Ranbaxy South Africa Proprietary Limited
(Registration number 1993/001413/07)
Financial statements
for the year ended 31 March 2022

Ranbaxy South Africa Proprietary Limited
(Registration number 1993/001413/07)
Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Directors	DW Brothers A Ajoodha UK Maini
Registered office	Ground Floor, Tugela Park, Riverside Office Park 1303 Heuwel Avenue Centurion Gauteng 0046
Business address	Ground Floor, Tugela Park, Riverside Office Park 1303 Heuwel Avenue Centurion Gauteng 0046
Postal address	PO Box 14058 Centurion Gauteng 0046
Holding company	Sun Pharma (Netherlands) BV incorporated in Netherlands
Ultimate holding company	Sun Pharmaceuticals Industries Limited incorporated in India
Auditors	Ernst & Young Inc.Chartered Accountants (SA)Member firm
Secretary	SNG Grant Thornton
Company registration number	1993/001413/07
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were internally compiled by: Melissa McGill CA(SA)
Issued	06 May 2022

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Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group’s cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 8.

The financial statements set out on pages 9 to 41, which have been prepared on the going concern basis, were approved by the board of directors on 06 May 2022 and were signed on their behalf by:

A Ajoodha

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Ranbaxy South Africa Proprietary Limited and the group for the year ended 31 March 2022.

1. Nature of business

Ranbaxy South Africa Proprietary Limited and it subsidiary has interest in the import, marketing, manufacturing and trade of pharmaceutical goods and services.

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

2. Review of financial results and activities

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

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

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declared or paid in the current year (2021: Rnil).

5. Directorate

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

Directors
DW Brothers
A Ajoodha
UK Maini

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

7. Holding company

The group's holding company is Sun Pharma (Netherlands) BV which holds 100% (2021: 100%) of the group's equity. Sun Pharma (Netherlands) BV is incorporated in Netherlands.

8. Ultimate holding company

The group's ultimate holding company is Sun Pharmaceuticals Industries Limited which is incorporated in India.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. 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.

Directors' Report

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 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.

11. Auditors

Ernst & Young Inc. continued in office as auditors for the company and its subsidiaries for 2022.

12. Secretary

The company secretary is Grant Thornton.

Independent Auditor's Report

To the Shareholder of Ranbaxy South Africa Proprietary Limited

Opinion

We have audited the financial statements of Ranbaxy South Africa Proprietary Limited (the company) set out on pages 9 to 41, which comprise the statement of financial position as at 31 March 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and 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 financial statements present fairly, in all material respects, the financial position of Ranbaxy South Africa Proprietary Limited as at 31 March 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 of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ranbaxy South Africa Proprietary Limited financial statements for the year ended 31 March 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

Independent Auditor's Report

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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.

Ernst & Young Inc.
Partner
Chartered Accountants (SA)

Member firm

06 May 2022
Place of signature

Ranbaxy South Africa Proprietary Limited

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Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

		Group		Company	
	Notes	2022 R	2021 R	2022 R	2021 R
Assets					
Non-Current Assets					
Property, plant and equipment	3	1 509 524	552 364	1 509 402	552 242
Right-of-use assets	4	7 464 976	2 668 868	7 464 976	2 668 868
Investments in subsidiaries	5	-	-	905 342	905 342
Deferred tax	7	9 026 964	11 953 630	3 671 517	4 187 233
		18 001 464	**15 174 862**	**13 551 237**	**8 313 685**
Current Assets					
Inventories	8	78 206 124	126 397 399	18 748 440	40 738 601
Trade and other receivables	6	215 629 534	392 117 840	98 084 799	169 500 032
Current tax receivable		5 935 881	5 600 992	-	-
Cash and cash equivalents	9	74 143 539	90 361 882	19 185 856	29 677 032
		373 915 078	**614 478 113**	**136 019 095**	**239 915 665**
Total Assets		**391 916 542**	**629 652 975**	**149 570 332**	**248 229 350**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	10	17 511 923	17 511 923	17 511 923	17 511 923
Reserves		(211 831)	(211 831)	-	-
Retained income		224 875 541	205 016 981	87 289 199	81 095 170
		242 175 633	222 317 073	104 801 122	98 607 093
Non-controlling interest		26 578 911	27 152 547	-	-
		268 754 544	**249 469 620**	**104 801 122**	**98 607 093**
Liabilities					
Non-Current Liabilities					
Lease liabilities	4	5 325 509	-	5 325 509	-
Current Liabilities					
Trade and other payables	11	115 655 805	376 303 395	37 263 017	145 456 335
Lease liabilities	4	2 180 684	3 879 960	2 180 684	3 879 960
Current tax payable		-	-	-	285 962
		117 836 489	**380 183 355**	**39 443 701**	**149 622 257**
Total Liabilities		**123 161 998**	**380 183 355**	**44 769 210**	**149 622 257**
Total Equity and Liabilities		**391 916 542**	**629 652 975**	**149 570 332**	**248 229 350**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2022 R	2021 R	2022 R	2021 R
Revenue	12	619 563 914	804 805 288	196 179 504	241 449 613
Cost of sales	13	(484 724 190)	(688 304 342)	(116 762 933)	(160 516 220)
Gross profit		**134 839 724**	**116 500 946**	**79 416 571**	**80 933 393**
Other operating income	14	1 781 110	2 185 522	3 022 071	860 571
Other operating expenses		(110 513 064)	(94 579 103)	(79 360 297)	(78 560 625)
Operating profit	15	**26 107 770**	**24 107 365**	**3 078 345**	**3 233 339**
Investment income	16	2 833 782	2 786 839	5 971 226	4 518 104
Finance costs	17	(2 339 829)	(582 679)	(2 339 829)	(582 679)
Profit before taxation		**26 601 723**	**26 311 525**	**6 709 742**	**7 168 764**
Taxation	18	(5 330 087)	(361 350)	(515 716)	1 538 655
Total comprehensive income for the year		**21 271 636**	**25 950 175**	**6 194 026**	**8 707 419**
Profit attributable to:					
Owners of the parent		19 858 564	19 789 602	6 194 026	8 707 419
Non-controlling interest		1 413 072	6 160 573	-	-
		21 271 636	**25 950 175**	**6 194 026**	**8 707 419**
Total comprehensive income attributable to:					
Owners of the parent		19 858 564	19 789 602	6 194 026	8 707 419
Non-controlling interest		1 413 072	6 160 573	-	-
		21 271 636	**25 950 175**	**6 194 026**	**8 707 419**

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Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Common control reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R	R	R	R	R	R	R	R
Group								
Balance at 01 April 2020	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**188 415 376**	**205 715 468**	**22 403 041**	**228 118 509**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**19 789 602**	**19 789 602**	**6 160 573**	**25 950 175**
Dividends	-	-	-	-	(3 187 997)	(3 187 997)	(1 411 067)	(4 599 064)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(3 187 997)**	**(3 187 997)**	**(1 411 067)**	**(4 599 064)**
Balance at 01 April 2021	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**205 016 977**	**222 317 069**	**27 152 547**	**249 469 616**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**19 858 564**	**19 858 564**	**1 413 072**	**21 271 636**
Dividends	-	-	-	-	-	-	(1 986 708)	(1 986 708)
Balance at 31 March 2022	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**224 875 541**	**242 175 633**	**26 578 911**	**268 754 544**
Note(s)	10	10	10					
Company								
Balance at 01 April 2020	**361 917**	**17 150 006**	**17 511 923**	**-**	**72 387 751**	**89 899 674**	**-**	**89 899 674**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**8 707 419**	**8 707 419**	**-**	**8 707 419**
Balance at 01 April 2021	**361 917**	**17 150 006**	**17 511 923**	**-**	**81 095 173**	**98 607 096**	**-**	**98 607 096**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**6 194 026**	**6 194 026**	**-**	**6 194 026**
Balance at 31 March 2022	**361 917**	**17 150 006**	**17 511 923**	**-**	**87 289 199**	**104 801 122**	**-**	**104 801 122**
Note(s)	10	10	10					

Ranbaxy South Africa Proprietary Limited

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Statement of Cash Flows

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Cash flows from operating activities					
Cash used in operations	19	(6 637 346)	(45 210 905)	(8 486 678)	(58 735 201)
Interest income		2 833 782	2 786 839	1 335 573	1 225 614
Dividends received (trading)		-	-	4 635 653	3 292 490
Finance costs		(2 111 585)	-	(2 111 585)	-
Tax paid	20	(2 738 310)	(3 832 268)	(285 962)	5 252 205
Net cash from operating activities		**(8 653 459)**	**(46 256 334)**	**(4 912 999)**	**(48 964 892)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(1 297 906)	(160 376)	(1 297 906)	(160 376)
Net cash from investing activities		**(1 297 906)**	**(160 376)**	**(1 297 906)**	**(160 376)**
Cash flows from financing activities					
Proceeds from shareholders loan		-	27 948	-	27 945
IFRS16 finance lease cash effect		(4 280 271)	(4 528 430)	(4 280 271)	(4 528 430)
Dividends paid		(1 986 708)	(1 411 067)	-	-
Net cash from financing activities		**(6 266 979)**	**(5 911 549)**	**(4 280 271)**	**(4 500 485)**
Total cash movement for the year		**(16 218 344)**	**(52 328 259)**	**(10 491 176)**	**(53 625 753)**
Cash at the beginning of the year		90 361 883	142 690 141	29 677 032	83 302 785
Total cash at end of the year	9	**74 143 539**	**90 361 882**	**19 185 856**	**29 677 032**

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa of South Africa, as amended.

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 group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

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

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

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

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements

Accounting Policies

1.2 Consolidation (continued)

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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.

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 group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’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.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group 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 group, 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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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 group 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 group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. 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 useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Machinery	Straight line	5 - 25 years
Fixtures and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Computer equipment	Straight line	3 years
Construction in progress	Straight line	10% - 33.33% per annum
Leasehold improvements	Straight line	10% - 33.33% per annum

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 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	2 years
Copyrights, patents and other industrial property rights, service and operating rights	Straight line	5 years

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

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).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Accounting Policies

1.6 Financial instruments (continued)

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).

Note 23 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

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 (note 6).

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 group'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 group 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.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 16).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:
- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Accounting Policies

1.6 Financial instruments (continued)

Impairment

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Measurement and recognition of expected credit losses

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 15).

Write off policy

The group 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 group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Classification

Trade and other payables (note 11), 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 group 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 (note 17).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents

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

Bank overdrafts

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 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.

1.7 Tax (continued)

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 and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

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.

1.8 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 15) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Accounting Policies

1.8 Leases (continued)

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 17).

iThe group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting Policies

1.8 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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 a right-of-use asset with a cost that is significant in relation to the total cost of the asset 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.

1.9 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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

Accounting Policies

1.10 Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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.

1.11 Share capital and equity

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

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

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation 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 are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.12 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.13 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of sports goods

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	The impact of the amendments is not material.
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact

3. Property, plant and equipment

Group	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	34 292 930	(34 292 850)	80	34 292 930	(34 292 850)	80
Furniture and fixtures	1 853 966	(1 835 633)	18 333	1 849 620	(1 821 873)	27 747
Motor vehicles	523 504	(393 169)	130 335	523 504	(331 648)	191 856
IT equipment	4 436 689	(3 075 913)	1 360 776	3 164 848	(2 832 167)	332 681
Leasehold improvements	623 289	(623 289)	-	623 289	(623 289)	-
Total	**41 730 378**	**(40 220 854)**	**1 509 524**	**40 454 191**	**(39 901 827)**	**552 364**

Company	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 776 771	(1 758 461)	18 310	1 772 425	(1 744 701)	27 724
Motor vehicles	523 504	(393 169)	130 335	523 504	(331 648)	191 856
IT equipment	4 310 856	(2 950 099)	1 360 757	3 017 296	(2 684 634)	332 662
Leasehold improvements	623 289	(623 289)	-	623 289	(623 289)	-
Total	**7 234 420**	**(5 725 018)**	**1 509 402**	**5 936 514**	**(5 384 272)**	**552 242**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Depreciation	Total
Plant and machinery	80	-	-	80
Furniture and fixtures	27 747	4 346	(13 760)	18 333
Motor vehicles	191 856	-	(61 521)	130 335
IT equipment	332 681	1 293 560	(265 465)	1 360 776
	552 364	**1 297 906**	**(340 746)**	**1 509 524**

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Depreciation	Total
Plant and machinery	80	-	-	80
Furniture and fixtures	42 092	-	(14 345)	27 747
Motor vehicles	271 369	-	(79 513)	191 856
IT equipment	373 646	160 376	(201 341)	332 681
	687 187	**160 376**	**(295 199)**	**552 364**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	27 724	4 346	(13 760)	18 310
Motor vehicles	191 856	-	(61 521)	130 335
IT equipment	332 662	1 293 560	(265 465)	1 360 757
	552 242	**1 297 906**	**(340 746)**	**1 509 402**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	2	-	(2)	-	-
Furniture and fixtures	42 033	-	(152)	(14 157)	27 724
Motor vehicles	271 369	-	-	(79 513)	191 856
IT equipment	373 619	160 384	-	(201 341)	332 662
	687 023	**160 384**	**(154)**	**(295 011)**	**552 242**

4. Leases (group as lessee)

The group has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Group	**2022**			**2021**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	16 752 410	(9 287 434)	7 464 976	9 074 150	(6 405 282)	2 668 868

Company	**2022**			**2021**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	16 752 410	(9 287 434)	7 464 976	9 074 150	(6 405 282)	2 668 868

Reconciliation of right-of-use asset - Group - 2022

	Opening balance	Additions	Depreciation	Total
Leasehold property	2 668 868	7 678 260	(2 882 152)	7 464 976

Reconciliation of right-of-use asset - Group - 2021

	Opening balance	Depreciation	Total
Leasehold property	5 871 509	(3 202 641)	2 668 868
	5 871 509	**(3 202 641)**	**2 668 868**

Reconciliation of right-of-use asset - Company - 2022

	Opening balance	Additions	Depreciation	Total
Leasehold property	2 668 868	7 678 260	(2 882 152)	7 464 976

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

4. Leases (group as lessee) (continued)

Reconciliation of right-of-use asset - Company - 2021

	Opening balance	Depreciation	Total
Leasehold property	5 871 509	(3 202 641)	2 668 868
	5 871 509	**(3 202 641)**	**2 668 868**

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Within one year	2 180 684	3 879 960	2 180 684	3 879 960
Two to five years	5 325 509	-	5 325 509	-
	7 506 193	**7 759 920**	**7 506 193**	**7 759 920**
As at 01 April	3 879 960	7 825 710	3 879 960	7 825 710
Additions	7 678 260	-	7 678 260	-
Interest accrual	228 244	582 679	228 244	582 679
Payments	(4 280 271)	(4 528 429)	(4 280 271)	(4 528 429)
As at 31 March	**7 506 193**	**3 879 960**	**7 506 193**	**3 879 960**
Non-current liabilities	5 325 509	-	5 325 509	-
Current liabilities	2 180 684	3 879 960	2 180 684	3 879 960
	7 506 193	**3 879 960**	**7 506 193**	**3 879 960**

5. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
Sonke Pharmaceuticals Proprietary Limited	100,00 %	100,00 %	905 342	905 342

6. Trade and other receivables

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Financial instruments:				
Trade receivables	157 474 882	322 683 637	24 743 128	87 475 042
Trade receivables - related parties	67 548 545	89 908 687	67 548 545	81 273 069
Loss allowance	(23 276 030)	(28 818 158)	(4 506 875)	(7 515 117)
Trade receivables at amortised cost	201 747 397	383 774 166	87 784 798	161 232 994
Other receivables	1 710 942	1 149 717	1 326 287	1 149 717
Non-financial instruments:				
Value added tax	3 122 873	-	-	-
Employee costs in advance	273 567	300 195	267 567	292 167
Prepayments	8 774 755	6 893 762	8 706 147	6 825 154
Total trade and other receivables	**215 629 534**	**392 117 840**	**98 084 799**	**169 500 032**

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

6. Trade and other receivables (continued)

Split between non-current and current portions

Current assets	215 629 534	392 117 840	98 084 799	169 500 032

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	203 458 339	387 234 265	89 111 085	387 234 265
Non-financial instruments	12 171 195	11 275 142	8 973 714	11 275 142
	215 629 534	**398 509 407**	**98 084 799**	**398 509 407**

Exposure to credit risk

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

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in
credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is
based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic
environment.

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

6. Trade and other receivables (continued)

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2022	2022	2021	2021
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Current	114 143 201	-	222 211 105	-
31 - 60 days pat due	33 316 662	-	83 335 106	-
61 - 90 days past due	10 086 939	-	35 786 137	-
91 - 120 days past due	8 833 091	-	12 229 937	-
More than 120 days past due	58 643 534	(23 276 030)	54 194 409	(28 818 157)
Total	**225 023 427**	**(23 276 030)**	**407 756 694**	**(28 818 157)**

Company	**2022**	**2022**	**2021**	**2021**
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due	79 340 105	-	119 421 541	-
31 - 60 days past due	6 723 520	-	30 749 003	-
61 - 90 days past due	393 479	-	3 986 426	-
91 - 120 days past due	101 403	-	2 285 388	-
More than 120 days past due	5 733 166	(4 506 875)	7 053 548	(7 515 117)
Total	**92 291 673**	**(4 506 875)**	**163 495 906**	**(7 515 117)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance	**(28 818 158)**	**(33 247 239)**	**(7 515 117)**	**(8 032 020)**
Impairment raised	5 542 128	4 429 081	3 008 242	516 903

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

7. Deferred tax

Deferred tax asset

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Property, plant and equipment	2 109 567	2 994 703	-	-
Provision for leave pay	1 196 922	1 156 556	1 036 176	1 007 354
Provision for bonus	2 009 268	1 750 558	1 841 739	1 601 703
Provision for doubtful debt	3 925 360	6 051 813	793 601	1 578 176
Deferred tax balance from temporary differences other than unused tax losses	9 241 117	11 953 630	3 671 516	4 187 233
Total deferred tax asset	**9 241 117**	**11 953 630**	**3 671 516**	**4 187 233**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Deferred tax asset	9 241 117	11 953 630	3 671 516	4 187 233

Reconciliation of deferred tax asset / (liability)

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
At beginning of year	11 953 630	10 831 767	4 187 233	2 648 578
Temporary differences	(2 926 666)	1 121 863	(515 716)	1 538 655
	9 026 964	**11 953 630**	**3 671 517**	**4 187 233**

8. Inventories

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Finished goods	101 262 582	141 971 347	21 928 952	48 308 149
Merchandise	2 067 482	10 620 329	1 094 571	969 256
	103 330 064	152 591 676	23 023 523	49 277 405
Inventories (write-downs)	(25 123 940)	(26 194 277)	(4 275 083)	(8 538 804)
	78 206 124	**126 397 399**	**18 748 440**	**40 738 601**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Cash on hand	4 231	2 150	1 381	2 150
Bank balances	74 139 308	90 359 732	19 184 475	29 674 882
	74 143 539	**90 361 882**	**19 185 856**	**29 677 032**

10. Share capital

Authorised

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
1 004 000 Ordinary shares	1 004 000	1 004 000	1 004 000	1 004 000

Describe any changes in authorised share capital e.g. Conversion to net present value shares.

Issued

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Ordinary	361 917	361 917	361 917	361 917
Share premium	17 150 006	17 150 006	17 150 006	17 150 006
	17 511 923	**17 511 923**	**17 511 923**	**17 511 923**

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
11. Trade and other payables				
Financial instruments:				
Trade payables	10 130 184	93 929 277	2 435 532	11 226 363
Trade payables - related parties	67 357 045	231 973 020	482 278	86 642 024
Payroll accruals	12 357 249	10 373 583	12 260 143	9 309 099
Marketing and sales accruals	18 517 487	23 199 304	18 517 487	21 286 896
Royalty accrual	734 870	570 535	734 870	570 535
Other payables	4 539 982	6 356 416	813 719	4 114 807
Non-financial instruments:				
VAT	2 018 988	9 901 260	2 018 988	12 306 611
	115 655 805	**376 303 395**	**37 263 017**	**145 456 335**
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	113 636 817	366 402 135	35 244 029	133 149 724
Non-financial instruments	2 018 988	9 901 260	2 018 988	12 306 611
	115 655 805	**376 303 395**	**37 263 017**	**145 456 335**
12. Revenue				
Revenue from contracts with customers				
Sale of goods	619 563 914	804 805 288	196 179 504	241 449 613
13. Cost of sales				
Sale of goods	484 724 190	688 304 342	116 762 933	160 516 220
14. Other operating income				
Insurance claim receivable	-	29 475	-	29 475
Other income	1 781 110	2 156 047	3 022 071	831 096
	1 781 110	**2 185 522**	**3 022 071**	**860 571**

15. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Auditor's remuneration - external				
Audit fees	1 391 036	278 994	530 149	512 053
Remuneration, other than to employees				
Consulting and professional services	1 736 327	1 168 054	1 524 463	973 820
Employee costs				
Salaries, wages, bonuses and other benefits	28 910 360	30 474 560	23 721 056	25 187 846
Retirement benefit plans: defined benefit expense	4 918 525	4 752 466	4 629 071	4 480 140
Total employee costs	**33 828 885**	**35 227 026**	**28 350 127**	**29 667 986**

Depreciation and amortisation

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R
15. Operating profit (loss) (continued)				
Depreciation of property, plant and equipment	364 857	295 010	364 857	295 010
Depreciation of right-of-use assets	2 882 152	3 202 641	2 882 152	3 202 641
Total depreciation and amortisation	**3 247 009**	**3 497 651**	**3 247 009**	**3 497 651**

16. Investment income

Dividend income				
Group entities:				
Subsidiaries - Local	-	-	4 635 653	3 292 490
Interest income				
Investments in financial assets:				
Bank and other cash	2 833 782	2 786 839	1 335 573	1 225 614
Total investment income	**2 833 782**	**2 786 839**	**5 971 226**	**4 518 104**

17. Finance costs

Lease liabilities	228 244	582 679	228 244	582 679
Other interest paid	2 111 585	-	2 111 585	-
Total finance costs	**2 339 829**	**582 679**	**2 339 829**	**582 679**

18. Taxation

Major components of the tax expense

Current				
Local income tax - current period	2 403 421	1 085 278	-	-
Deferred				
Originating and reversing temporary differences	2 926 666	(1 121 863)	515 716	(1 538 655)
Arising from prior period adjustments	-	397 935	-	-
	2 926 666	**(723 928)**	**515 716**	**(1 538 655)**
	5 330 087	**361 350**	**515 716**	**(1 538 655)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28,00 %	28,00 %	28,00 %	28,00 %
Permanent differences	(7,99)%	(27,00)%	(20,35)%	(49,46)%
	20,01 %	**1,00 %**	**7,65 %**	**(21,46)%**

Notes to the Financial Statements

19. Cash used in operations

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Profit before taxation	26 601 723	26 311 525	6 709 742	7 168 764
Adjustments for:				
Depreciation and amortisation	3 222 898	3 497 842	3 222 898	3 497 652
Dividends received (trading)	-	-	(4 635 653)	(3 292 490)
Interest income	(2 833 782)	(2 786 839)	(1 335 573)	(1 225 614)
Finance costs	2 339 829	582 679	2 339 829	582 679
Movement in bad debt provision	(5 542 128)	(4 429 082)	(3 008 242)	(516 903)
Movement in stock provision	(1 070 337)	8 693 006	(4 263 721)	(4 324 768)
Changes in working capital:				
Inventories	49 261 612	29 273 312	26 253 882	51 259 223
Trade and other receivables	182 030 434	(252 349 804)	74 423 475	(93 910 778)
Trade and other payables	(260 647 595)	145 996 456	(108 193 315)	(17 972 966)
	(6 637 346)	**(45 210 905)**	**(8 486 678)**	**(58 735 201)**

20. Tax paid

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Balance at beginning of the year	5 600 992	2 854 002	(285 962)	4 966 243
Current tax for the year recognised in profit or loss	(2 403 421)	(1 085 278)	-	-
Balance at end of the year	(5 935 881)	(5 600 992)	-	285 962
	(2 738 310)	**(3 832 268)**	**(285 962)**	**5 252 205**

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

21. Related parties

Relationships	
Ultimate holding company	Sun Pharmaceuticals Industries Limited
Holding company	Sun Pharma (Netherlands) BV

Related party balances

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Amounts included in trade receivable regarding related parties				
Sun Pharmaceutical Industries Limited	18 459 027	153 594	29 999 549	153 594
Ranbaxy Pharmaceuticals Proprietary Limited	82 707 386	89 755 093	37 466 418	89 755 093
Sonke Pharmaceuticals Proprietary LLimited	-	-	82 578	-
	101 166 413	**89 908 687**	**67 548 545**	**89 908 687**
Amounts included in trade payable regarding related parties				
Sun Pharmaceutical Industries Limited	(97 484)	(156 768 963)	(97 484)	(156 768 963)
Ranbaxy Pharmaceuticals Proprietary Limited	(55 917 449)	(75 205 057)	(384 794)	(75 204 057)
Sonke Pharmaceuticals Proprietary Limited	-	-	(282 324)	(213 900)
	(56 014 933)	**(231 974 020)**	**(764 602)**	**(232 186 920)**

Related party transactions

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Sales to related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	13 436 004	-	13 436 004	-
Purchases from related parties				
Sun Pharmaceutical Industries Limited	145 848 641	220 630 282	145 848 641	220 630 282
Ranbaxy Pharmaceuticals Proprietary Limited	305 568 158	424 802 740	305 568 158	424 802 740
	451 416 799	**645 433 022**	**451 416 799**	**645 433 022**
Management cross fee charge regarding related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	(54 952 905)	-	(54 952 905)	-
Royalty fees paid regarding related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	12 070 088	-	-	-
Compensation to directors and other key management				
Short-term employee benefits	12 317 720	11 758 555	12 317 720	9 769 215
Post-employment benefits - Pension - Defined contribution plan	1 175 314	1 112 273	1 175 314	1 054 957
	13 493 034	**12 870 828**	**13 493 034**	**10 824 172**

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

22. Directors' emoluments

Executive

2022

Directors' emoluments	Remuneration paid	Bonuses and performance related payments	Pension paid or receivable	Total
Services as director or prescribed officer				
Director A	3 199 416	691 843	430 340	4 321 599
Director D	1 603 441	260 744	160 995	2 025 180
Director F	1 491 163	246 376	195 307	1 932 846
Director J	4 187 857	636 880	388 672	5 213 409
	10 481 877	**1 835 843**	**1 175 314**	**13 493 034**

2021

Directors' emoluments	Remuneration paid	Bonuses and performance related payments	Pension paid or receivable	Total
Services as director or prescribed officer				
Director A	2 994 326	673 712	408 878	4 076 916
Director D	1 510 171	221 942	151 957	1 884 070
Director F	1 293 303	214 949	174 691	1 682 943
Director J	4 221 456	628 696	376 747	5 226 899
	10 019 256	**1 739 299**	**1 112 273**	**12 870 828**

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2022

	Notes	Amortised cost	Leases	Total
Trade and other receivables	6	203 458 339	8 774 755	212 233 094
Cash and cash equivalents	9	74 143 539	-	74 143 539
		277 601 878	**8 774 755**	**286 376 633**

Group - 2021

	Notes	Amortised cost	Total
Trade and other receivables	6	384 923 883	384 923 883
Cash and cash equivalents	9	90 361 882	90 361 882
		475 285 765	**475 285 765**

Company - 2022

	Notes	Amortised cost	Leases	Total
Trade and other receivables	6	89 111 085	8 706 147	97 817 232
Cash and cash equivalents	9	19 185 856	-	19 185 856
		108 296 941	**8 706 147**	**117 003 088**

Company - 2021

	Notes	Amortised cost	Total
Trade and other receivables	6	162 382 711	162 382 711
Cash and cash equivalents	9	29 677 032	29 677 032
		192 059 743	**192 059 743**

23. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2022

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	113 636 817	-	113 636 817
Lease liabilities	4	-	7 506 193	7 506 193
		113 636 817	**7 506 193**	**121 143 010**

Group - 2021

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	366 402 135	-	366 402 135
Lease liabilities	4	-	3 879 960	3 879 960
		366 402 135	**3 879 960**	**370 282 095**

Company - 2022

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	35 244 029	-	35 244 029
Lease liabilities	4	-	7 506 193	7 506 193
		35 244 029	**7 506 193**	**42 750 222**

Company - 2021

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	133 149 724	-	133 149 724
Lease liabilities	4	-	3 879 960	3 879 960
		133 149 724	**3 879 960**	**137 029 684**

		Group		Company	
		2022 R	2021 R	2022 R	2021 R

23. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

The capital structure and gearing ratio of the group at the reporting date was as follows:

	Note	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Lease liabilities		7 506 193	3 879 960	7 506 193	3 879 960
Trade and other payables	11	115 655 806	376 303 395	37 263 017	145 456 335
Total borrowings		**123 161 999**	**380 183 355**	**44 769 210**	**149 336 295**
Cash and cash equivalents	9	(74 143 539)	(90 361 883)	(19 185 856)	(29 677 032)
Net borrowings		**49 018 460**	**289 821 472**	**25 583 354**	**119 659 263**
Equity		268 754 544	249 469 622	104 801 124	98 607 094

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable (at amortised cost), debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

The maximum exposure to credit risk is presented in the table below:

Notes to the Financial Statements

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

23. Financial instruments and risk management (continued)

Group

		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	6	238 905 564	(23 276 030)	215 629 534	420 935 998	(28 818 158)	392 117 840
Cash and cash equivalents	9	74 143 539	-	74 143 539	90 361 882	-	90 361 882
		313 049 103	**(23 276 030)**	**289 773 073**	**511 297 880**	**(28 818 158)**	**482 479 722**

Company

		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	6	102 591 674	(4 506 875)	98 084 799	177 015 149	(7 515 117)	169 500 032
Cash and cash equivalents	9	19 185 856	-	19 185 856	29 677 032	-	29 677 032
		121 777 530	**(4 506 875)**	**117 270 655**	**206 692 181**	**(7 515 117)**	**199 177 064**

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2022

		Less than 1 year	**1 to 2 years**	**Total**	**Carrying amount**
Non-current liabilities					
Lease liabilities	4	-	5 325 509	5 325 509	5 325 509
Current liabilities					
Trade and other payables	11	113 636 817	-	113 636 817	113 636 817
Lease liabilities	4	2 180 684	-	2 180 684	2 180 684
		(115 817 501)	**(5 325 509)**	**(121 143 010)**	**(121 143 010)**

Group - 2021

		Less than 1 year	**Total**	**Carrying amount**
Current liabilities				
Trade and other payables	11	366 402 135	366 402 135	366 402 135
Lease liabilities	4	3 879 960	3 879 960	3 879 960

Notes to the Financial Statements

23. Financial instruments and risk management (continued)

Company - 2022

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	5 325 509	5 325 509	5 325 509
Current liabilities					
Trade and other payables	11	35 244 029	-	35 244 029	35 244 029
Lease liabilities	4	7 471 984	-	7 471 984	2 180 684
		(42 716 013)	**(5 325 509)**	**(48 041 522)**	**(42 750 222)**

Company - 2021

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	11	1 298 959 423	1 298 959 423	133 149 724
Lease liabilities	4	3 879 960	3 879 960	3 879 960

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars, Euros and Yen.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Interest rate risk

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

24. 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.

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 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 director 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.

25. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.