Ranbaxy South Africa Proprietary Limited
(Registration number 1993/001413/07)
Financial statements
for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Directors	DW Brothers A Ajoodha
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	Ernsy & Young Inc. Chartered Accountants (SA) Member firm
Secretary	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	09 May 2023

Contents

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

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 2024 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 42, which have been prepared on the going concern basis, were approved by the board of directors on 09 May 2023 and were signed on their behalf by:

A Ajoodha	**DW Brothers**

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 2023.

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 (2022: Rnil).

5. Directorate

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

Directors	Changes
DW Brothers	
A Ajoodha	
UK Maini	Resigned, 31 December 2022

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% (2022: 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

. Going concern (continued)

The directors believe that the group 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 group 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 group. 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 group.

The an increase year reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the year and do not believe that the profit has adequate financial resources to continue in operation for the foreseeable future. Thegroupprofit have accordingly not been prepared on the going concern basis

11. Auditors

Ernsy & Young Inc. continued in office as auditors for the company and its subsidiaries for 2023.

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 42, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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 2023", 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.

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.

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.

Ernsy & Young Inc.
Partner
Chartered Accountants (SA)

Member firm

09 May 2023
Place of signature

Statement of Financial Position as at 31 March 2023

		Group		Company	
	Notes	2023 R	2022 R	2023 R	2022 R
Assets					
Non-Current Assets					
Property, plant and equipment	3	1 414 509	1 509 524	1 414 411	1 509 402
Right-of-use assets	4	4 905 555	7 464 976	4 905 555	7 464 976
Intangible assets		5 082 144	-	5 082 144	-
Investments in subsidiaries	5	-	-	905 342	905 342
Deferred tax	7	7 986 758	9 026 964	3 455 898	3 671 517
		19 388 966	**18 001 464**	**15 763 350**	**13 551 237**
Current Assets					
Inventories	8	140 689 803	78 206 124	38 940 410	18 748 440
Trade and other receivables	6	198 769 875	215 629 534	81 353 880	98 084 799
Current tax receivable		2 025 257	5 935 881	119 984	-
Cash and cash equivalents	9	202 661 732	74 143 539	26 563 228	19 185 856
		544 146 667	**373 915 078**	**146 977 502**	**136 019 095**
Total Assets		**563 535 633**	**391 916 542**	**162 740 852**	**149 570 332**
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		236 235 274	224 875 541	87 801 173	87 289 199
		253 535 366	242 175 633	105 313 096	104 801 122
Non-controlling interest		31 988 998	26 578 911	-	-
		285 524 364	**268 754 544**	**105 313 096**	**104 801 122**
Liabilities					
Non-Current Liabilities					
Lease liabilities	4	2 747 125	5 325 509	2 747 125	5 325 509
Current Liabilities					
Trade and other payables	11	272 685 761	115 655 805	52 102 248	37 263 017
Lease liabilities	4	2 578 383	2 180 684	2 578 383	2 180 684
		275 264 144	**117 836 489**	**54 680 631**	**39 443 701**
Total Liabilities		**278 011 269**	**123 161 998**	**57 427 756**	**44 769 210**
Total Equity and Liabilities		**563 535 633**	**391 916 542**	**162 740 852**	**149 570 332**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2023 R	2022 R	2023 R	2022 R
Revenue	12	617 173 061	619 563 914	125 370 818	196 179 504
Cost of sales	13	(504 898 230)	(484 724 190)	(50 967 917)	(116 762 933)
Gross profit		**112 274 831**	**134 839 724**	**74 402 901**	**79 416 571**
Other operating income	14	910	1 781 110	910	3 022 071
Other operating gains (losses)		(19 025)	-	(19 001)	-
Other operating expenses		(95 521 494)	(110 513 064)	(73 781 218)	(79 360 297)
Operating profit	15	**16 735 222**	**26 107 770**	**603 592**	**3 078 345**
Investment income	16	8 268 920	2 833 782	1 203 842	5 971 226
Finance costs	17	(929 131)	(2 339 829)	(928 615)	(2 339 829)
Profit before taxation		**24 075 011**	**26 601 723**	**878 819**	**6 709 742**
Taxation	18	(5 776 259)	(5 330 087)	(366 845)	(515 716)
Total comprehensive income for the year		**18 298 752**	**21 271 636**	**511 974**	**6 194 026**
Profit attributable to:					
Owners of the parent		12 888 665	19 858 564	511 974	6 194 026
Non-controlling interest		5 410 087	1 413 072	-	-
		18 298 752	**21 271 636**	**511 974**	**6 194 026**
Total comprehensive income attributable to:					
Owners of the parent		12 888 665	19 858 564	511 974	6 194 026
Non-controlling interest		5 410 087	1 413 072	-	-
		18 298 752	**21 271 636**	**511 974**	**6 194 026**

Ranbaxy South Africa Proprietary Limited

(Registration number 1993/001413/07)
Financial Statements for the year ended 31 March 2023

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 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 01 April 2022	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**224 875 541**	**242 175 633**	**26 578 911**	**268 754 544**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**12 888 665**	**12 888 665**	**5 410 087**	**18 298 752**
Prior year understatement of taxation	-	-	-	-	(1 528 932)	(1 528 932)	-	(1 528 932)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(1 528 932)**	**(1 528 932)**	**-**	**(1 528 932)**
Balance at 31 March 2023	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**236 235 274**	**253 535 366**	**31 988 998**	**285 524 364**
Note(s)	10	10	10					
Company								
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**

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
Balance at 01 April 2022	**361 917**	**17 150 006**	**17 511 923**	**-**	**87 289 199**	**104 801 122**	**-**	**104 801 122**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**511 974**	**511 974**	**-**	**511 974**
Balance at 31 March 2023	**361 917**	**17 150 006**	**17 511 923**	**-**	**87 801 173**	**105 313 096**	**-**	**105 313 096**
Note(s)	10	10	10					

Statement of Cash Flows

		Group		Company	
	Note(s)	2023 R	2022 R	2023 R	2022 R
Cash flows from operating activities					
Cash (used in)/generated from operations	19	131 528 043	(6 637 346)	16 897 566	(8 486 678)
Interest income	16	8 268 920	2 833 782	1 203 842	1 335 573
Dividends received	16	-	-	-	4 635 653
Finance costs	17	(929 131)	(2 111 585)	(928 615)	(2 111 585)
Dividends paid		-	-	-	-
Tax paid	20	(825 428)	(2 738 310)	(271 210)	(285 962)
Net cash from operating activities		**138 042 404**	**(8 653 459)**	**16 901 583**	**(4 912 999)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(2 261 383)	(1 297 906)	(2 261 407)	(1 297 906)
Proceeds from sale of property, plant and equipment	3	-	-	24	-
Cash additions to right of-use-assets	4	1	-	1	-
Purchases of intangible assets		(5 082 144)	-	(5 082 144)	-
Net cash from investing activities		**(7 343 526)**	**(1 297 906)**	**(7 343 526)**	**(1 297 906)**
Cash flows from financing activities					
Cash repayments on lease liabilities	4	(2 180 685)	(4 280 271)	(2 180 685)	(4 280 271)
Dividends paid		-	(1 986 708)	-	-
Net cash from financing activities		**(2 180 685)**	**(6 266 979)**	**(2 180 685)**	**(4 280 271)**
Total cash movement for the year		**128 518 193**	**(16 218 344)**	**7 377 372**	**(10 491 176)**
Cash and cash equivalents at the beginning of the year		74 143 539	90 361 883	19 185 856	29 677 032
Cash and cash equivalents at the end of the year	9	**202 661 732**	**74 143 539**	**26 563 228**	**19 185 856**

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 Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa as amended.

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

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.

Accounting Policies

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.

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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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 24 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.

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 24 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 tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax 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:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material.
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	The impact of the amendments 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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material 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

Notes to the Financial Statements

3. Property, plant and equipment

Company	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 748 246	(1 737 923)	10 323	1 776 771	(1 758 461)	18 310
Motor vehicles	886 025	(418 803)	467 222	523 504	(393 169)	130 335
IT equipment	3 211 268	(2 274 402)	936 866	4 310 856	(2 950 099)	1 360 757
Leasehold improvements	623 289	(623 289)	-	623 289	(623 289)	-
Total	**6 468 828**	**(5 054 417)**	**1 414 411**	**7 234 420**	**(5 725 018)**	**1 509 402**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	80	-	-	-	80
Furniture and fixtures	18 333	-	(6)	(7 986)	10 341
Motor vehicles	130 335	362 521	-	(25 634)	467 222
IT equipment	1 360 776	163 940	(19 019)	(568 831)	936 866
	1 509 524	**526 461**	**(19 025)**	**(602 451)**	**1 414 509**

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 - Company - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	18 310	-	(6)	(7 981)	10 323
Motor vehicles	130 335	362 521	-	(25 634)	467 222
IT equipment	1 360 757	163 940	(19 019)	(568 812)	936 866
	1 509 402	**526 461**	**(19 025)**	**(602 427)**	**1 414 411**

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**

4. Leases (group as lessee)

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

Notes to the Financial Statements

4. Leases (group as lessee) (continued)

Group	**2023**			**2022**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	7 678 260	(2 772 705)	4 905 555	16 752 410	(9 287 434)	7 464 976

Company	**2023**			**2022**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	7 678 260	(2 772 705)	4 905 555	16 752 410	(9 287 434)	7 464 976

Reconciliation of right-of-use assets - Group - 2023

	Opening balance	Depreciation	Total
Buildings	7 464 976	(2 559 421)	4 905 555
	7 464 976	**(2 559 421)**	**4 905 555**

Reconciliation of right-of-use assets - Group - 2022

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

Reconciliation of right-of-use assets - Company - 2023

	Opening balance	Depreciation	Total
Buildings	7 464 976	(2 559 421)	4 905 555
	7 464 976	**(2 559 421)**	**4 905 555**

Reconciliation of right-of-use assets - Company - 2022

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

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

4. Leases (group as lessee) (continued)

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position. Refer to note Borrowings.

The maturity analysis of lease liabilities is as follows:

Within one year	7 277 949	2 180 684	7 277 949	2 180 684
Two to five years	5 325 508	5 325 509	5 325 508	5 325 509
	12 603 457	**7 506 193**	**12 603 457**	**7 506 193**
Minimum lease payments due:				
Within one year	2 941 168	2 748 755	2 941 168	2 748 755
Two to five years	2 868 065	5 809 233	2 868 065	5 809 233
	5 809 233	**8 557 988**	**5 809 233**	**8 557 988**
Non-current liabilities	2 747 125	5 325 509	2 747 125	5 325 509
Current liabilities	2 578 383	2 180 684	2 578 383	2 180 684
	5 325 508	**7 506 193**	**5 325 508**	**7 506 193**

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 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Sonke Pharmaceuticals Proprietary Limited	100,00 %	100,00 %	905 342	905 342

6. Trade and other receivables

Financial instruments:				
Trade receivables	111 654 932	157 474 882	27 197 341	24 743 128
Trade receivables - related parties	55 593 407	67 548 545	50 261 524	67 548 545
Loss allowance	(9 714 063)	(23 276 030)	(566 526)	(4 506 875)
Trade receivables at amortised cost	157 534 276	201 747 397	76 892 339	87 784 798
Other receivables	37 938 275	1 710 942	1 171 717	1 326 287
Non-financial instruments:				
Value added tax	-	3 122 873	-	-
Employee costs in advance	260 990	273 567	253 490	267 567
Prepayments	3 036 334	8 774 755	3 036 334	8 706 147
Total trade and other receivables	**198 769 875**	**215 629 534**	**81 353 880**	**98 084 799**

Split between non-current and current portions

Current assets	198 769 875	215 629 534	81 353 880	98 084 799

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

6. Trade and other receivables (continued)

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

At amortised cost	195 472 551	203 458 339	78 064 056	89 111 085
Non-financial instruments	3 297 324	12 171 195	3 289 824	8 973 714
	198 769 875	**215 629 534**	**81 353 880**	**98 084 799**

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.

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	2023	2023	2022	2022
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	105 203 207	-	114 143 201	-
31 - 60 days pat due	31 605 734	-	33 316 662	-
61 - 90 days past due	6 173 538	-	10 086 939	-
91 - 120 days past due	777 221	-	8 833 091	-
More than 120 days past due	21 968 523	(9 714 063)	58 643 534	(23 276 030)
Total	**165 728 223**	**(9 714 063)**	**225 023 427**	**(23 276 030)**

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

6. Trade and other receivables (continued)

Company

Expected credit loss rate:	2023 Estimated gross carrying amount at default	2023 Loss allowance (Lifetime expected credit loss)	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime expected credit loss)
Not past due	64 128 587	-	79 340 105	-
31 - 60 days past due	6 143 883	-	6 723 520	-
61 - 90 days past due	1 429 747	-	393 479	-
91 - 120 days past due	676 916	-	101 403	-
More than 120 days past due	3 559 616	(566 526)	5 733 166	(4 506 875)
Total	**75 938 749**	**(566 526)**	**92 291 673**	**(4 506 875)**

Reconciliation of loss allowances

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

Opening balance	(23 276 030)	(28 818 158)	(4 506 875)	(7 515 117)
Impairment raised	13 561 967	5 542 128	3 950 349	3 008 242

7. Deferred tax

Deferred tax asset

Property, plant and equipment	2 150 449	2 109 567	-	-
Provision for leave pay	1 462 951	1 196 922	1 316 423	1 036 176
Provision for bonus	2 606 706	2 009 268	2 305 738	1 841 739
Provision for doubtful debt	1 766 291	3 925 360	(166 263)	793 601
Deferred tax balance from temporary differences other than unused tax losses	7 986 397	9 241 117	3 455 898	3 671 516
Total deferred tax asset	**7 986 397**	**9 241 117**	**3 455 898**	**3 671 516**

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:

Deferred tax asset	7 986 397	9 241 117	3 455 898	3 671 516

Reconciliation of deferred tax asset / (liability)

At beginning of year	9 026 964	11 953 630	3 671 517	4 187 233
Temporary differences	(1 040 206)	(2 926 666)	(215 619)	(515 716)
	7 986 758	**9 026 964**	**3 455 898**	**3 671 517**

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

8. Inventories

Finished goods	66 309 374	101 262 582	33 211 112	21 928 952
Merchandise	76 646 711	2 067 482	6 002 637	1 094 571
	142 956 085	103 330 064	39 213 749	23 023 523
Inventories (write-downs)	(2 266 282)	(25 123 940)	(273 339)	(4 275 083)
	140 689 803	**78 206 124**	**38 940 410**	**18 748 440**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	563	4 231	17	1 381
Bank balances	202 661 169	74 139 308	26 563 211	19 184 475
	202 661 732	**74 143 539**	**26 563 228**	**19 185 856**

10. Share capital

Authorised				
1 004 000 Ordinary shares	1 004 000	1 004 000	1 004 000	1 004 000
Issued				
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**

11. Trade and other payables

Financial instruments:				
Trade payables	45 422 417	10 130 184	2 546 837	2 435 532
Trade payables - related parties	177 889 346	67 357 045	6 451 799	482 278
Payroll accruals	3 274 811	12 357 249	3 165 136	12 260 143
Marketing and sales accruals	16 109 118	18 517 487	15 358 456	18 517 487
Royalty accrual	967 375	734 870	967 375	734 870
Other payables	23 448 327	4 539 982	19 941 451	813 719
Non-financial instruments:				
VAT	5 574 367	2 018 988	3 671 194	2 018 988
	272 685 761	**115 655 805**	**52 102 248**	**37 263 017**

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

At amortised cost	267 111 394	113 636 817	48 431 054	35 244 029
Non-financial instruments	5 574 367	2 018 988	3 671 194	2 018 988
	272 685 761	**115 655 805**	**52 102 248**	**37 263 017**

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

12. Revenue

Revenue from contracts with customers				
Sale of goods	617 173 061	619 563 914	125 370 818	196 179 504

13. Cost of sales

Sale of goods	504 898 230	484 724 190	50 967 917	116 762 933

14. Other operating income

Insurance claim receivable	910	-	910	-
Other income	-	1 781 110	-	3 022 071
	910	**1 781 110**	**910**	**3 022 071**

15. Operating profit (loss)

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

Auditor's remuneration - external				
Audit fees	1 272 684	1 391 036	443 570	530 149
Remuneration, other than to employees				
Consulting and professional services	1 931 533	1 736 327	1 681 891	1 524 463
Employee costs				
Salaries, wages, bonuses and other benefits	14 752 134	28 910 360	8 662 157	23 721 056
Retirement benefit plans: defined benefit expense	6 008 899	4 918 525	5 679 804	4 629 071
Total employee costs	**20 761 033**	**33 828 885**	**14 341 961**	**28 350 127**
Depreciation and amortisation				
Depreciation of property, plant and equipment	2 337 373	364 857	2 337 373	364 857
Depreciation of right-of-use assets	2 559 420	2 882 152	2 559 420	2 882 152
Total depreciation and amortisation	**4 896 793**	**3 247 009**	**4 896 793**	**3 247 009**

16. Investment income

Dividend income				
Group entities:				
Subsidiaries - Local	-	-	-	4 635 653
Interest income				
Investments in financial assets:				
Bank and other cash	8 268 920	2 833 782	1 203 842	1 335 573
Total investment income	**8 268 920**	**2 833 782**	**1 203 842**	**5 971 226**

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

17. Finance costs

Lease liabilities	-	228 244	-	228 244
Bank overdraft	516	-	-	-
Other interest paid	928 615	2 111 585	928 615	2 111 585
Total finance costs	**929 131**	**2 339 829**	**928 615**	**2 339 829**

18. Taxation

Major components of the tax expense

Current				
Local income tax - current period	4 736 052	2 403 421	151 226	-
Deferred				
Originating and reversing temporary differences	1 040 207	2 926 666	215 619	515 716
	5 776 259	**5 330 087**	**366 845**	**515 716**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27,00 %	28,00 %	27,00 %	28,00 %
Permanent differences	(7,26)%	(7,99)%	(11,55)%	(20,35)%
	19,74 %	**20,01 %**	**15,45 %**	**7,65 %**

The estimated tax loss available for set off against future taxable income is R 44 707 859 (2022: R 46 948 192). For years of assessment ending on or after 31 March 2023, there will be a limit on a company’s brought forward assessed loss that will be available for set off against taxable income. The assessed loss available for set off against taxable income is limited to the higher of either: 80% of the taxable income for the year before considering the assessed loss brought forward, or R 1 million. This resulted in the company providing for taxation on 20% of its taxable income. The ammendment was enacted in terms of the Taxation Laws Amendment Act of 2021 effective 1 April 2022.

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R
19. Cash (used in)/generated from operations				
Profit before taxation	24 075 011	23 532 546	878 819	3 640 565
Adjustments for non-cash items:				
Depreciation, amortisation, impairments and reversals of impairments	4 896 793	3 222 898	4 896 793	3 222 898
Losses on sale of assets and liabilities	19 025	-	19 001	-
Movement in bad debt provision	(13 561 967)	(5 542 128)	(3 950 349)	(3 008 242)
Movement in stock provision	(22 857 658)	(1 070 337)	(4 001 744)	(4 263 721)
Adjust for items which are presented separately:				
Interest income	(8 268 920)	(2 833 782)	(1 203 842)	(1 335 573)
Dividends received	-	-	-	(4 635 653)
Finance costs	929 131	2 339 829	928 615	2 339 829
Changes in working capital:				
(Increase) decrease in inventories	(39 626 024)	49 261 612	(16 190 226)	26 253 882
(Increase) decrease in trade and other receivables	28 892 695	182 030 434	20 681 268	74 423 475
Increase (decrease) in trade and other payables	157 029 957	(257 578 418)	14 839 231	(105 124 138)
	131 528 043	**(6 637 346)**	**16 897 566**	**(8 486 678)**

20. Tax paid

Balance at beginning of the year	5 935 881	5 600 992	-	(285 962)
Current tax recognised in profit or loss	(4 736 052)	(2 403 421)	(151 226)	-
Balance at end of the year	(2 025 257)	(5 935 881)	(119 984)	-
	(825 428)	**(2 738 310)**	**(271 210)**	**(285 962)**

21. Related parties

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

Notes to the Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

21. Related parties (continued)

Related party balances

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Amounts included in trade receivable regarding related parties				
Sun Pharmaceutical Industries Limited	184 729	18 459 027	184 729	29 999 549
Ranbaxy Pharmaceuticals Proprietary Limited	55 070 000	82 707 386	49 738 117	37 466 418
Sonke Pharmaceuticals Proprietary Limited	338 678	-	338 678	82 578
	55 593 407	**101 166 413**	**50 261 524**	**67 548 545**
Amounts included in trade payable regarding related parties				
Sun Pharmaceutical Industries Limited	(16 254 783)	(97 484)	(5 436 885)	(97 484)
Ranbaxy Pharmaceuticals Proprietary Limited	(161 634 563)	(55 917 449)	(920 338)	(384 794)
Sonke Pharmaceuticals Proprietary Limited	-	-	(94 576)	(282 324)
	(177 889 346)	**(56 014 933)**	**(6 451 799)**	**(764 602)**

Related party transactions

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Sales to related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	31 640	13 436 004	31 640	13 436 004
Purchases from related parties				
Sun Pharmaceutical Industries Limited	64 894 936	145 848 641	62 444 432	145 848 641
Ranbaxy Pharmaceuticals Proprietary Limited	459 264 850	304 568 158	-	-
	524 159 786	**450 416 799**	**62 444 432**	**145 848 641**
Management cross fee charge regarding related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	(83 610 906)	(54 952 905)	(83 610 906)	(54 952 905)
Royalty fees paid regarding related parties				
Ranbaxy Pharmaceuticals Proprietary Limited	9 001 082	12 070 088	-	-
Compensation to directors and other key management				
Short-term employee benefits	13 374 771	12 317 720	13 374 771	12 317 720
Post-employment benefits - Pension - Defined contribution plan	1 250 641	1 175 314	1 250 641	1 175 314
	14 625 412	**13 493 034**	**14 625 412**	**13 493 034**

22. Directors' emoluments

Executive

2023

Directors' emoluments	Basic salary	Bonuses and performance related payments	Pension paid or receivable	Total
Services as director or prescribed officer				
Director A	3 653 924	751 048	492 797	4 897 769
Director D	1 887 949	97 014	184 164	2 169 127
Director F	1 765 470	263 658	237 822	2 266 950
Director J	4 276 995	678 713	335 858	5 291 566
	11 584 338	**1 790 433**	**1 250 641**	**14 625 412**

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	280 744	180 995	2 065 180
Director F	1 491 183	246 376	195 307	1 932 866
Director J	4 187 857	636 880	388 672	5 213 409
	10 481 897	**1 855 843**	**1 195 314**	**13 533 054**

23. Comparative figures

The prior year group reporting period for the subsidiary shorter than a year, therefore comparative amounts are not comparable to the current balances.

Notes to the Financial Statements

24. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2023

	Notes	Amortised cost	Total
Trade and other receivables	6	195 472 551	195 472 551
Cash and cash equivalents	9	202 661 732	202 661 732
		398 134 283	**398 134 283**

Group - 2022

	Note(s)	Amortised cost	Total
Trade and other receivables	6	203 458 339	203 458 339
Cash and cash equivalents	9	74 143 539	74 143 539
		277 601 878	**277 601 878**

Company - 2023

	Note(s)	Amortised cost	Total
Trade and other receivables	6	78 064 056	78 064 056
Cash and cash equivalents	9	26 563 228	26 563 228
		104 627 284	**104 627 284**

Company - 2022

	Note(s)	Amortised cost	Total
Trade and other receivables	6	89 111 085	89 111 085
Cash and cash equivalents	9	19 185 856	19 185 856
		108 296 941	**108 296 941**

Notes to the Financial Statements

24. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	267 111 394	-	267 111 394
Lease liabilities	4	-	5 325 508	5 325 508
		267 111 394	**5 325 508**	**272 436 902**

Group - 2022

	Note(s)	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**

Company - 2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	48 431 054	-	48 431 054
Lease liabilities	4	-	5 325 508	5 325 508
		48 431 054	**5 325 508**	**53 756 562**

Company - 2022

	Note(s)	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**

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.

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).

Notes to the Financial Statements

24. Financial instruments and risk management (continued)

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:

Group		**2023**			**2022**		
		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	208 483 938	(9 714 063)	198 769 875	238 905 564	(23 276 030)	215 629 534
Cash and cash equivalents	9	202 661 732	-	202 661 732	74 143 539	-	74 143 539
		411 145 670	**(9 714 063)**	**401 431 607**	**313 049 103**	**(23 276 030)**	**289 773 073**

Company		**2023**			**2022**		
		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	81 920 406	(566 526)	81 353 880	102 591 674	(4 506 875)	98 084 799
Cash and cash equivalents	9	265 563 228	-	265 563 228	19 185 856	-	19 185 856
		347 483 634	**(566 526)**	**346 917 108**	**121 777 530**	**(4 506 875)**	**117 270 655**

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.

Notes to the Financial Statements

24. Financial instruments and risk management (continued)

Group - 2023

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	2 747 125	2 747 125	2 747 125
Current liabilities					
Trade and other payables	11	265 591 276	-	265 591 276	265 591 276
Lease liabilities	4	2 578 383	-	2 578 383	2 578 383
		149 370 312	**2 747 125**	**270 916 784**	**270 916 784**

Group - 2022

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	5 325 509	5 325 509	5 325 509
Current liabilities					
Trade and other payables	11	116 705 993	-	116 705 993	116 705 993
Lease liabilities	4	2 180 684	-	2 180 684	2 180 684
		115 817 502	**5 325 509**	**124 212 186**	**124 212 186**

Company - 2023

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	2 747 125	2 747 125	2 747 125
Current liabilities					
Trade and other payables	11	48 431 054	-	48 431 054	48 431 054
Lease liabilities	4	2 578 383	-	2 578 383	2 578 383
		44 341 759	**2 747 125**	**53 756 562**	**53 756 562**

Notes to the Financial Statements

24. Financial instruments and risk management (continued)

Company - 2022

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities		-	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	2 180 684	-	2 180 684	2 180 684
		37 424 713	**5 325 509**	**42 750 222**	**42 750 222**

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.

25. 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 group 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 is satisfied is that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

The directors is reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the group and do not believe that the group has adequate financial resources to continue in operation for the foreseeable future. The financial statements have accordingly not been prepared on the going concern basis.

26. 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.