Foreign currency in US Dollars (zero cost collar options)	\$ 4 500 000	-
Trade receivables denominated in US Dollars	65 732 228	42 623 851
Trade receivables denominated in Euro	-	128 433
Trade receivables denominated in Pound Sterling	2 319 591	-
Forward exchange contracts	115 863 436	18 618 780

Foreign exchange sensitivity analysis

The Company is primarily exposed to exchange rate fluctuations. An assessment of the Company's sensitivity to the exchange rate shows that should the Rand strengthen by 10% the Company's profit before tax would decrease by R3 776 458 (2021: decrease R1 719 118). A 10% weakening of the Rand versus the Dollar would result in a gain of the same amount.

(ii) **Price risk**

The Company is exposed to price risk of changes in commodities, livestock and fuel prices. The Company does not anticipate a sharp drop in trade, livestock and fuel prices in the near future. No cover was taken for the risk. The Company reviews its trading, livestock and fuel prices on a regular basis for effective financial management.

(iii) **Cash flow and fair value interest rate risk**

The Company's interest rate risk arises from interest-bearing assets and liabilities. Loans taken at variable interest rates expose the Company to cash flow interest rate risk. Loans taken at a fixed interest rate expose the Company to fair value interest rate risk. No cover was taken to hedge the risks.

The Company evaluates its interest rate risk by calculating possible changes in interest rates at current levels of financing.

On 28 February 2022, if interest rates on bank balances were 1% (28 February 2021: 1%) higher / lower with all other variables constant, after-tax profit / (loss) for the year would be, R575 889 (28 February 2021: R560 299) lower / higher, mainly due to higher / lower interest income/ expenses.

On 28 February 2022, if interest rates on receivables were 1% (28 February 2021: 1%) higher / lower with all other variables constant, after-tax profit / (loss) for the year would be lower / higher Rnil (28 February 2021: Rnil) mainly due to higher / lower interest income/ expenses.

On 28 February 2022, if interest rates on loans were 1% (28 February 2021: 1%) higher / lower with all other variables constant, after-tax profit / (loss) for the year would be, R58 278 (28 February 2021: R128 000) higher / lower, mainly due to higher/ lower interest income/ expense.

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24. **Financial Risk Management (continued)**

24.1 **Financial Risk Factors (continued)**

(b) **Credit risk**

Credit risk is managed on a group basis by the Financial Management team and the Board of Directors. The credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The Company only deposits cash at major banks with high quality credit standing and limits exposure to any single party.

Trade debtors consist of a widespread customer base. Management evaluates credit risks of customers on an ongoing basis. If customers are graded independently, the ratings will be used. Otherwise, if there is no independent rating, risk management evaluates the customer's credit quality by accounting for its financial position, previous experience and other factors. Individual risk ranges are set based on internal or external ratings according to limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or by using known credit cards. Credit guarantee insurance is obtained when deemed appropriate.

Management is not aware of any loss of default due to the counterparties. The table shows the credit limits and balances of the largest credit providers/counterparties on the financial year end date:

Counterparties	28 February 2022		28 February 2021	
	Credit limit	Balance	Credit limit	Balance
	R	R	R	R
ABSA Bank overdraft facility	10 000 000	-	10 000 000	-
ABSA Bank overnight facility	20 000 000	-	20 000 000	-
ABSA Bank revolving loan facility	50 000 000	-	50 000 000	-
Asset financing	20 000 000	8 094 234	20 000 000	11 518 955
Creditor 1	-	1 321 842	-	3 462 083
Creditor 2	61 000 000	36 926 039	61 000 000	24 920 918
First Rand Bank Ltd	135 000 000	-	135 000 000	14 490 427
	296 000 000	46 342 115	296 000 000	54 392 383

Counterparties	28 February 2022		28 February 2021	
	Credit limit	Balance	Credit Limit	Balance
	R	R	R	R
Debtor 1	15 368 900	8 831 820	12 014 000	8 761 935
Debtor 2	10 000 000	7 107 948	5 898 291	5 898 291
Debtor 3	1 536 890	6 648 697	15 017 500	5 266 048
Debtor 4	15 368 900	6 353 845	7 500 000	4 850 482
Debtor 5	7 500 000	4 736 827	3 608 720	3 608 720
Debtor 6	3 690 085	3 690 085	1 200 000	2 955 533
Debtor 7	15 368 900	3 523 959	2 077 464	2 077 464
Debtor 8	4 500 000	3 346 007	3 000 000	1 453 600
Debtor 9	1 675 210	2 983 244	5 500 000	1 383 856
Debtor 10	2 733 939	2 733 939	1 298 245	1 298 245
	77 742 842	49 956 371	57 114 220	37 554 174

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24. Financial Risk Management (continued)

24.1 Financial Risk Factors (continued)

(c) Liquidity risk

Sensitive liquidity risk management implies the maintenance of sufficient cash and marketable securities, the availability of funding through an appropriated amount of credit facilities and the ability to settle market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility with funding by maintaining appropriated credit facilities.

The Company's risk of liquidity is due to the availability of funds to cover future liabilities. The Company manages liquidity risk through a continuous review of future liabilities and credit facilities.

The directors will continue to monitor and evaluate the impact of the COVID 19 pandemic and the war in Ukraine on the operations and the potential impact on the going concern of the company as the lockdown is moving through various stages of economic activities allowed. To date the both the impact of COVID 19 and the war in Ukraine has not materially impacted the results nor the ability to continue as a going concern of the company as production and sale of products continued throughout the various lockdown levels. Strict procedures and structures will remain to mitigate any risk to the company's liquidity and long-term profitability.

The month-by-month analyses took the following into account:

- i. Monthly revenue lost
- ii. Capital expenditures including additional supply costs
- iii. Reducing or postponing non-essential expenses
- iv. Working capitals requirements
- v. All other cash outflows (tax, interest etc.)

Cash flow forecasts are prepared and utilised loan facilities are monitored.

The table below is an analysis of the Company's financial liabilities and net settled derivative financial liabilities, in relevant expiration dates groupings based on the remaining period at the reporting date up to the contractual expiration date. The amounts disclosed in the table below are the contractual non-discounted cash flows. Balances payable within 12 months are equal to their carrying values since the impact of discount is not material.

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years
28 February 2022	R	R	R	R
Long-term loans	8 094 234	3 249 882	4 844 352	-
Lease obligations: Right-of-use assets	14 706 546	3 416 908	11 289 638	-
Trade and other payables	178 129 731	178 129 731	-	-
	200 930 511	184 796 521	16 133 990	-
28 February 2021				
Long-term loans	17 805 621	6 211 731	11 593 890	-
Bank overdraft	14 490 427	14 490 427	-	-
Lease obligations: Right-of-use assets	18 289 072	3 751 705	14 537 367	-
Trade and other payables	206 517 344	206 517 344	-	-
	257 102 464	230 971 207	26 131 257	-

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24. **Financial Risk Management (continued)**

24.1 **Financial Risk Factors (continued)**

(d) **Capital risk management**

The Company's objectives when managing capital are to safeguard its operational continuity, in order to provide returns to the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure consists of debt (without derivative financial liabilities), current liabilities disclosed in the Statement of Financial Position and Equity disclosed in the Statement of Financial Position.

To maintain or adjust the capital structure, the Company can adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Like others in the industry, the Company's capital is monitored based on the leverage ratio.

The ratio is calculated as total capital and reserves divided by total assets.

There are no externally enforced capital requirements.

There were no changes in what the entity manages as capital, the capital maintenance strategy or capital requirements of the previous year externally enforced.

The company's capital ratio was as follows:

	2022	2021
	R	R
Total capital reserves	658 058 304	574 858 954
Total assets	914 573 331	883 156 539
Capital ratio	72.0%	65.1%

24.2 **Financial instruments per category**

The accounting policies for financial instruments are applied to the following line items:

28 February 2022	Loans and receivables	Fair value	Total
Assets per Statement of Financial Position	R	R	R
Trade and other receivables	178 428 730	-	178 428 730
Cash and cash equivalents	85 380 096	-	85 380 096
	263 808 826	-	263 808 826

	Financial liabilities at amortised cost	Total
Liabilities per Statement of Financial Position		
Lease obligations: Right-of-use assets	14 706 546	14 706 546
Trade and other payables	178 129 731	178 129 731
Long-term loans	8 094 234	8 094 234
	200 930 511	200 930 511

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24. **Financial Risk Management (continued)**

24.2 **Financial instruments per category (continued)**

28 February 2021	Loans and receivables	Fair value	Total
Assets per Statement of Financial Position	R	R	R
Trade and other receivables	130 074 576	-	130 074 576
Cash and cash equivalents	95 574 543	-	95 574 543
	225 649 119	-	225 649 119
		Financial liabilities at amortised cost	Total
		Liabilities per Statement of Financial Position	
Lease obligations: Right-of-use assets		18 289 072	18 289 072
Bank overdrafts		14 490 427	14 490 427
Trade and other payables		206 517 344	206 517 344
Long-term loans		17 805 621	17 805 621
		257 102 464	257 102 464

Credit rating of financial assets

The credit rating and quality of financial assets that are not out of date or impaired are assessed by referring to external credit ratings and / or historical financial information of counterparties:

	2022	2021
Trade receivables		
Counterparties with external credit ratings		
Group 1	-	-
Group 2	31 223	177 314
Group 3	169 810 469	121 846 970
	169 841 692	122 024 284

- Group 1 - new customers (no payment records).
Group 2 - existing customers (longer than 12 months) with no terms exceeded in the past.
Group 3 - existing customers (longer than 12 months) with terms exceeded in the past. All amounts are fully settled and recovered.

Notes to the Financial Statements

25. Events after the reporting period

The directors are not aware of any matter or circumstance that occurred since the end of the financial year up to the date of this report that has not been dealt with in the report or financial statements and which may have a significant influence on the activities of the company or the results of those activities. The directors have taken the decision to sell/discontinue the auction division in the near future. No provision for future losses or liabilities for which a commitment did not exist at the end of the reporting date was recognised. No assets were impaired after evaluation of recoverable amount of assets based on conditions existing at the end of the reporting period and providing for contractual commitments i.e. cost of disposal.

The directors will continue to monitor and evaluate both the impact of the COVID 19 pandemic on the operations and the potential impact on the going concern of the company as the lockdown is moving through various stages of economic activities allowed; as well as the unfolding impact the war in Ukraine will have on the company. To date neither the impact of COVID 19 nor the war in Ukraine has materially impacted the results nor the ability of the company to continue as a going concern as operations continued without disruptions. Strict procedures and structures will remain to mitigate any risk to the company's liquidity and long-term profitability.

Refer to note 26 "Going concern" to the financial statements for the details of the directors' evaluation and conclusions with regards to the possible impact of the Covid-19 pandemic and the war in Ukraine on the going concern status of the company. The impact of both the Covid-19 pandemic and the war in Ukraine on liquidity risk management has been addressed in the liquidity risk section of note 24.1(c).

26. Going concern

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

With reference to the events described in note 25 "Events after the reporting period" to the financial statements, the directors have evaluated the possible impact of the events described on the going concern status of the company.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient cash resources and borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Based on their evaluation, and after taking all currently available information into account about the foreseeable future for at least twelve months from the reporting date, the directors have concluded that the events described in note 25 "Events after the reporting period" will not, within the foreseeable future, result in the company not being able to continue as a going concern.

The directors have also, after careful consideration, concluded that there is, at the date of this report, no material uncertainty as to whether or not the company will be able to continue as a going concern for the foreseeable future.

27. Fair value disclosure

The company's accounting policies and disclosure require the measurement of fair value values for both financial and non-financial assets and liabilities.

The company has established a control framework for the measurement of fair value. The Financial Director takes responsibility for the review of all major fair value measurements, including level 3 fair values, and reports directly to the Audit- and Risk Committee.

The Financial Management team assesses significant inputs, assumptions and valuation adjustments. If third party information is used for valuation of fair value values, such as published prices, the Management team evaluates the evidence received to support the value in terms of IFRS requirements, including the fair value level.

Significant valuation adjustments are reported to the Audit- and Risk Committee of the Group.

The Company makes use of market-based data as far as possible for the measurement of fair value of assets and liabilities. Fair value estimates are classified into different classes in the fair value ranking based on inputs and valuation techniques used.

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27. **Fair value disclosure (continued)**

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

If the inputs are used to measure fair value of assets and liabilities categorised in different levels, the fair value is classified in the lowest level of inputs used in the calculation of the fair value.

The Company recognises transfers between different levels of fair value ranking at the end of the financial reporting period in which change occurred.

The table shows fair value measurement in the Statement of Financial Position on disclosure in the financial statements for assets and liabilities and in the ranking of fair value measurement.

Repetitive in nature	28 February 2022			
	Carrying value	Level 1	Level 2	Level 3
Assets	R	R	R	R
Investment property and loans	1 110 360	-	-	1 110 360
Foreign exchange contracts	846 878	846 878	-	-
	1 957 238	846 878	-	1 110 360
Liabilities				
Foreign exchange contracts	4 906	4 906	-	-
Lease obligations	14 706 546	-	-	14 706 546
Long-term loans	8 094 234	-	-	8 094 234
Zero cost collar options	650 861	650 861	-	-
	23 456 547	655 767	-	22 800 780
Repetitive in nature	28 February 2021			
Assets	Carrying value	Level 1	Level 2	Level 3
	R	R	R	R
Investment property and loans	1 110 360	-	-	1 110 360
Foreign exchange contracts	29 618	29 618	-	-
	1 139 978	29 618	-	1 110 360
Liabilities				
Foreign exchange contracts	2 820	2 820	-	-
Lease obligations	18 289 072	-	-	18 289 072
Long-term loans	17 805 621	-	-	17 805 621
	36 097 513	2 820	-	36 094 693

Note: The fair value of cash and cash equivalents, receivables and payable accounts is equal to their carrying value due to its short-term nature.

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28. Segment information

Management determines the operating segments based on reports used by the Board to make strategic decisions.

The board considers the business from an operational point of view and receives reports regarding the following segments:

- Trading in agricultural supplies, inventory and hardware.
- Supply of retail fuel to filling stations.
- Processing and marketing of livestock and other related products.
- Sale of new and used motor vehicle and the provision of related services.
- Processing of skins, hides and raisin products.
- Corporate and others, include insurance and head office expenditure.

	Trade	Fuel	Meat trading operations	Automotive related	Processing	Corporate	Total
28 February 2022	R	R	R	R	R	R	R
Revenue	794 117 236	672 213 882	358 542 029	112 793 828	603 133 077	1 108 267	2 541 908 319
Profit/(loss) before tax	36 257 186	51 212 506	(10 525 801)	3 684 430	75 209 943	(29 084 152)	126 754 112
28 February 2021							
Revenue	690 366 552	516 243 270	271 235 188	84 037 118	664 509 881	521 919	2 226 913 928
Profit/(loss) before tax	32 953 289	46 345 499	(8 305 197)	2 695 070	109 340 071	(27 646 751)	155 381 981