2022

KAAP AGRI

Annual Consolidated Financial Statements

Salient features

+48,4% **15 700 499** **REVENUE (R'000)** (2021: 10 582 588)	
+22,3% **556,30** **HEADLINE EARNINGS PER SHARE (CENTS)** (2021: 454,92)	**+21,1%** **578,23** **RECURRING HEADLINE EARNINGS PER SHARE (CENTS)** (2021: 477,55)
+9,9% **122,00** **FINAL DIVIDEND PER SHARE (CENTS)** (2021: 111,00)	**+11,3%** **168,00** **TOTAL DIVIDEND PER SHARE (CENTS)** (2021: 151,00)

Contents

Declaration of directors' responsibility and approval

The directors are responsible for the fair presentation of the annual company financial statements and annual Group financial statements of Kaap Agri Limited. In conducting this responsibility they rely on the information, assessments and estimates of management. The fair presentation and integrity of the company and Group financial statements are also evaluated on the basis of accounting systems and internal financial control measures which are monitored on an ongoing basis during the financial period.

The company and Group annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year.

Based on the Group and company financial statements, the present position of the company and the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the company and Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the Group and company financial statements.

The independent auditing firm PricewaterhouseCoopers Inc. audited the Group and company financial statements to comply with the relevant requirements of the Companies Act. The auditors had unrestricted access to all financial records and related information, minutes of shareholders, directors and Board committee meetings. The directors are of the opinion that all submissions and management declarations presented to the auditors were correct, valid and relevant.

The unqualified report of the auditors appears on page 8 to 15.

The company and Group annual financial statements on pages 16 to 86 were compiled by GC Victor CA(SA) under supervision of GW Sim CA(SA) and approved by the Board of directors on 22 November 2022 and signed on their behalf by:

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Responsibility statement of the Chief Executive Officer and Financial Director

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

(a) the annual financial statements set out on pages 16 to 86, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies.

(f) We are not aware of any fraud involving directors.

S Walsh
Chief Executive Officer

GW Sim
Financial director

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, the Company Secretary hereby certifies that all returns of the company and its subsidiaries, as prescribed by the said Act, have been submitted to the Companies and Intellectual Property Commission (CIPC) and that the said returns are true, correct and up to date.

KAL Corporate Services (Pty) Ltd
Company Secretary

22 November 2022

Report of the Audit and Risk committee

to the shareholders of Kaap Agri Limited

KEY FUNCTIONS AND RESPONSIBILITIES

The responsibilities of the Audit and Risk committee are set out in a formal charter which is revised annually by the Board. The committee has free access to the Chairman of the Board of directors and is empowered to consult independent experts unlimited at company cost. In the execution of its duties according to its mandate and requirements of the Companies Act, the committee is responsible for the discussion and assessment of:

- the effectiveness of internal control systems and risk management as well as of management information;
- the internal auditor's audit plan, reports and recommendations;
- the independence, conditions of appointment, audit plan and remuneration of the external auditors;
- the effectiveness and reports of the external auditors;
- the Group's conformance to corporate management rules, risk management and statutory requirements;
- the appropriateness of accounting policies and any matters related to financial reporting;
- the appropriate financial reporting procedures. To ensure they exist and are working, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer in terms of the JSE Listings Requirements paragraph 3.84(g)(ii);
- the separate and consolidated annual financial statements, before these annual financial statements are approved by the board for release;
- ensuring that the external auditor is independent of Kaap Agri Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements;
- ensuring that the Group Chief Financial Officer, as well as the group finance function, has the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements;
- internal financial controls and reports on the Group's systems of internal financial controls. The committee received assurance on compliance with, and the effectiveness of internal control systems through regular management reviews, engagements, internal audit, as well as from the external auditors who test aspects of these control systems as part of their statutory audit of the annual financial statements;
- any other prescribed functions the committee is required to perform.

INTERNAL AUDIT

The internal audit function fulfils an important role to give assurance to the Audit and Risk committee that sufficient control measures are in place and are functioning correctly so that the committee can form an opinion on key functions and key responsibilities. Therefore, the internal auditors have direct access to the chairman of the Audit and Risk committee, and the Audit and Risk committee is also responsible to ensure that the internal audit function is independent and that it has the necessary resources, status and authority to perform its duties. The internal and external auditors attend Audit and Risk committee meetings. The committee also regularly meets together and separately with the internal and external auditors to create the opportunity to exchange confidential information. The Audit and Risk committee also oversees the co-operation between internal and external auditors and serves as a link between the Board and these functions.

EXTERNAL AUDIT

The board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the Audit and Risk committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. The prospect of mandatory audit firm rotation was also considered by the committee during the current financial year. As required by the Companies Act, the committee has satisfied itself that Kaap Agri Limited's external auditor, PricewaterhouseCoopers Inc., was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators. The committee was satisfied with the quality of the audit concluded and has nominated, for re-appointment at the annual general meeting, PricewaterhouseCoopers Inc. as the external auditor of Kaap Agri Limited for the financial year ending 30 September 2022 and Mr A Hugo as the designated individual registered auditor who will undertake the audit of Kaap Agri Limited on behalf of PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc., being the audit firm, as well as Mr A Hugo, being Kaap Agri's individual auditor for the 2022 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that PricewaterhouseCoopers Inc. and Mr A Hugo are suitable for reappointment as audit firm and appointment as individual auditor for the 2023 financial year, respectively, by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the annual financial statements of the company and Group for the year ended 30 September 2022, with specific consideration of the following significant financial reporting matters during the year:

- the provision for doubtful debts recognised on trade receivables;
- the business combinations in the current year;
- the provision for damaged, old and slow moving stock;
- renewal of lease periods;
- goodwill impairment testing.

The committee reviewed the estimates used and judgements made by management and determines whether they are reasonable in terms of the current macroeconomic climate and in line with assumptions utilised by comparable third parties.

Based on the information provided to the committee, the committee considers that the Group complies, in all material respects, with the requirements of the Companies Act, as amended, and IFRS.

OPINION

Given the functions and responsibilities of the committee, as well as the procedures referred to above, the Audit and Risk committee is of the opinion that:

- the Group's internal control measures and risk management are sufficient;
- the experience and expertise of the Financial Director and the finance function was appropriate;
- appropriate financial reporting procedures are in place and are operating;
- the audit was performed with the necessary independence and competence;
- the company and Group annual financial statements were prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and
- there are no other matters which are to be revealed to shareholders which have not been covered in the annual financial statements.
- nothing has come to the attention of the committee indicating that the internal financial controls were not operating effectively during the year under review.

CA Otto
Chairman: Audit and Risk committee

22 November 2022

Directors’ report

for the year ended 30 September

NATURE OF ACTIVITIES

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, the Group also offers grain handling and agency services.

FINANCIAL RESULTS

The profit after tax of the Group amounted to R413,0 million (2021: R332,3 million) while the gross assets increased to R8,339 billion (2021: R5,812 billion). The results of the Group are presented in detail in the financial statements.

SHARE CAPITAL

The authorised share capital consists of 1,000,000,000 ordinary shares with no par value of which 74,567,680 shares are currently issued, of which 3,708,514 shares are issued to Empowerment and Transformation Investments (Pty) Ltd and 491,860 issued to Kaap Agri Bedryf Limited. These shares are accounted for as treasury shares.

DIVIDENDS

A gross final dividend of R91,0 million (2021: R82,3 million) has been approved and declared by the board from income reserves, which represents 122,0 cents (2021: 111,0 cents) per share. The dividend is payable on 20 February 2023 to shareholders registered on 17 February 2023 (the record date) as shareholders of the company. The last date of trade cum dividend will be 14 February 2023.

The total dividend for the year amounts to R125,3 million (2021: R111,9 million), representing 168,0 cents (2021: 151,0 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and joint venture are presented in note 46 of the financial statements.

DIRECTORS

Full details of the directors will appear in the integrated report.

DIRECTORS' INTERESTS

The directors' interest in shares of the company will appear in the integrated report.

EVENTS AFTER REPORTING DATE

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date on which the financial statements were approved that have not been dealt with in the Group and company financial statements and which may have a significant influence on the activities of the Group and company or results of those activities.

Independent auditor’s report

To the shareholders of Kaap Agri Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kaap Agri Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Kaap Agri’s consolidated and separate financial statements set out on pages 16 to 86 comprise:

- the consolidated and company statements of financial position as at 30 September 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of our report.

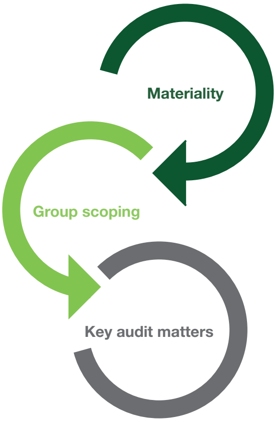
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R125 million, which represents 0,8% of consolidated revenue.

Group audit scope

- Full scope audits were performed for four components; and
- Analytical procedures were performed over the remaining non-significant components.

Key audit matters

- Acquisition of PEG Retail Holdings (Pty) Ltd; and
- Goodwill and indefinite useful life intangible assets impairment assessment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R125 million*
How we determined it	*0,8% of total consolidated revenue*
Rationale for the materiality benchmark applied	*We selected total consolidated revenue as the benchmark because, in our view, it most appropriately reflects the size of the group. It is a benchmark against which the performance of the group can be consistently measured and thus would be most relevant to users of the consolidated financial statements, given the relatively low profit margins over the last five years, whilst the other key elements of the consolidated financial statements have remained constant.* *We chose 0,8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that would typically apply when using consolidated revenue to compute materiality.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping included four components, which were either financially significant components, based on contribution to consolidated revenue, or components of which an identified financial statement line item or items were considered to be significant. Full scope audits were performed on these components. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we required them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Acquisition of PEG Retail Holdings (Pty) Ltd ***(Refer to notes 45 (Business combinations) and note 4 of the accounting policies to the consolidated financial statements)*** On 1 July 2022, the Group acquired a 100% shareholding in PEG Retail Holdings (Pty) Ltd ("PEG") for a total consideration of R1 102 million. In accordance with IFRS 3 Business Combinations, the Group has consolidated PEG from the acquisition date. The acquisition resulted in the recognition at fair value of total net assets amounting to R172 million. Intangible assets of R201 million and goodwill of R955 million were recognised. Total assets assumed at fair value consisted mainly of cash and cash equivalents and inventory. Management performed the purchase price allocation as required by IFRS 3, Business Combinations. Management identified two separate intangible assets, namely the fuel retail licences and internally generated computer software. Management has assigned an indefinite useful life to the fuel retail licence intangible asset and a five year amortisation period for the software.	Regarding the contractual terms of the transaction, the following procedures were performed: > We obtained the contractual agreements and read the significant contract terms relevant to the accounting and disclosures in the financial statements; > Based on our understanding of the transaction, we agreed the purchase price to the contract. No material differences were noted; and > Through inspection of the agreements and consideration of all the suspensive conditions precedent, we concur with the transaction date of 1 July 2022, as determined by management. Regarding the valuation of assets acquired and liabilities assumed, the following procedures were performed: > We obtained the analysis prepared by management that identifies and values the assets and liabilities acquired; > Based on our knowledge of the business and the industry we assessed the completeness of the intangible assets identified. We satisfied that all significant intangible assets have been identified;

Key audit matter	How our audit addressed the key audit matter
Acquisition of PEG Retail Holdings (Pty) Ltd (continued) The purchase consideration was settled through cash, an issue of shares in TFC Operations (Pty) Ltd and a contingent consideration that is payable upon the successful renewal of certain existing agreements with the Oil Companies. We considered the accounting for the acquisition of fuel sites to be a matter of most significance to our current year audit due to the following: > The magnitude of the transaction and judgement involved in the identification and determination of the tangible and intangible assets acquired; > The determination of the fair value of the intangible assets required specialist skills and knowledge; and > Management assigned indefinite useful lives to certain intangible assets acquired.	> We deployed our valuation experts to assess the methodology adopted and the underlying assumptions applied by management which included the following: – the discount rates; and – the underlying cash flows used. We found the methodology adopted and the assumptions applied by management to be reasonable. We also tested the mathematical accuracy of the valuation models for the intangible assets acquired. No material differences were noted. We noted no matters in relation to the independence and competence of the expert used by management. We instructed our component team to perform procedures on the opening balance sheet of PEG at the acquisition date focusing on cut-off. No material differences were noted. We further inspected the working papers of the component audit team, held meetings to discuss the outcome of their procedures and reviewed all deliverables submitted by the component audit team. We found the procedures performed by the component team to be in line with the set objectives. Regarding the indefinite useful lives assigned by management to the retail fuel licence intangible asset. We inspected the regulations that govern retail fuel licences and confirmed that the retail licence remains valid for as long as the licence holder operates as a going concern. We reviewed the disclosures regarding the transaction in the consolidated financial statements and no material differences were noted.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite useful life intangible asset impairment assessment ***(Refer to note 5 (Intangible assets) and note 4 of the accounting policies to the consolidated financial statements)*** The Group's net assets include goodwill amounting to R1 400 million and indefinite useful life intangible assets of R194 million as at 30 September 2022. As required by IAS 36: Impairment of assets, management performs an annual impairment test to assess the recoverability of the carrying value of goodwill and indefinite useful life assets. The assessment in the current year was performed using value-in-use calculations for the relevant fuel clusters and for the Partridge Building Supplies cash generating unit (CGU). Management performed a sensitivity analysis on the goodwill balance by varying the key assumptions used (i.e., pre-tax discount rates and growth rates) to assess the impact on the valuation and the available headroom. We considered the impairment assessment of goodwill to be a matter of most significance to our audit due to the following: > The estimates and assumptions applied by management in their impairment assessment; and > The magnitude of the goodwill balance.	We held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of IAS 36: Impairment of assets. We tested management's calculation for each model by performing the following: > Tested the mathematical accuracy of management's impairment calculations and noted no exceptions. > Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and pre-tax discount rates to industry benchmarks and economic forecasts. Management's assumptions fell outside our independent range, however we noted no material impairment when using our independent inputs. > We agreed cash flows to the business plans approved by the respective boards. No inconsistencies were noted. > In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We noted no aspects in this regard requiring further consideration. We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom. The results of our sensitivity analyses were consistent with management's conclusions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Kaap Agri Limited and its Subsidiaries Annual Financial Statements – 30 September 2022", which includes the Directors' Report, Report of the Audit and Risk Committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "2022 - Integrated report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Kaap Agri Limited for 86 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Cape Town, South Africa
22 November 2022

Consolidated statement of financial position

at 30 September

	Notes	GROUP 2022 R'000	2021 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1 317 415**	1 545 524
Right-of-use assets	4	**617 701**	253 804
Intangible assets	5	**1 618 207**	517 764
Investment in joint venture	6	**41 377**	33 923
Financial assets at fair value through other comprehensive income	7	**5 580**	5 580
Trade and other receivables	11	**52 433**	52 153
Loans	8	**17 573**	26 732
Deferred taxation	9	**12 912**	7 181
		3 683 198	2 442 661
Current assets			
Inventory	10	**1 627 370**	1 221 339
Trade and other receivables	11	**2 661 293**	2 053 669
Derivative financial instruments	12	**2 492**	35 983
Short-term portion of loans	8	**4 915**	7 238
Cash and cash equivalents	15	**359 484**	51 534
		4 655 554	3 369 763
Total assets		**8 338 752**	5 812 424
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	**451 316**	446 571
Other reserves	17	**15 129**	12 552
Retained profit		**2 224 588**	1 829 321
Equity attributable to shareholders of the holding company		**2 691 033**	2 288 444
Non-controlling interest		**131 444**	109 722
Total equity		**2 822 477**	2 398 166
Non-current liabilities			
Deferred taxation	9	**56 330**	108 683
Financial liability at fair value through profit or loss	13	**82 396**	76 100
Lease liabilities	4	**628 772**	232 208
Instalment sale agreements	19	**45 402**	62 914
Employee benefit obligations	20	**14 526**	14 875
Borrowings	22	**837 813**	325 000
		1 665 239	819 780
Current liabilities			
Trade and other payables	21	**2 504 155**	1 656 660
Financial liability at amortised cost	14	**–**	23 651
Short-term portion of instalment sale agreements	19	**28 030**	29 166
Short-term portion of Employee benefit obligations	20	**2 032**	2 169
Short-term portion of lease liabilities	4	**50 019**	23 827
Short-term borrowings	22	**1 257 457**	842 096
Income tax		**9 343**	16 909
		3 851 036	2 594 478
Total liabilities		**5 516 275**	3 414 258
Total equity and liabilities		**8 338 752**	5 812 424

Consolidated income statement

for the year ended 30 September

	Notes	GROUP 2022 R'000	GROUP 2021 R'000
Revenue	27	**15 700 499**	10 582 588
Cost of sales		**(13 697 089)**	(9 006 338)
Gross profit		**2 003 410**	1 576 250
Other operating income	28	**234 159**	145 211
Movement on expected credit loss allowance	11	**10 247**	(3 829)
Selling and distribution costs	29	**(138 929)**	(114 427)
Administrative expenses	29	**(929 444)**	(741 546)
Other operating expenses	29	**(484 220)**	(304 793)
Operating profit		**695 223**	556 866
Finance costs	32	**(145 387)**	(99 048)
Share in profit/(loss) of joint venture	6	**7 454**	2 381
Profit before tax		**557 290**	460 199
Income tax	33	**(144 331)**	(127 923)
		412 959	332 276
Profit attributable to shareholders of the holding company		**396 368**	321 099
Non-controlling interest		**16 591**	11 177
Earnings per share – basic (cents)	34	**562,54**	456,88
Earnings per share – diluted (cents)	34	**553,23**	451,79

Consolidated statement of comprehensive income

for the year ended 30 September

	GROUP 2022 R'000	GROUP 2021 R'000
Profit for the year	**412 959**	332 276
Other comprehensive income/(loss):		
Cash flow hedges (can be classified to profit and loss)	**844**	204
Gross	**1 155**	283
Tax	**(311)**	(79)
	413 803	332 480
Total comprehensive income attributable to shareholders of the holding company	**397 212**	321 303
Non-controlling interest	**16 591**	11 177

Consolidated statement of changes in equity

for the year ended 30 September

		GROUP						
	Notes	Stated capital R'000	Share-based payment reserve R'000	Hedge reserve R'000	Retained profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance 1 October 2020		446 571	10 277	(165)	1 571 475	2 028 158	98 545	2 126 703
Gross shares issued		480 347						
Treasury shares		(33 776)						
Total comprehensive income		–	–	204	321 099	321 303	11 177	332 480
Share-based payments		–	2 236	–	–	2 236	–	2 236
Dividends paid		–	–	–	(63 253)	(63 253)	–	(63 253)
Balance 30 September 2021		**446 571**	**12 513**	**39**	**1 829 321**	**2 288 444**	**109 722**	**2 398 166**
Gross shares issued		**480 347**						
Treasury shares		**(33 776)**						
Total comprehensive income		**–**	**–**	**844**	**396 368**	**397 212**	**16 591**	**413 803**
Shares issued		**19 500**	**–**	**–**	**–**	**19 500**	**–**	**19 500**
Share-based payments		**(14 755)**	**1 733**	**–**	**–**	**(13 022)**	**–**	**(13 022)**
Sale of share in subsidiary		**–**	**–**	**–**	**–**	**–**	**(34 467)**	**(34 467)**
Acquisition of minority shares in subsidiary	14	**–**	**–**	**–**	**22 462**	**22 462**	**(22 462)**	**–**
Addition through business acquisition	45	**–**	**–**	**–**	**–**	**–**	**96 462**	**96 462**
Change in ownership		**–**	**–**	**–**	**17 116**	**17 116**	**(17 116)**	**–**
Put Options relinquished	13	**–**	**–**	**–**	**80 400**	**80 400**	**–**	**80 400**
Put Options lapsed	14	**–**	**–**	**–**	**(10 544)**	**(10 544)**	**–**	**(10 544)**
Dividends paid		**–**	**–**	**–**	**(110 535)**	**(110 535)**	**(17 286)**	**(127 821)**
Balance 30 September 2022		**451 316**	**14 246**	**883**	**2 224 588**	**2 691 033**	**131 444**	**2 822 477**
Gross shares issued		**496 664**						
Treasury shares		**(45 348)**						
For more information, refer to note		16	17	17				

Consolidated statement of cash flows

for the year ended 30 September

	Notes	GROUP 2022 R'000	2021 R'000
Cash flow from operating activities		**213 072**	425 734
Net cash profit from operating activities	36	**709 832**	563 226
Interest received		**148 731**	101 304
Working capital changes	37	**(419 934)**	(108 104)
Income tax paid	38	**(225 557)**	(130 692)
Cash flow from investment activities		**(427 375)**	(109 603)
Purchase of property, plant and equipment		**(217 571)**	(64 764)
Proceeds on disposal of property, plant and equipment		**6 641**	13 623
Proceeds on disposal of subsidiary	4	**455 949**	–
Gross decrease in loans	8	**11 482**	820
Acquisition of operations	39	**(44 526)**	(59 282)
Acquisition of share in subsidiary	40	**(639 350)**	–
Cash flow from financing activities		**522 253**	(299 414)
Increase/(decrease) in short-term borrowings	41	**262 924**	(50 443)
Gross increase in long-term borrowings	44	**725 000**	–
Repayment of long-term borrowings	44	**(97 750)**	(31 250)
Repayment of instalment sale agreements	42	**(29 367)**	(31 087)
Acquisition of shares from non-controlling shareholders	14	**(15 068)**	–
Lease payments	43	**(32 401)**	(25 612)
Interest paid		**(143 395)**	(97 769)
Treasury shares acquired		**(19 869)**	–
Dividends paid		**(127 821)**	(63 253)
Net increase in cash and cash equivalents		**307 950**	16 717
Cash and cash equivalents at the beginning of the year		**51 534**	34 817
Cash and cash equivalents at the end of the year		**359 484**	51 534
Comprising of:			
– Bank and cash on hand	15	**359 484**	51 534

Notes to the consolidated annual financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 72 to 86. These policies are in terms of International Financial Reporting Standards (IFRS) and have been consistently applied to all the years presented, unless stated otherwise.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom precisely equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Properties

Properties are depreciated over their useful lives, taking into account their residual values at the end of their useful lives. The residual values and useful lives are estimated and assessed based on industry knowledge and past experience with similar assets, taking into account the location and current condition of the properties. Properties are continuously maintained and kept up to standard. Refer to note 6 of the Group's accounting policy.

Loss allowance on trade receivables

In estimating the loss allowance on trade receivables, management makes certain estimates and judgements relating to the estimated recovery rate of debtors. This includes an assessment of current and expected future payment profiles and customer specific risk factors such as economic circumstances, geographical location and the value of security held. Refer to note 11 and 24 for more information.

Financial liabilities related to put options

The measurement of these financial instruments is based on various valuation calculations requiring estimated inputs and assumptions as disclosed in notes 13 and 14.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements

Inventory provisions for slow-moving and obsolete stock

The Group makes certain judgements relating to the provision of inventory, based on the frequency of movement in different inventory types. This determines the rates applied per age bucket in calculating the inventory provision to be recognised.

Purchase price allocations

Judgement is used in identifying intangible assets within a purchase price allocation and determining the fair value of the identified assets. Please refer to note 45 for the considerations listed that results in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Goodwill and indefinite useful life assets

The Group makes certain judgements relating to the impairment testing of goodwill, based on projections and assumed growth rates in income, expenses and terminal growth rates while using a pre-tax discount rate determined by management. These judgements are used to determine if an impairment of goodwill or indefinite useful life assets are applicable. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful life of the individual retail licences is considered to be indefinite. Refer to note 5.

Extension periods with regards to lease contracts

The Group makes certain judgements relating to the extension periods of leases during the IFRS 16 right-of-use asset and lease liabilities calculations. If it is more likely than not that the lease will be extended based on all the available factors, the extension option is taken into account in determining the lease. Most of the rent paid is for Agrimark stores and based on the history of the relationship with lessors and the group's strategies with the stores, the contracts will be extended. Most of the store leases are renewed based on the fact that the stores are at strategic locations and most have been there for some time and it will disrupt business if moved to different locations. Where the lease is not beneficial to the group, the extension option will not be applied. The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. As at 30 September 2022, future cash outflows of R690,3 million (2021: R89,5 million) is not included in the lease liability because it is not reasonably certain that it will be extended.

	GROUP 2022 R'000	GROUP 2021 R'000

3 PROPERTY, PLANT AND EQUIPMENT

	2022 R'000	2021 R'000
Cost		
Land and buildings	**852 124**	1 168 122
Grain silos	**72 217**	67 072
Machinery and equipment	**443 539**	346 568
Vehicles	**106 564**	105 960
Office furniture and equipment	**368 406**	242 784
Assets under construction	**48 468**	12 284
	1 891 318	1 942 790
Accumulated depreciation		
Land and buildings	**(23 863)**	(24 331)
Grain silos	**(46 040)**	(42 879)
Machinery and equipment	**(202 723)**	(133 204)
Vehicles	**(61 414)**	(64 019)
Office furniture and equipment	**(239 863)**	(132 833)
	(573 903)	(397 266)
Total carrying value	**1 317 415**	1 545 524
Depreciation has been allocated in the income statement as follows:		
Cost of sales	**(11 637)**	(11 327)
Other operating expenses	**(55 247)**	(50 059)
	(66 884)	(61 386)
Refer to note 50 for the reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	**45 468**	56 059
Accumulated depreciation	**(16 022)**	(23 505)
Total carrying value	**29 446**	32 554
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	**107 548**	107 781
Accumulated depreciation	**(12 306)**	(7 041)
Total carrying value	**95 242**	100 740

Properties to the value of R550,7 million serve as security for the first-ranking covering mortgage bonds. Refer to note 22.

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	GROUP 2022 R'000	GROUP 2021 R'000
Right-of-use assets		
Buildings	**612 806**	251 898
Cost price	**807 557**	340 810
Accumulated depreciation	**(194 751)**	(88 912)
Vehicles	**4 895**	1 906
Cost price	**7 584**	5 686
Accumulated depreciation	**(2 689)**	(3 780)
	617 701	253 804

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)

	GROUP	
	2022 R'000	2021 R'000
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	**253 804**	236 302
Additions	**441 230**	39 221
Modification of lease contracts	**(22 315)**	10 871
Depreciation charge of right-of-use assets	**(55 018)**	(32 590)
Buildings	**(53 480)**	(31 389)
Vehicles	**(1 538)**	(1 201)
Carrying value at end of year	**617 701**	253 804
Lease liabilities		
Current	**50 019**	23 827
Non-current	**628 772**	232 208
	678 791	256 035
Interest expense (included in finance costs)	**37 917**	20 573
Expense relating to short-term leases and low value assets (included in administrative expenses)	**17 060**	10 439
Cashflow expense for leases and low value and short-term leases	**(49 461)**	(36 051)

The Group's leasing activities and how these are accounted for

The Group leases various retail stores, storage sites and forklifts. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Sale and leaseback transaction

During the year the subsidiary TFC Properties (Pty) Ltd was sold to an external party. The historical rationale for acquiring retail fuel and convenience properties was aligned with the strategic drive of footprint growth in this new market. Given that TFC has now successfully entered the retail fuel and convenience markets, and upon reviewing the returns generated on capital invested, it has been decided to dispose of TFC Properties, and in doing so enter into long-term leases to ensure tenure on its fuel retail sites. Proceeds from the disposal of TFC properties was used as funding for higher return generating acquisition opportunities, namely the acquisition of the PEG Retail Group.

All of the properties sold are being leased back by the group thus concluding a Sale and Leaseback transaction. The new lease agreements will endure for 12 years from the Effective Date. The rental will escalate at the higher of 1) escalation attributable to the CAPEX portion of the RAS Schedule or 2) the consumer price index, from time to time.

The impact of the Group's sale and leaseback transaction is disclosed below:

	GROUP	
	2022 R'000	2021 R'000
Cash proceeds received	**455 949**	–
Carrying amount of subsidiary at disposal date	**(386 278)**	–
Right-of-use asset recognised	**345 688**	–
Lease liability recognised	**(412 447)**	–
Profit on sale and leaseback transaction	**2 912**	–

	GROUP 2022 R'000	2021 R'000
5 INTANGIBLE ASSETS		
Goodwill	**1 399 631**	497 995
Fuel retail licences	**193 738**	–
Tradename	**14 405**	14 795
Cost	**15 596**	15 597
Accumulated amortisation	**(1 191)**	(802)
Customer relationships	**3 359**	4 974
Cost	**8 077**	8 077
Accumulated amortisation	**(4 718)**	(3 103)
Computer software	**7 074**	–
Cost	**8 711**	–
Accumulated amortisation	**(1 637)**	–
	1 618 207	517 764
Reconciliation of movements in carrying value:		
Goodwill	**1 399 631**	497 995
Carrying value at beginning of year	**497 995**	455 532
Additions through business combinations	**992 949**	42 463
Disposal of subsidiary	**(91 313)**	–
Fuel retail licences	**193 738**	–
Additions through business combinations		
Tradename	**14 405**	14 795
Carrying value at beginning of year	**14 795**	12 480
Additions through business combinations	**–**	2 595
Amortisation recognised in profit or loss	**(390)**	(280)
Customer relationships	**3 359**	4 974
Carrying value at beginning of year	**4 974**	3 000
Additions through business combinations	**–**	3 077
Amortisation recognised in profit or loss	**(1 615)**	(1 103)
Computer software	**7 074**	–
Additions through business combinations	**7 623**	–
Amortisation recognised in profit or loss	**(549)**	–
	1 618 207	517 764

In order to assess the goodwill and retail fuel licences that originated from business acquisitions in the Agrimark and Retail Fuel & Convenience segments, a value in use calculation was done per Cash Generating Unit ("CGU"). More information with regards to each segment is disclosed below:

The Retail Fuel & Convenience acquisition strategy is cluster based, focusing on increasing scale in identified geographic locations and grouped as such based on geographic location, the nature and how the clusters are managed and monitored. The goodwill is monitored for impairment based on these clusters. The fuel clusters are included in the Retail Fuel & Convenience segment. The most significant clusters to which goodwill has been allocated include the clusters listed below:

	GROUP 2022 R'000	2021 R'000
Carrying value:		
Eastern Cape cluster	**56 475**	65 880
Northern Cape cluster	**111 016**	133 719
Northern Province cluster	**213 528**	272 093
Western Province cluster	**38 145**	–
Highway cluster	**954 804**	–

5 INTANGIBLE ASSETS (CONTINUED)

The following table sets out the key assumptions applied in determining the recoverable amount of each CGU used per cluster:

	GROUP	
	2022	2021
	%	%
Pre-tax discount rate	**11,4 – 12,5**	10,0 – 11,0
Revenue growth rate	**9,0 – 15,0**	9,0 – 9,5
Expenses growth rate	**7,5 – 8,5**	7,5 – 8,0
Terminal growth rate	**6,0**	6,0

The approved budget for the next financial year was used as base data after which the relevant inputs were extrapolated for the next 4 years with the long-term growth rate being applied in the terminal year. The growth rate in revenue is more or less the same as the prior year based on sustainable strategic plans in place to focus on the growth of the sites in the clusters. The expenses were grown with more or less the same range as the prior year. The pre-tax discount rate is higher as a result of a higher cost of capital based on a higher cost of interest bearing debt.

Management has performed sensitivity analyses on the key assumptions in the impairment model using possible changes in these key assumptions including pre-tax discount rates, gross profit percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, required to deplete the headroom after which a portion of goodwill will start to be impaired:

	PRE-TAX DISCOUNT RATE		GROSS PROFIT PERCENTAGE		EXPENSES GROWTH RATE	
	2022	2021	**2022**	2021	**2022**	2021
Eastern Cape cluster	**+6,8%**	+4,9%	**-6,5%**	-7,8%	**+5,9%**	+7,8%
Northern Cape cluster	**+12,9%**	+12,5%	**-11,7%**	-12,9%	**+12,1%**	+15,5%
Northern Province cluster	**+5,0%**	+10,7%	**-5,6%**	-10,0%	**+5,6%**	+11,6%
Western Province cluster	**+16,5%**	–	**-6,5%**	–	**+7,3%**	–
Highway sites cluster	**+18,3%**	–	**-2,2%**	–	**+7,2%**	–

Even if the terminal growth rate is zero, no impairment is identified.

There is sufficient headroom and no risk of impairment noted.

The Agrimark acquisition strategy focuses on increasing scale in identified geographic locations and diversifying the business. The Forge and Farmsave branded branches is included in the Agrimark segment for the group. The goodwill raised through the business combination with Partridge Building Supplies (Pty) Ltd ("PBS") in previous years was tested for impairment using a value in use calculation.

5 INTANGIBLE ASSETS (CONTINUED)

	GROUP	
	2022 R'000	2021 R'000
Carrying value:		
Goodwill – business combination relating to PBS	**22 033**	22 033
Goodwill – business combination relating to Farmsave	**1 186**	1 827

The following table sets out the key assumptions applied in determining the recoverable amount of the goodwill raised:

Goodwill – business combination relating to PBS and Farmsave	**%**	%
Pre-tax discount rate	**11,4**	15,7
Revenue growth rate	**10,0 – 12,0**	10,0
Expenses growth rate	**8,5 – 9,0**	8,0
Terminal growth rate	**6,0**	6,0

The approved budget for the next financial year was used as base data after which the relevant inputs were extrapolated for the next 4 years with the long-term growth rate being applied in the terminal year. The pre-tax discount rate is in line with the rest of the group's pre-tax discount rate. Growth in revenue is more or less in line with prior years. Expenses increased in line with inflation. No impairment was noted.

Management has performed sensitivity analyses on the key assumptions in the impairment model using possible changes in these key assumptions including pre-tax discount rates, gross profit percentage, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions applied per year in the forecast, required to deplete the headroom after which a portion of goodwill will start to be impaired:

	PRE-TAX DISCOUNT RATE		GROSS PROFIT PERCENTAGE		EXPENSES GROWTH RATE	
	2022	2021	**2022**	2021	**2022**	2021
Business combination relating to PBS	**+7,2%**	+23,9%	**-0,4%**	-0,8%	**+6,2%**	+10,1%

Even if the terminal growth rate is zero, no impairment is identified. Thus, there is sufficient headroom and no risk of impairment.

The remaining CGU in the Agrimark segment was also assessed for goodwill impairment and sufficient headroom noted. Carrying amount of R2,4 million (2021: R2,4 million).

	GROUP 2022 R'000	2021 R'000
6 INVESTMENT IN JOINT VENTURE		
Beginning of the year	**33 923**	6 542
Loan capitalised – shares issued (refer to note 8)	**–**	25 000
Share in total comprehensive income	**7 454**	2 381
End of the year	**41 377**	33 923
The nature of the business is supplying of farming requisites, general retail and fuel. The Company is incorporated in Namibia.		
Kaap Agri (Namibia) (Pty) Ltd		
Number of issued shares: 502 (2021: 502)		
Shareholding: 50% (2021: 50%)		
251 (2021: 251) Shares at cost	**40 156**	40 156
Share in post-acquisition accumulated profit/(loss)	**1 221**	(6 233)
	41 377	33 923
Summarised Statement of financial position as prepared under IFRS		
Non-current assets	**75 750**	85 672
Current assets	**215 335**	150 585
Cash and cash equivalents	**8 493**	1 612
Other current assets	**206 842**	148 973
Total assets	**291 085**	236 257
Non-current liabilities		
Loans and lease liabilities	**18 172**	30 278
Current liabilities	**188 111**	136 086
Short-term borrowings	**14 323**	19 679
Other current liabilities	**173 788**	116 407
Total liabilities	**206 283**	166 364
Net assets	**84 802**	69 893
Group's share in percentage	**50%**	50%
Group's share in Net assets of joint venture at fair value	**42 401**	34 947
Summarised Income statement		
Revenue	**885 697**	687 649
Depreciation	**12 845**	11 642
Interest income	**7 446**	5 877
Interest expense	**5 398**	7 427
Profit before taxation	**21 205**	7 003
Income tax	**(6 297)**	(2 241)
Profit attributable to ordinary shareholders	**14 908**	4 762
Joint Guarantee for bank overdraft facility of investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd	**45 500**	45 500
The Group provides a limited guarantee (limited to R45,0 million) for the bank overdraft facility of Kaap Agri (Namibia) (Pty) Ltd at Bank Windhoek.		
Guarantee for suppliers of subsidiaries		
Vivo Energy Namibia Limited	**10 000**	7 372
The Group provides a limited guarantee (limited to R10 million) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd.		

	GROUP 2022 R'000	2021 R'000
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Signafi Capital (Pty) Ltd – unlisted	**5 580**	5 580

Information about the Group's exposure to price risk is provided in note 24. For information about the methods and assumptions used in determining the fair value also refer to note 24.

The shares are encumbered as security as set out in note 22.

8 LOANS

	GROUP 2022 R'000	2021 R'000
Kaap Agri (Namibia) (Pty) Ltd	**3 127**	6 732
Opening balance	**6 732**	34 764
Loan capitalised to Investment in Joint Venture	**–**	(25 000)
Decrease in loan	**(3 605)**	(3 032)
Lionshare Holdings (Pty) Ltd	**19 361**	27 238
Opening balance	**27 238**	25 026
(Decrease)/Increase in loan	**(7 877)**	2 212
	22 488	33 970
Short-term portion carried over to current assets	**(4 915)**	(7 238)
	17 573	26 732

The carrying value of the loans approximates its fair value at the reporting date.

Kaap Agri (Namibia) (Pty) Ltd

The loan is unsecured and bears interest at the Namibian prime rate. There are no specific repayment terms. Repayment is determined by the shareholders as and when funds are available. Repayment of the loan will take place before any dividends are declared.

During the previous year a portion of the loan to Kaap Agri (Namibia) (Pty) Ltd was capitalised as part of the investment in Joint Venture. Refer to note 6.

The expected credit loss allowance was assessed based on the exposure, probability of default and loss given default. The general model is followed in terms of IFRS 9. Strategies are in place to improve profitability and will lead to improved cashflows. As such, no expected credit loss provision has been created as this loan is considered fully recoverable in the future. A 12-month expected credit loss was considered, and no material loss allowance was identified. Refer to accounting policy note 8.

Lionshare Holdings (Pty) Ltd

The loan bears interest at prime plus 1,5%. The loan is repayable in yearly instalments after payment of a dividend by TFC Operations (Pty) Ltd, with final repayment on 28 February 2029.

The loan is secured by:

> A first-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T19459/2012.

> A second-ranking mortgage bond over the immovable property of C-Max Investments 71 (Pty) Ltd, held under Deed of Transfer T51438/2014.

> A suretyship agreement, binding itself, by C-Max Investments 71 (Pty) Ltd.

> A suretyship agreement, binding itself, by Mezibase (Pty) Ltd.

The expected credit loss allowance was assessed based on the exposure and probability of default and loss given default, but based on the security value the expected credit loss allowance was considered immaterial. Refer to accounting policy note 8.

	GROUP 2022 R'000	GROUP 2021 R'000

9 DEFERRED TAXATION

	2022 R'000	2021 R'000
Movement of deferred taxation		
Balance beginning of year	**(101 502)**	(97 499)
Balance through business combinations	**(49 719)**	(8 848)
Disposal of subsidiary	**82 707**	–
Income statement credit	**18 730**	8 353
Credit/(debit) against reserves	**6 366**	(3 508)
Balance end of year	**(43 418)**	(101 502)
Due to the following temporary differences:		
Property, plant and equipment	**(72 687)**	(162 246)
Intangible assets	**(54 426)**	353
Currency translation differences	**(327)**	(15)
Tax loss	**28 914**	20 846
IFRS 16 right-of-use asset and liability	**12 757**	9 125
Provisions and accrued expenses	**42 351**	30 435
	(43 418)	(101 502)
Sufficient taxable earnings are expected to be earned in the future to utilise the deferred tax asset.		
Movements for the year		
Opening balance	**(101 502)**	(97 499)
Property, plant and equipment	**89 559**	(20 425)
Intangible assets	**(54 779)**	–
Currency translation differences	**(312)**	(79)
Tax loss	**8 068**	7 419
IFRS 16 right-of-use asset and liability	**3 632**	1 500
Provisions and accrued expenses	**11 916**	7 582
	(43 418)	(101 502)
The tax loss for the year is R107,1 million and has no expiry date. For the purposes of the statement of financial position deferred taxation is presented as follows:		
Non-current assets	**12 912**	7 181
Non-current liabilities	**(56 330)**	(108 683)
	(43 418)	(101 502)

10 INVENTORY

	2022 R'000	2021 R'000
Merchandise	**1 594 472**	1 201 741
Raw materials	**30 251**	17 880
Consumable goods	**2 647**	1 718
	1 627 370	1 221 339
Inventory carried at lower of cost or net realisable value	**54 581**	48 269
Provision for slow-moving and obsolete stock included in inventory	**37 568**	37 559
Inventory written off during the year	**10 410**	7 739

The inventory is encumbered as security as set out in note 22.

	GROUP 2022 R'000	GROUP 2021 R'000
11 TRADE AND OTHER RECEIVABLES		
Trade receivables	**2 583 856**	2 056 188
Expected credit loss allowance	**(44 213)**	(54 460)
	2 539 643	2 001 728
VAT	**94 053**	43 788
Other debtors	**80 030**	60 306
	2 713 726	2 105 822
Trade and other receivables – current	**2 661 293**	2 053 669
Trade and other receivables – non-current	**52 433**	52 153
	2 713 726	2 105 822

Included in the non-current portion of trade and other receivables are long-term facilities granted to producers to assist in capital expansion related to the establishment and/or expansion of production. The nature of these accounts are the same as normal trade debtors. These facilities vary in duration between 2 and 5 years, are suitably secured and bear interest in line with the policies regarding interest for all trade receivables and are considered to be market related.

Trade and other receivables are categorised as debt instruments at amortised cost.

The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables. The general model was used to identify any expected credit losses for deposits and other receivables and no material loss allowance identified. This was based on the fact that no history of defaults on the other debtors and none expected in future as these balances carry very low credit risk. The majority relates to SAFEX deposits in the Agrimark Grain segment.

A loss allowance is recognised for all receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. Refer to note 24 for the detail regarding the process for identifying the specific and contingency loss allowance. In addition to the loss allowance, receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Receivables which have been written off are not subject to enforcement activities.

The carrying value of trade and other receivables approximates its fair value at the reporting date.

The trade debtors are encumbered as security as set out in note 22.

	GROUP 2022 R'000	GROUP 2021 R'000
Movement in the expected credit loss allowance		
Opening balance	**(54 460)**	(50 631)
Movement in the expected credit loss allowance	**10 247**	(3 829)
Bad debts written off	**25 343**	4 329
Additional provision raised	**(15 096)**	(8 158)
Balance at the end of the year	**(44 213)**	(54 460)

	GROUP	
	2022 R'000	2021 R'000

12 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 R'000	2021 R'000
Firm commitment – Grain purchases		
Assets/(Liabilities)		
– Forward purchase contracts	**2 497**	35 831
– Options	**(5)**	152
	2 492	35 983

The forward purchase contracts ('Physically settled derivatives') and options represent contracts with producers for the acquisition of physical commodities in the future, which will be delivered within the next twelve months after year-end.

The Group manages its price risk by entering into back-to-back transactions whereby firm commitments on physical positions are hedged with derivative instruments thereby ensuring limited price risk as all contracts with buyers and sellers are fully hedged on SAFEX.

There is a formal grain trading policy in place which is adhered to at all times. A functional grain marketing committee meets on a monthly basis to monitor the Group's hedging position.

As at 30 September 2022 47,400 tons (2021: 103,550 tons) wheat were hedged. The risk of the producer not delivering the contracted tonnages is very low as the Group takes into account the current harvest estimates and historic harvest volumes per producer and only contracts for a portion of the historic and harvest estimates, thus taking a very conservative approach. Good long standing relationships exist with all producers and the Group has expert skills and knowledge in this particular field. If the producer under delivers, the Group can buy and sell the tonnages directly on SAFEX.

As the Group applies hedge accounting as per IFRS 9, there is no effect on the income statement as all grain trading transactions are fully hedged. The hedges are 100% effective with no ineffective portion identified.

These hedges are classified as fair value hedges.

	GROUP	
	2022 R'000	2021 R'000

13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 R'000	2021 R'000
Written Put Option		
C-Max Investments (Pty) Ltd		
Opening balance	**(76 100)**	(76 600)
Remeasurement through profit or loss	**(4 300)**	500
Put relinquished through equity	**80 400**	–
	–	(76 100)

During the current year the financial liability was relinquished. A new Memorandum of Incorporation was created for TFC Operations and in terms of the agreement C-Max Investments (Pty) Ltd no longer has the contractual right to put the shares to Kaap Agri, thus the financial liability relinquished through equity.

13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As part of the asset-for-share transaction in prior years, the Group entered into a once-off written put agreement, whereby C-Max Investments (Pty) Ltd may put their 23,5% shareholding in both TFC Operations (Pty) Ltd and TFC Properties (Pty) Ltd ("the TFC Companies") to Kaap Agri Bedryf Limited. This option shall not apply in the event that any of the TFC Companies are listed on the JSE. The put option is not exercisable prior to the end of the financial year ending 30 September 2021 and it lapses after the notice period has passed, which is 30 days after sign-off of the 30 September 2023 financial statements. The value of the put option is based on the lower of the market value of TFC Operations (Pty) Ltd (which has been calculated with reference to the enterprise value to EBITDA ("EV/EBITDA") multiple of comparable listed companies, adjusted for Company specific risk) and a value determined based on a recurring headline earnings multiple of the Kaap Agri Group (which has been performed by applying the current price to recurring headline earnings ("Price/RHEPS") multiple of Kaap Agri, to the forecast profit after tax). The financial liability was designated at fair value through profit or loss because the put option obligation varies with changes in TFC's share price. Any changes in the future fair value of the liability was accounted for in the income statement.

	GROUP	
	2022 R'000	2021 R'000
Low risk retention payment – contingent consideration		
Purchase	**(80 778)**	–
Interest	**(1 618)**	–
	(82 396)	–
The low risk retention payment resulted with the purchase of the subsidiary PEG Retail Holdings (Pty) Ltd. A contingent consideration amount has been allocated in respect of each site where a required 5 year renewal of the lease agreement should be obtained. Within five business days of receipt by TFC of the signed renewal agreement, TFC will make the relevant payments. The low risk retention payment will be increased by a factor equal to prime less 1% calculated from effective date to the date of actual payment. Management is of the opinion that based on history and the current relationships with the Oil companies, the probability of the lease agreements to be renewed and the low risk retention payment to be made in full is highly probable. This liability is expected to be settled before 31 December 2025		
	(82 396)	(76 100)

	GROUP	
	2022 R'000	2021 R'000

14 FINANCIAL LIABILITY AT AMORTISED COST

	2022 R'000	2021 R'000
Written Put Option		
Partridge Building Supplies (Pty) Ltd		
Opening balance	**(23 651)**	(14 213)
Put exercised during the year	**15 068**	–
Interest (refer to note 32)	**(114)**	(1 279)
Remeasurement through profit or loss	**–**	(8 159)
Put unexercised, thus lapsed through equity	**8 697**	–
Minority Put Option		
Partridge Building Supplies (Pty) Ltd		
Put option raised through equity	**(19 240)**	–
Interest (refer to note 32)	**(260)**	–
Put exercised during the year	**19 500**	–
	–	(23 651)
As a result of the acquisition of the minority shares in the subsidiary the non-controlling interest was derecognised	**22 462**	–

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in prior years, the Group entered into a once-off written put agreement over the remaining 40% interest in the aforementioned Company. The option was exercisable after the finalisation of the financial statements for the year ending 30 September 2021 and the consideration on exercise was determined based on the growth ratio (determined as the actual/forecasted EBITDA divided by the targeted EBITDA over the period determined), net debt value and EBITDA figures of Partridge Building Supplies (Pty) Ltd. During this financial period 25% of the remaining 40% shareholding was purchased as part of the Written Put Option, and the rest of the Written Put Option was not exercised. This portion of the written put option lapsed and the liability was derecognised with a corresponding adjustment to equity.

A new Minority Put Option was raised in January 2022 as a financial liability at amortised cost. The amount that may become payable under the option on exercise date is initially recognised at the present value of the redemption amount. The corresponding charge was accounted for directly as a reduction in the parent's equity since the risks and rewards have not been transferred to the parent until the option is exercised. The liability was subsequently adjusted for changes in the estimated performance and increased/decreased up to the redemption amount that is payable at the date at which the option is exercised. As at the end of the period this option was exercised and shares were issued as payment method to clear out the liability as at 31 March 2022.

	GROUP	
	2022 R'000	2021 R'000

15 CASH AND CASH EQUIVALENTS

	2022 R'000	2021 R'000
Cash on hand	**4 549**	2 255
Bank balances	**354 935**	49 279
	359 484	51 534

The cash balances are encumbered as security as set out in note 22.

The credit quality of cash at bank, excluding cash on hand that is neither past due nor impaired can be assessed by reference to external credit ratings:

> ABSA Bank Limited – counterparty risk rated Ba2 by Moody's

> First National Bank Limited – counterparty risk rated Ba2 by Moody's

> Standard Bank of South Africa Limited – counterparty risk rated Ba2 by Moody's

> Nedbank Limited - counterparty risk rated Ba2 by Moody's

	GROUP 2022 R'000	2021 R'000

16 STATED CAPITAL

Authorised:
1 000 000 000 (2021: 1 000 000 000) ordinary shares with no par value
Issued:
74 567 680 (2021: 74 170 277) ordinary shares with no par value

	2022 R'000	2021 R'000
Ordinary shares	**496 664**	480 347
Treasury shares	**(45 348)**	(33 776)
	451 316	446 571

	Number	Number
Total number of ordinary shares – issued	**74 568**	74 170
Treasury shares – issued	**(4 200)**	(3 888)
	70 368	70 282

17 OTHER RESERVES

	2022 R'000	2021 R'000
Hedge reserve Derivative financial instruments that are designated and qualify as cash flow hedges are shown in the statement of financial position at fair value. This includes foreign exchange contracts pertaining to imports of inventory. The effective portion of changes in the fair value are recognised in other comprehensive income in the hedge reserve.	**883**	39
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the share-based payment reserve.	**14 246**	12 513
	15 129	12 552

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2022		2021	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Granted during the year – based on old LTI scheme	**44,44**	**585 884**	24,53	461 157
Granted during the year – based on modified LTI scheme	**–**	**1 324 779**	–	–

The expense recognised in profit or loss is R8 066 453 (2021: R5 665 134).

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Share options outstanding at the end of the year have the following vesting dates and exercise prices:

Grant date	Vesting date	Exercise price	Fair value at grant date	Share options 2022	Share options 2021
Old LTI scheme					
1 October 2016	1 October 2021	23,88	10,75	**228 477**	310 651
20 March 2018	1 October 2021	48,27	14,43	**25 050**	30 095
20 March 2018	1 October 2022	48,27	16,18	**25 050**	30 095
15 January 2019	1 October 2021	36,72	12,58	**46 839**	66 547
15 January 2019	1 October 2022	36,72	14,14	**46 839**	66 547
15 January 2019	1 October 2023	36,72	15,29	**46 839**	66 547
15 January 2020	1 October 2021	27,31	4,35	**390 201**	446 973
15 January 2020	1 October 2022	27,31	5,28	**390 201**	446 973
15 January 2020	1 October 2023	27,31	5,96	**390 201**	446 973
15 January 2020	1 October 2024	27,31	6,48	**390 201**	446 973
12 January 2021	1 October 2022	24,53	4,65	**85 440**	115 289
12 January 2021	1 October 2023	24,53	5,56	**85 440**	115 289
12 January 2021	1 October 2024	24,53	6,23	**85 440**	115 289
12 January 2021	1 October 2025	24,53	6,74	**85 440**	115 289
20 January 2022	1 October 2023	44,44	11,01	**131 051**	–
20 January 2022	1 October 2024	44,44	13,51	**131 051**	–
20 January 2022	1 October 2025	44,44	15,34	**131 051**	–
20 January 2022	1 October 2026	44,44	16,72	**131 051**	–
Modified LTI scheme – Nil Cost Option ("NCO")					
29 September 2022	29 September 2024	–	33,03	**331 195**	–
29 September 2022	29 September 2025	–	30,90	**331 195**	–
29 September 2022	29 September 2026	–	28,71	**331 195**	–
29 September 2022	29 September 2027	–	26,47	**331 195**	–
				4 170 642	2 819 531

Fair value of options granted

Old LTI scheme

The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the share price at grant date, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Fair value of options granted (continued)

Modified LTIP scheme – Nil Cost Option ("NCO")

This award is conditional upon specific non-market conditions and the completion of an employment period. We refer to the fair value of this award, prior to taking into account the probability of achieving the non-market performance conditions, as the "unconditional fair value". The shares are obtained for no consideration upon the achievement of the performance and employment condition (i.e. no strike price) and award holders will not be entitled to dividends on the ordinary shares underlying their share options prior to the vesting date. The "unconditional fair value" is thus equal to the share price at the grant date, less the present value of estimated dividends paid prior to the time of vesting. Some of the participants sharing in the old scheme did not transfer to the modified scheme and their determined portions will be paid out in cash. During the current year the portion of the grants issued that was converted from equity-settled to cash-settled is 61 680 grants.

	GROUP	
	2022	2021
Model inputs:		
Old LTI scheme		
Exercise price (Rand)	**44,44**	24,53
Share price at grant date (Rand)	**44,44**	24,53
Expected life of option (years)	**2 to 5**	2 to 5
Expected volatility (%)	**27,6 – 55,9**	27,6 – 55,9
Expected dividend yield (%)	**4,0 – 5,0**	5,0 – 6,0
Risk-free interest rate (%)	**8,1 – 8,8**	4,4 – 6,0
Modified LTIP scheme – Nil Cost Option ("NCO")		
Share price at grant date (Rand)	**36,73**	–
Expected life of option (years)	**2 to 5**	–
Expected dividend yield (%)	**5,2 – 6,4**	–
Risk-free interest rate (%)	**8,1 – 8,9**	–

During the year Kaap Agri has adopted a modified share incentive scheme, namely the modified LTIP (NCO), which is non-dilutionary equity-settled long-term incentive plan. The LTIP is an NCO scheme, which mitigates the risk participants previously had with share price changes due to market volatility. The rights previously granted under the Kaap Agri Equity Settled Management Share Incentive Scheme have been migrated and converted to NCOs governed by the amended rules of the abovementioned non-dilutionary LTIP, although the vesting dates and performance hurdles applicable to such grants will remain in place for these converted NCOs.

Participation is limited to the executive directors and other executive committee members, which may also include the Managing Director of a subsidiary. Participants will be awarded NCOs, which are conditional rights to receive Company shares on a future date after the fulfilment of the performance and other conditions, to the extent applicable. The vesting is not dependent on the share price growth. Each year the participants are awarded NCOs, based on a multiple of the participant's annual TGP. The NCOs vest in tranches of 25% each on the later of the 2nd, 3rd, 4th and 5th anniversary of the date of award; and to the extent applicable, the date on which the remuneration committee determines that the performance condition(s) has been met; and to the extent applicable, any other conditions imposed have been satisfied. On the vesting date, shares will be awarded to a participant.

Based on the old scheme during the current year, 585,885 new grants were issued. During the year, the fourth tranche of the 1 October 2016 grants vested (287,431 share options), the third tranche of the 20 March 2018 grants vested (26,916 share options) and the second tranche of the 15 January 2019 grants vested (59,511 share options) and the first tranche of the 15 January 2020 grants vested (407,461 share options). The 20 March 2018 had no value as the vesting price was lower than the grant price, so there was no value in that specific grant. A migration value was determined based on the old LTI scheme and brought over to the new modified LTI scheme – NCO.

	GROUP	
	2022 R'000	2021 R'000

19 INSTALMENT SALE AGREEMENTS

	2022 R'000	2021 R'000
Instalment sale agreements liabilities	**73 432**	92 080
Short-term portion of Instalment sale agreements liabilities	**(28 030)**	(29 166)
	45 402	62 914
Commitments in relation to Instalment sale agreements payable are as follows:		
Within one year	**33 408**	34 089
Later than one year but not later than five years	**48 871**	67 796
Minimum instalment payments	**82 279**	101 885
Future finance charges	**(8 847)**	(9 805)
Recognised as liability	**73 432**	92 080
The present value of Instalment sale agreements liabilities is as follows:		
Within one year	**28 030**	29 166
Later than one year but not later than five years	**45 402**	62 914
Minimum instalment payments	**73 432**	92 080

Instalment sale agreements liabilities include vehicles and forklifts where ownership will transfer to the group once contract expires.

The nature of instalment sale agreements is that the ownership of assets is already transferred to the Group.

20 EMPLOYEE BENEFIT OBLIGATIONS

Post-retirement medical benefits	**2022 R'000**	2021 R'000
Balance beginning of year	**17 044**	17 603
Interest costs recognised in the income statement	**1 475**	1 588
Actuarial gain recognised in the income statement	**168**	–
Employer contributions	**(2 129)**	(2 147)
	16 558	17 044
Short-term portion carried over to current liabilities	**(2 032)**	(2 169)
	14 526	14 875

Amounts recognised in the income statement are shown under other operating expenses.

Existing provisions are based on the following important assumptions:

Post-retirement medical benefits	**2022**	2021
Cost of medical inflation (%)	**9,00**	7,00
Discount rate (%)	**11,25**	9,25
Average retirement age (years)	**65**	65
Expected membership continuance at retirement (%)	**100**	100
Post-retirement mortality	**2 years +1%**	2 years +1%
Weighted average duration of obligation (years)	**6,83**	7,54
Total expected contributions for the coming year (R'000)	**2 032**	2 169

20 EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis:

The method of calculation remains unchanged.

Effect of a 1% movement in the assumed cost of medical inflation and discount rate:

	GROUP	
	+1% R'000	**-1% R'000**
Cost of medical inflation		
Aggregate of current service cost and interest cost – increase/(decrease)	**128**	**(109)**
Liability – increase/(decrease)	**1 080**	**(979)**
Discount rate		
Liability – (decrease)/increase	**(916)**	**1 025**

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Trend information:					
Present value of liabilities	**16 558**	17 044	17 603	17 952	18 281
Present value of plan assets	**–**	–	–	–	–
Present value of obligations above plan assets	**16 558**	17 044	17 603	17 952	18 281
Experience adjustments					
Present value of liabilities	**(49)**	–	(947)	–	(174)
Present value of plan assets	**–**	–	–	–	–
Actuarial loss before changes in assumptions	**(49)**	–	(947)	–	(174)

	GROUP	
	2022 R'000	2021 R'000
21 TRADE AND OTHER PAYABLES		
Trade creditors	**2 220 823**	1 501 529
Employee accruals	**136 427**	75 467
Other creditors	**146 905**	79 664
	2 504 155	1 656 660

The carrying value of trade and other payables approximates its fair value at the reporting date.

	GROUP 2022 R'000	GROUP 2021 R'000

22 BORROWINGS

	2022 R'000	2021 R'000
Long-term bank borrowings	**837 813**	325 000
Borrowings	**1 084 000**	418 750
Short-term portion of long-term bank borrowings	**(246 187)**	(93 750)

The carrying value of long-term loans approximates its fair value at the reporting date.

An additional loan of R725 million was obtained to partly finance the business combination – refer to note 45.

The current bank facilities bear interest at fixed rates between 6,37% to 6,43%. The borrowings are repayable based on a schedule as set out in the agreement between the Company and the bank and will be fully repaid by 31 March 2025.

	2022 R'000	2021 R'000
Short-term bank borrowings	**1 257 457**	842 096
Overdraft facility	**1 011 270**	748 346
Short-term portion of long-term bank borrowings	**246 187**	93 750

The carrying value of short-term loans approximates its fair value at the reporting date.

The bank facilities are renewed annually and the current facilities bear interest from prime less 1,25% to prime less 2,00%.

Securities held:
The bank facilities of R2 372,0 million are secured by:

- A pledge and cession of all shares, securities and other ownership interests in any affiliate, associate company or another person in which it is invested
- First-ranking covering mortgage bonds over certain immovable property of which that Kaap Agri is the registered owner
- A cession of all its rights and claims in respect of bank accounts maintained in South Africa
- A general notarial bond over the stock and moveable assets of Kaap Agri Bedryf Limited to the value of R100 million for the facility of Kaap Agri Bedryf Limited
- A cession of trade debtors and stock of Kaap Agri Bedryf Limited for the facility of Kaap Agri Bedryf Limited (limited to R1 410 million)
- A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R27,3 million) for the facilities of Agriplas (Pty) Ltd
- First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited
- A cession of all its insurance taken out and any proceeds receivable
- A cession of bank accounts opened with any bank and all the proceeds standing to the credit of such accounts – PEG Retail Holdings (Pty) Ltd.
- A limited guarantee of R30 million by PEG Retail Holdings (Pty) Ltd
- A cession of all rights, title and interest in the management contracts held of PEG Management Services (Pty) Ltd.

23 RELATED PARTY TRANSACTIONS

	GROUP 2022 R'000	GROUP 2021 R'000
Transactions with related parties and outstanding balances:		
Income		
Sales of goods – Capespan SA (Pty) Ltd	**6 100**	159
Sales of goods – African Seed Group (Pty) Ltd	**423**	–
Sales of goods – Agricol (Pty) Ltd	**828**	–
Sales of goods – Curro Holdings Ltd	**102**	–
Sales of goods – Novo Fruit Packers Pty Ltd	**11 814**	–
Sales of goods – Valam Boerdery (Pty) Ltd	**29 021**	–
Interest received – Lionshare Holdings (Pty) Ltd	**2 225**	2 212
Expenses		
Purchases of goods – Capespan SA (Pty) Ltd	**318**	1 336
Purchases of goods – M Pupkewitz & Sons (Pty) Ltd	**1 710**	1 792
Purchases of goods – African Seed Group (Pty) Ltd	**31**	–
Purchases of goods – Energy Partners Holdings (Pty) Ltd	**166**	–
Purchases of goods – Farm-Ag International (Pty) Ltd	**255**	–
Purchases of goods – Grayston Elliot (Pty) Ltd	**40**	–
Purchases of goods – Limagrain Zaad South Africa (Pty) Ltd	**5 820**	–
Purchases of goods – Nuvance (Pty) Ltd	**1 316**	–
Purchases of goods – ZAR Seed Production (Pty) Ltd	**607**	–
Purchases of goods – Zeder Investments Ltd	**337**	–
Professional services – PSG Corporate Services	**32 181**	–
Balances		
Trade debtors – Capespan SA (Pty) Ltd	**24**	39
Loan – Lionshare Holdings (Pty) Ltd	**19 361**	27 238
Transactions with directors and outstanding balances		
Sales	**92 265**	67 834
Purchases	**3 540**	–
Trade receivables	**15 864**	12 666
Transactions with joint venture and outstanding balances		
Income		
Sales of goods – Kaap Agri (Namibia) (Pty) Ltd	**7 901**	2 500
Interest received – Kaap Agri (Namibia) (Pty) Ltd	**328**	742
Expenses		
Purchases of goods – Kaap Agri (Namibia) (Pty) Ltd	**369**	118
Balances		
Trade debtors – Kaap Agri (Namibia) (Pty) Ltd	**138**	299
Trade creditors – Kaap Agri (Namibia) (Pty) Ltd	**6**	3
Loan – Kaap Agri (Namibia) (Pty) Ltd	**3 127**	6 732

Also refer to note 6 and 8.

23 RELATED PARTY TRANSACTIONS (CONTINUED)

The relationships between the various companies in the Group are disclosed in note 46.

Kaap Agri Limited is the ultimate holding company of the group.

M Pupkewitz & Sons (Pty) Ltd holds the other 50% shareholding in the Joint Venture. Refer to note 6.

Lionshare Holdings (Pty) Ltd is a related Company to one of the non-executive directors.

C-Max Investments 71 (Pty) Ltd is a related Company as the Company is a shareholder in subsidiary companies of the Group and the director of C-Max serves on the Kaap Agri Limited Board.

All other related parties not specifically mentioned and listed above, are subsidiaries or fellow subsidiaries of PSG Group Holdings which was a shareholder during the year.

Refer to executive directors' remuneration as disclosed in note 30 for key management compensation.

The companies in the Group sell products in the normal course of business to directors and all other related companies on terms and conditions applicable to all clients.

24 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks like market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The accounting policy for financial instruments are applied to the following line items according to the statement of financial position: trade and other receivables, financial assets at fair value through other comprehensive income, financial liabilities at amortised cost, derivative financial instruments, cash and cash equivalents, loans, trade and other payables, borrowings, finance lease liabilities and financial liabilities at fair value through profit or loss.

The carrying value according to the statement of financial position differs from the values disclosed in this note because of items included in the carrying value according to the statement of financial position which do not meet the definition of a financial instrument or which are excluded from the scope of IFRS 7: Financial Instruments: Disclosures. These items include statutory receivable (VAT) amounts of R94,1 million (2021: R43,8 million), statutory liabilities of R15,4 million (2021: R11,2 million) and liabilities in respect of employee benefits of R109,4 million (2021: R61,7 million).

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk primarily arises from inventory and asset purchases in other countries. Forward exchange contracts are used to manage the foreign exchange risk.

Kaap Agri (Aussenkehr) (Pty) Ltd is currently the only foreign subsidiary within the Group. The functional currency of Kaap Agri (Aussenkehr) (Pty) Ltd is the Namibian Dollar. The exchange rate between the Namibian Dollar and South African Rand is fixed at 1 Namibian Dollar for 1 South African Rand. Consequently no foreign exchange rate differences arise due to the translation of this foreign subsidiary.

All imports in foreign currency are hedged with the corresponding foreign exchange contract asset and liability, and reserves are addressed. No effect on profit or loss, thus foreign currency risk is managed through hedge accounting.

Cash flow interest rate risk

The Group finances its operations through a combination of shareholders' funds and bank borrowings. The Group's interest rate exposure and the effective interest rates can be summarised as follows:

	INTEREST-BEARING			
	Rate 2022 %	**Amount 2022 R'000**	Rate 2021 %	Amount 2021 R'000
Assets				
Trade receivables	**9,50 – 14,50**	**2 619 673**	7,00 – 12,00	2 062 034
Loan: Kaap Agri (Namibia) (Pty) Ltd	**9,25**	**3 127**	7,50	6 732
Loan: Lionshare Holdings (Pty) Ltd	**11,25**	**19 361**	8,50	27 238
Cash and cash equivalents	**5,14 – 5,33**	**354 935**	–	–
Liabilities				
Short-term borrowings	**7,75 – 9,75**	**1 011 270**	5,00 – 5,75	748 346
Low risk retention payment	**8,75**	**82 396**	–	–
Instalment sale agreements	**8,45 – 10,77**	**73 432**	6,00 – 8,02	92 080
Borrowings	**6,37 – 11,98**	**1 084 000**	6,37 – 6,43	418 750

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

	NON-INTEREST-BEARING	
	Amount 2022 R'000	Amount 2021 R'000
Assets		
Other receivables	**80 030**	60 306
Cash and cash equivalents	**4 549**	51 534
Liabilities		
Trade and other payables	**2 391 893**	1 583 822

	GROUP	
	2022 R'000	2021 R'000
To illustrate the Group's exposure to interest rate changes, the influence of interest rate changes on the carrying values of interest-bearing financial assets and financial liabilities and resulting profit before taxation, are illustrated as follows:		
Interest-bearing assets	**2 997 096**	2 147 538
Interest-bearing liabilities	**(2 251 098)**	(1 259 176)
Net interest-bearing assets	**745 998**	888 362
Increase/(decrease) in profit after tax and equity		
Half a percentage point increase in interest rates	**2 686**	3 198
Half a percentage point decrease in interest rates	**(2 686)**	(3 198)

Price risk

The Group is involved in the trading of grain commodities in order to optimise the utilisation of its silo infrastructure. It is the Group's intent to hedge any price risk arising from fluctuations in commodity prices during the trading of grain commodities. The Group uses commodity contracts, option contracts or other derivative financial instruments to hedge the commodity price risk. Commodities are hedged within the limits approved by the Board of directors. The hedging policy is sufficiently flexible to allow management to rapidly adjust hedges following possible changes in the commodity market.

Equity price risk

The equity price risk exposure arises from the investment made in Signafi Capital (Pty) Ltd shares. Equity price risk is the risk that the fair values of equities decrease or increase as a result of changes in the levels of equity indices and the value of individual stocks. Please refer to note 7 for the investment. A 10% difference in the share price could affect other comprehensive income with R558,000.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Potential concentrations of credit risk consist mainly within cash and cash equivalents, deposits, all other receivables, loans receivables and trade debtors.

In terms of IFRS 9: Financial Instruments, all financial assets at amortised cost need to be assessed for expected credit losses. Refer to the accounting policy note 10 for more information.

The Group limits its counterparty exposures arising from cash current accounts by only dealing with well-established financial institutions of high-quality credit standing. Refer to note 15.

Expected credit loss allowances on cash and cash equivalents, deposits and all other receivables were assessed based on the general model and no expected credit loss allowance was created as this was immaterial. Refer to note 11.

Trade receivables

Trade debtors consist of a large number of clients, the majority of whom are long standing reputable clients with strong trading history with the business. Clients are well diversified across geographical regions as well as product types, thus lowering the concentration risk. The cash flows are also spread throughout the year as the clients are well diversified and the different product types results in different seasons with the cash flows, not happening all at one point in time, thus lowering the concentration risk. Credit is granted to customers in the form of facilities to purchase from Kaap Agri outlets and not in the form of loan funding. The terms of credit is monthly to seasonal accounts plus limited establishment credit (longer term).

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. The credit policy is approved by the finance committee, which meets three times per year to review the credit positions. The largest credit default risks are associated with natural causes or sequestration and are mitigated through these actions. The Group is of the opinion that these measures reduce residual credit risk to acceptable levels. Considering that the vast majority of the trade debtors are associated with the agricultural sector, the recoverability of these financial assets can be negatively influenced by natural disasters, consecutive poor production seasons and lower than expected commodity prices. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. Steps for collection are immediately implemented if a debtor does not conform to his limit or repayment terms.

The Group has a specific expected credit loss allowance and a contingency expected credit loss allowance. Refer to note 10 in the accounting policy for more information.

	GROUP	
	2022 R'000	2021 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	**(34 673)**	(47 707)
– contingency expected credit loss allowance	**(9 540)**	(6 753)
Balance at the end of the year calculated under IFRS 9	**(44 213)**	(54 460)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The credit risks related to trade debtors are further limited by taking up a wide range of securities as shown below. The nature of the security held is a determining factor in the size of the facility granted, as well as to the value attributed to such security in the credit risk assessment. The value of the securities are determined based on the type of security. The securities that are readily convertible into cash, are for example bank guarantees, deed of pledge, cessions and bonds.

The spread across the different forms of security:

	Surety	Guarantee/ Indemnity	Bond	Cession	Deed of pledge	General
Security type – 2022	**53%**	**7%**	**13%**	**21%**	**1%**	**5%**
Security type – 2021	53%	7%	12%	22%	1%	5%

General securities include bank guarantees and credit guarantees.

The default rate of bad debt written off was 0,98% in 2022, 0,21% in 2021, 0,16% in 2020 and 0,29% in 2019.

Trade debtors are presented net of the loss allowance recognised. Interest on trade debtors is calculated on a base rate plus a factor for the risk associated with each client. Overdue debtors incur a penalty interest charge.

Trade debtors are divided into the following categories: Debtors within terms and not credit impaired, Debtors outside terms but not credit impaired and Debtors which are credit impaired. The identification of the respective risk categories is based on the agricultural commodity sectors in which the respective debtors operate. Debtors within a specific agricultural commodity sector are considered to have similar risk characteristics.

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2022					
Debtors within terms					
Balance	**650 280**	**873 881**	**451 071**	**295 202**	**2 270 434**
Debtors for which collateral are held	**(556 016)**	**(601 860)**	**(311 832)**	**(49 618)**	**(1 519 326)**
Exposure to credit risk	**94 264**	**272 021**	**139 239**	**245 584**	**751 108**
Debtors outside terms but not credit impaired					
Balance	**9 277**	**174 212**	**63 315**	**7 390**	**254 194**
Debtors for which collateral are held	**(8 622)**	**(144 146)**	**(39 647)**	**(2 944)**	**(195 359)**
Exposure to credit risk	**655**	**30 066**	**23 668**	**4 446**	**58 835**
Debtors which are credit impaired					
Balance	**13 670**	**21 105**	**11 941**	**12 512**	**59 228**
Debtors for which collateral are held	**(5 487)**	**(5 869)**	**(2 815)**	**(848)**	**(15 019)**
Exposure to credit risk	**8 183**	**15 236**	**9 126**	**11 664**	**44 209**

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The contingency loss allowance per category (included in the total expected credit loss allowance as disclosed below) is as follows:

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	**659 557**	**1 048 093**	**514 386**	**302 592**	**2 524 628**
Expected credit loss risk factor	**0,15%**	**0,53%**	**0,36%**	**0,38%**	**0,38%**
Total contingency loss allowance as at 30 September	**972**	**5 528**	**1 877**	**1 163**	**9 540**
Total specific loss allowance as at 30 September	**7 952**	**9 349**	**9 160**	**8 212**	**34 673**
Total expected credit loss allowance	**(8 924)**	**(14 877)**	**(11 037)**	**(9 375)**	**(44 213)**
Balance beginning of year	**(12 020)**	**(9 439)**	**(29 055)**	**(3 946)**	**(54 460)**
Provision written back/(created)	**3 096**	**(5 438)**	**18 018**	**(5 429)**	**10 247**
Total balance	**673 227**	**1 069 198**	**526 327**	**315 104**	**2 583 856**
Total collateral held	**(570 125)**	**(751 875)**	**(354 294)**	**(53 410)**	**(1 729 704)**
Total loss allowance	**(8 924)**	**(14 877)**	**(11 037)**	**(9 375)**	**(44 213)**

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2021					
Debtors within terms					
Balance	477 595	674 490	365 167	220 455	1 737 707
Debtors for which collateral are held	(398 522)	(432 233)	(277 731)	(28 703)	(1 137 189)
Exposure to credit risk	79 073	242 257	87 436	191 752	600 518
Based on the payment history of debtors within terms at year-end, management is of the opinion that the credit quality of this category of debtors is good.					
Debtors outside terms but not credit impaired					
Balance	28 571	122 798	83 254	11 207	245 830
Debtors for which collateral are held	(28 121)	(100 200)	(67 026)	(2 586)	(197 933)
Exposure to credit risk	450	22 598	16 228	8 621	47 897
Debtors which are credit impaired					
Balance	20 457	11 221	26 819	14 154	72 651
Debtors for which collateral are held	(10 854)	(1 193)	(7 162)	(698)	(19 907)
Exposure to credit risk	9 603	10 028	19 657	13 456	52 744

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

The contingency loss allowance per category (included in the total expected credit loss allowance as disclosed below) is as follows:

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
Balance of debtors not specifically provided for	506 166	797 288	448 421	231 662	1 983 537
Expected credit loss risk factor	0,20%	0,39%	0,49%	0,20%	0,34%
Total contingency loss allowance as at 30 September	999	3 093	2 196	465	6 753
Total specific loss allowance as at 30 September	11 021	6 346	26 859	3 481	47 707
Total expected credit loss allowance	(12 020)	(9 439)	(29 055)	(3 946)	(54 460)
Balance beginning of year	(11 040)	(8 990)	(22 800)	(7 800)	(50 630)
Provision written back/ (created)	(980)	(449)	(6 255)	3 854	(3 830)
Total balance	526 623	808 509	475 240	245 816	2 056 188
Total collateral held	(437 497)	(533 626)	(351 919)	(31 987)	(1 355 029)
Total loss allowance	(12 020)	(9 439)	(29 055)	(3 946)	(54 460)

Liquidity risk

In order to mitigate any liquidity risk that the Group may face, the Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity. The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently the Group policy requires that sufficient borrowing facilities are available to provide sufficient liquidity during projected peak borrowing periods.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.

	GROUP	
	2022 R'000	2021 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**2 474 933**	1 815 830
Interest-bearing debt	**(2 251 098)**	(1 259 177)
	223 835	556 653

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The contractual maturity periods of the Group's liabilities on reporting date are as follows:

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	13 to 60 months R'000	More than 60 months R'000
30 September 2022					
Non-derivative financial liabilities					
Trade and other payables	**2 391 893**	**2 391 893**	**2 391 893**	**–**	**–**
Financial liability at fair value through profit or loss	**82 396**	**109 431**	**–**	**–**	**109 431**
Lease liabilities	**678 791**	**988 381**	**97 592**	**372 435**	**518 354**
Short-term borrowings	**1 011 270**	**1 084 671**	**1 084 671**	**–**	**–**
Borrowings	**1 084 000**	**1 102 379**	**246 187**	**856 192**	**–**
Instalment sale agreements	**73 432**	**82 279**	**33 408**	**48 871**	**–**
	5 321 782	**5 759 034**	**3 853 751**	**1 277 498**	**627 785**
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	**2 492**	**331 210**	**331 210**	**–**	**–**
Inflow	**(2 492)**	**(331 210)**	**(331 210)**	**–**	**–**
Forward exchange contracts					
Outflow	**1 155**	**79 800**	**79 800**	**–**	**–**
Inflow	**(1 155)**	**(79 800)**	**(79 800)**	**–**	**–**
	–	**–**	**–**	**–**	**–**
30 September 2021					
Trade and other payables	1 583 822	1 583 822	1 583 822	–	–
Financial liability at fair value through profit or loss	76 100	99 200	–	99 200	–
Financial liability at amortised cost	23 651	15 200	–	15 200	–
Lease liabilities	256 035	388 982	43 843	155 929	189 210
Short-term borrowings	748 346	772 577	772 577	–	–
Borrowings	418 750	443 329	118 329	325 000	–
Instalment sale agreements	92 080	101 885	34 089	67 796	–
	3 198 784	3 404 995	2 552 660	663 125	189 210
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	35 983	578 927	578 927	–	–
Inflow	(35 983)	(578 927)	(578 927)	–	–
Forward exchange contracts					
Outflow	283	22 682	22 682	–	–
Inflow	(283)	(22 682)	(22 682)	–	–
	–	–	–	–	–

Fair value estimation

Investments and derivative financial instruments

Level 1

> Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2

> Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3

> Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

Investments and derivative financial instruments (continued)

Please refer to the equity risk disclosure for more information regarding the investment in Signafi Capital (Pty) Ltd at fair value. The investment in Signafi Capital (Pty) Ltd is a level 3 financial instrument as the shares are not listed and unobservable. The financial liability at fair value through profit or loss comprising the redemption obligation for a written put option is recorded at fair value.

	GROUP	
	2022 R'000	2021 R'000
Level 2 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	**2 492**	35 983

Trade debtors and trade creditors

The nominal value of trade receivables, less expected credit losses, and trade payables are assumed to approximate their fair values.

Financial liabilities

The nominal value of financial liabilities for disclosure purposes are assumed to approximate their fair values.

Capital maintenance:

The Group considers total equity, which includes share capital, reserves and treasury shares, as capital. The ratio between capital and debt is the capital ratio. Debt includes short-term borrowings. The Group's objective with the management of the capital ratio is to ensure that the Group continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the Statement of changes in equity.

	GROUP	
	2022	2021
Ratios		
Total shareholders' equity: Total assets employed	**36,89%**	40,82%
Net interest bearing debt: Total assets employed	**21,95%**	22,89%
EBITDA: Net assets	**21,71%**	20,96%

Net interest bearing debt includes bank borrowings and cash balances.

EBITDA is the headline earnings before interest, tax, depreciation and amortisation.

Net assets are total assets less total liabilities.

	GROUP	
	2022	2021
Financial covenants		
Asset cover ratio (required to be above 1,25 times)	**1,5**	2,3
Interest cover ratio (required to be above 3,0 times)	**6,0**	6,8

	GROUP	
	2022 R'000	2021 R'000

25 LOW VALUE AND SHORT-TERM LEASE COMMITMENTS

	2022 R'000	2021 R'000
Lease payments		
Payable within one year	**9 610**	4 527
Payable between one and five years	**5 108**	4 523
	14 718	9 050

Within various lease contracts, the Group has the option to renew.

26 CAPITAL COMMITMENTS

	2022 R'000	2021 R'000
Contracted	**73 366**	33 888

These commitments have been approved by the Board of directors. The commitments will be financed by own and borrowed funds. The Group remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control.

27 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 R'000	2021 R'000
Sale of goods	**15 417 266**	10 334 976
– Agrimark	**7 647 107**	6 118 269
– Retail Fuel & Convenience	**6 274 507**	3 029 734
– Agrimark Grain	**1 290 884**	955 289
– Manufacturing	**204 768**	231 684
Sale of services	**133 400**	126 982
– Agrimark	**35 646**	35 940
– Agrimark Grain	**97 754**	91 042
Margin on direct transactions	**149 833**	120 630
– Agrimark	**146 541**	117 723
– Agrimark Grain	**3 292**	2 907
	15 700 499	10 582 588

Refer to the accounting policy and note 47 for details regarding the different revenue streams.

28 OTHER OPERATING INCOME

	2022 R'000	2021 R'000
Interest received	**147 496**	99 066
– Trade debtors that are not impaired	**122 955**	89 316
– Trade debtors that are impaired	**1 245**	2 334
– Banks	**8 715**	–
– Other	**14 581**	7 416
Profit on sale of property, plant and equipment	**1 810**	2 042
Profit with sale and leaseback transaction	**2 912**	–
Revaluation of financial liability at fair value through profit or loss	**–**	500
Foreign exchange differences	**–**	151
Transport income	**9 375**	6 153
Rent received	**11 348**	10 386
Bad debts recovered	**81**	8
Manufacturing income	**3 268**	2 938
AgriSETA and ETI income	**4 547**	2 440
Training income	**307**	604
Weighbridge income	**823**	717
Commission received	**10 469**	8 845
Management fees	**227**	830
Business interruption insurance claim	**24 263**	–
Profit with termination of IFRS 16 contracts	**2 666**	–
Other income	**14 567**	10 531
	234 159	145 211

	GROUP 2022 R'000	GROUP 2021 R'000
29 EXPENSES BY NATURE		
Cost of products sold	**13 578 198**	8 894 737
Foreign exchange differences	**(282)**	–
Depreciation	**121 902**	93 976
Amortisation of intangible assets	**2 554**	1 384
Directors' emoluments	**23 980**	22 397
Staff costs	**879 848**	713 597
– Salaries, wages and bonuses	**803 438**	645 088
– Equity settled management share incentive scheme	**8 036**	5 665
– Employer's contribution to pension fund (defined contribution plan)	**51 544**	45 342
– Employer's contribution to medical benefits	**2 129**	2 147
– Decrease in provision for post-retirement medical benefits	**(481)**	(559)
– Increase/(decrease) in provision for leave	**3 357**	5 922
– Training expenses	**11 825**	9 992
Skills development levy	**8 115**	5 829
Auditor's remuneration	**7 279**	6 317
– For audit	**7 189**	6 175
– Other services	**90**	133
– Under provision previous year	**–**	9
Rent paid	**17 060**	10 439
– Buildings	**7 493**	3 172
– Vehicles	**1 426**	1 569
– Machinery and equipment	**8 141**	5 698
Other occupancy costs	**164 466**	119 352
Revaluation of financial liability at amortised cost	**4 300**	8 159
Information technology expenses	**64 458**	53 317
Marketing costs	**137 646**	69 171
Transport/distribution	**80 125**	78 339
COVID-19 related expenses	**791**	4 158
Other administrative expenses	**87 772**	55 261
Corporate transactions related costs	**17 307**	7 892
Other expenses	**54 163**	22 779
	15 249 682	10 167 104

	Number	Number
Number of employees in service at year-end	**6 752**	3 736

30 REMUNERATION PAID TO DIRECTORS

	Salary R'000	Bonuses R'000	Share Incentive Scheme vested R'000	Pension contri-butions R'000	Directors' fees R'000	Expense allowance R'000	Total R'000
2022							
Executive directors							
GW Sim	**3 424**	**3 784**	**1 880**	**372**	**–**	**11**	**9 471**
S Walsh	**5 344**	**6 735**	**4 431**	**402**	**–**	**50**	**16 962**
	8 768	**10 519**	**6 311**	**774**	**–**	**61**	**26 433**
Non-executive directors							
I Chalumbira					**192**	**3**	**195**
BS du Toit					**336**	**4**	**340**
D du Toit					**456**	**3**	**459**
JH le Roux*					**336**	**1**	**337**
EA Messina					**676**	**1**	**677**
WC Michaels					**192**	**1**	**193**
CA Otto					**718**	**4**	**722**
HM Smit					**282**	**6**	**288**
GM Steyn					**731**	**1**	**732**
					3 919	**24**	**3 943**
Total							**30 376**
2021							
Executive directors							
GW Sim	3 163	3 476	–	331	–	–	6 970
S Walsh	4 881	6 375	–	351	–	–	11 607
	8 044	9 851	–	682	–	–	18 577
Non-executive directors							
I Chalumbira					187	–	187
BS du Toit					328	–	328
D du Toit					445	–	445
JH le Roux*					328	–	328
EA Messina					654	–	654
WC Michaels					187	–	187
CA Otto					701	–	701
HM Smit					276	–	276
GM Steyn					714	–	714
					3 820	–	3 820
Total							22 397

The terms of service of the executive directors are coupled to their terms of service as employees, while the non-executive directors rotate on a three-year basis. No director or employee has a fixed-term contract with the Group. The remuneration of the non-executive directors consists of a fixed annual remuneration for services as a director, an additional fixed remuneration for duties on committees and reimbursement for travelling and other costs. The remuneration of executive directors consists of remuneration as employees and they receive no additional remuneration as directors.

There are no further prescribed officers in the view of the Board.

* *Payable to Zeder Corporate Services (Pty) Ltd*

31 DIRECTORS' EQUITY SETTLED SHARE INCENTIVE SCHEME OPTIONS

	Grant date	Vesting date	Exercise price	Fair value at grant date	**Share options 2022**	Share options 2021
S Walsh	*Old LTI scheme*					
	1 October 2016	1 October 2021	23,88	10,75	**113 187**	113 187
	20 March 2018	1 October 2021	48,27	14,43	**3 360**	3 360
	20 March 2018	1 October 2022	48,27	16,18	**3 360**	3 360
	15 January 2019	1 October 2021	36,72	12,58	**22 593**	22 593
	15 January 2019	1 October 2022	36,72	14,14	**22 593**	22 593
	15 January 2019	1 October 2023	36,72	15,29	**22 593**	22 593
	15 January 2020	1 October 2021	27,31	4,35	**194 232**	194 232
	15 January 2020	1 October 2022	27,31	5,28	**194 232**	194 232
	15 January 2020	1 October 2023	27,31	5,96	**194 232**	194 232
	15 January 2020	1 October 2024	27,31	6,48	**194 232**	194 232
	12 January 2021	1 October 2022	24,53	4,65	**37 647**	37 647
	12 January 2021	1 October 2023	24,53	5,56	**37 647**	37 647
	12 January 2021	1 October 2024	24,53	6,23	**37 647**	37 647
	12 January 2021	1 October 2025	24,53	6,74	**37 647**	37 647
	20 January 2022	1 October 2023	44,44	11,01	**58 756**	–
	20 January 2022	1 October 2024	44,44	13,51	**58 756**	–
	20 January 2022	1 October 2025	44,44	15,34	**58 756**	–
	20 January 2022	1 October 2026	44,44	16,72	**58 756**	–
	Modified LTIP scheme – Nil Cost Option ("NCO")					
	29 September 2022	29 September 2024	–	33,08	**133 115**	–
	29 September 2022	29 September 2025	–	31,02	**133 115**	–
	29 September 2022	29 September 2026	–	28,90	**133 115**	–
	29 September 2022	29 September 2027	–	26,74	**133 115**	–
GW Sim	*Old LTI scheme*					
	1 October 2016	1 October 2021	23,88	10,75	**51 775**	51 775
	20 March 2018	1 October 2021	48,27	14,43	**5 465**	5 465
	20 March 2018	1 October 2022	48,27	16,18	**5 465**	5 465
	15 January 2019	1 October 2021	36,72	12,58	**10 602**	10 602
	15 January 2019	1 October 2022	36,72	14,14	**10 602**	10 602
	15 January 2019	1 October 2023	36,72	15,29	**10 602**	10 602
	15 January 2020	1 October 2021	27,31	4,35	**77 378**	77 378
	15 January 2020	1 October 2022	27,31	5,28	**77 378**	77 378
	15 January 2020	1 October 2023	27,31	5,96	**77 378**	77 378
	15 January 2020	1 October 2024	27,31	6,48	**77 378**	77 378
	12 January 2021	1 October 2022	24,53	4,65	**19 253**	19 253
	12 January 2021	1 October 2023	24,53	5,56	**19 253**	19 253
	12 January 2021	1 October 2024	24,53	6,23	**19 253**	19 253
	12 January 2021	1 October 2025	24,53	6,74	**19 253**	19 253
	20 January 2022	1 October 2023	44,44	11,01	**28 440**	–
	20 January 2022	1 October 2024	44,44	13,51	**28 440**	–
	20 January 2022	1 October 2025	44,44	15,34	**28 440**	–
	20 January 2022	1 October 2026	44,44	16,72	**28 440**	–
	Modified LTIP scheme – Nil Cost Option ("NCO")					
	29 September 2022	29 September 2024	–	33,08	**63 460**	–
	29 September 2022	29 September 2025	–	31,02	**63 460**	–
	29 September 2022	29 September 2026	–	28,90	**63 460**	–
	29 September 2022	29 September 2027	–	26,74	**63 460**	–

For more information on the equity settled share incentive scheme refer to note 18.

	GROUP	
	2022 R'000	2021 R'000

32 FINANCE COSTS

	2022 R'000	2021 R'000
Banks and other	**105 478**	77 196
Lease liabilities	**37 917**	20 573
Redemption liabilities (refer to note 14)	**1 992**	1 279
	145 387	99 048

33 INCOME TAX

	2022 R'000	2021 R'000
Tax expenditure		
Current taxation – current year	**163 061**	136 276
Deferred taxation – current year	**(18 730)**	(8 353)
Taxation for the year	**144 331**	127 923

	%	%
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate, as follows:		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-deductible expenses of a capital nature	**1,40**	0,07
Non-taxable Employment Tax Incentive income	**(0,07)**	(0,08)
Non-taxable revaluation of Put Option	**0,24**	0,55
Capital gain on sale of subsidiary	**(2,71)**	–
Learnership allowances	**(0,33)**	(0,59)
Share in (profit) of joint venture	**(0,35)**	(0,14)
Rate adjustment in deferred tax	**(0,28)**	–
Effective rate	**25,90**	27,81

Non-deductible expenses of a capital nature include legal and consultation fees relating to acquisitions of new businesses and the sale of a subsidiary.

34 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Reconciliation between earnings and headline earnings:

	GROUP 2022 R'000	GROUP 2021 R'000
Net profit	**412 959**	332 276
Attributable to shareholders of the holding Company	**396 368**	321 099
Non-controlling interest	**16 591**	11 177
Net profit on disposal of assets	**(4 419)**	(1 470)
Gross	**(4 722)**	(2 042)
Tax effect	**303**	572
Headline earnings	**408 540**	330 806
Attributable to shareholders of the holding Company	**391 972**	319 722
Non-controlling interest	**16 568**	11 084
Non-recurring items	**21 981**	16 402
Non-recurring expenses	**17 307**	7 464
Revaluation of Put Options	**4 674**	8 938
Recurring headline earnings	**430 521**	347 208
Attributable to shareholders of the holding Company	**407 421**	335 630
Non-controlling interest	**23 100**	11 578

	GROUP 2022 R'000	GROUP 2021 R'000
	Number	
Weighted average number of ordinary shares ('000)	**70 460**	70 281
Weighted average number of diluted ordinary shares ('000)	**71 646**	71 072
	Cents	
Earnings per share	**562,54**	456,88
Diluted earnings per share	**553,23**	451,79
Headline earnings per share	**556,30**	454,92
Diluted headline earnings per share	**547,10**	449,86
Recurring headline earnings per share	**578,23**	477,55

Headline earnings are calculated based on Circular 1/2021 issued by the South African Institute of Chartered Accountants.

Non-recurring expenses consists predominantly of costs associated with corporate transactions (legal and external consultation costs).

	GROUP	
	2022 R'000	2021 R'000

35 DIVIDEND PER SHARE

Interim		
46,00 cents per share (2021: 40,00 cents per share)	**32 523**	28 112
Final		
122,00 cents per share (2021: 111,00 cents per share)	**85 848**	78 012
	118 371	106 124

Dividends payable are not accounted for until they have been declared by the Board of directors. The Statement of Changes in Equity does not reflect the final dividend payable in respect of the current year. The final dividend for the year ended 30 September 2022 will be accounted for as an appropriation of retained profit in the year ended 30 September 2023.

36 NET CASH PROFIT FROM OPERATING ACTIVITIES

Operating profit per income statement	**695 223**	556 866
Adjusted for:		
– Interest received	**(147 496)**	(99 066)
– Depreciation	**121 902**	93 976
– Amortisation of intangible assets	**2 554**	1 384
– Profit on disposal of property, plant and equipment	**(1 810)**	(2 042)
– Profit on disposal of subsidiary	**(2 912)**	–
– Revaluation of put options	**4 300**	7 659
– Modifications IFRS 16	**(2 666)**	(3 586)
– Increase in share based payment reserve	**170**	5 665
– Decrease in provisions	**40 567**	2 370
	709 832	563 226

37 WORKING CAPITAL CHANGES

Increase in inventory	**(288 358)**	(109 422)
Increase in Trade and other receivables	**(552 109)**	(291 736)
Increase in Trade and other payables	**420 533**	293 054
	(419 934)	(108 104)

38 INCOME TAX PAID

Balance owing at the beginning of the year	**16 909**	11 325
Income tax expense in income statement	**163 061**	136 276
Acquisition of subsidiary	**54 930**	–
Balance owing at the end of the year	**(9 343)**	(16 909)
	225 557	130 692

	GROUP	
	2022 R'000	2021 R'000

39 ACQUISITION OF BUSINESSES

	2022 R'000	2021 R'000
Non-current assets	**39 600**	96 965
Current assets	**4 926**	11 006
Non-current liabilities	**–**	(8 848)
Purchase consideration	**44 526**	99 123
– paid in cash (current period)	**44 526**	59 282
– paid in cash (previous period)	**–**	36 841
– deferred payment	**–**	3 000

Refer note 45 for more information.

40 ACQUISITION OF SHARE IN SUBSIDIARY

	2022 R'000	2021 R'000
Non-current assets	**1 232 182**	–
Current assets	**469 325**	–
Inventory	**112 756**	–
Debtors	**46 783**	–
Cash and cash equivalents	**309 786**	–
Non-current liabilities	**(109 884)**	–
Current liabilities	**(465 250)**	–
Non-controlling interest	**(24 345)**	–
Purchase consideration	**1 102 028**	–
– paid in cash	**964 204**	–
– paid in shares issued	**72 114**	–
– deferred payment	**80 778**	–
Net outflow of cash in investment activities	**639 350**	–
Purchase consideration paid in cash	**949 136**	–
Less: Cash acquired	**(309 786)**	–

Refer note 45 for more information.

41 INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS

	2022 R'000	2021 R'000
Opening balance	**748 346**	798 789
Business combination short-term loans (non-cash) opening balance	**(309 786)**	–
Cash flow movements		
Drawdowns	**23 260 930**	14 722 894
Repayments	**(22 740 593)**	(14 810 973)
Interest	**52 373**	37 636
Closing balance	**1 011 270**	748 346

42 REPAYMENT OF INSTALMENT SALE AGREEMENTS

	2022 R'000	2021 R'000
Opening balance	**92 080**	112 346
New instalment sale agreements	**10 719**	10 821
Capital repayment	**(29 367)**	(31 087)
Instalments	**(35 282)**	(37 011)
Interest	**5 915**	5 924
Closing balance	**73 432**	92 080

	GROUP	
	2022 R'000	2021 R'000

43 LEASE PAYMENTS

	2022 R'000	2021 R'000
Opening balance	**256 035**	235 141
New leases	**441 230**	39 221
Modifications and cancellations	**13 927**	7 285
Capital Repayment	**(32 401)**	(25 612)
Lease expense	**(70 318)**	(46 185)
Interest	**37 917**	20 573
Closing balance	**678 791**	256 035

44 BORROWINGS

	2022 R'000	2021 R'000
Opening balance	**418 750**	450 000
Purchase of subsidiary	**38 000**	–
Increase in borrowings	**725 000**	–
Repayment	**(97 750)**	(31 250)
Closing balance	**1 084 000**	418 750

45 BUSINESS COMBINATIONS

Purchase of fuel operations site as a business

In line with the Group's growth strategy to acquire businesses in the fuel sector, a retail fuel operations site was acquired. The retail licence was obtained and thus the operations were acquired and treated as a business combination under IFRS 3. Goodwill on acquisition was paid on this business which represents synergies within the Group and have future earnings potential.

The Group's acquisition strategy specific in the Retail Fuel & Convenience sector is cluster based, focusing on increasing scale in identified geographic locations. This geographic scale allows for enhanced synergistic benefits. The synergies include, but are not limited to, the following:

- Alignment and improvement of supplier and service provider trading terms and service level agreements, both fuel and non-fuel related
- Ability to convert fuel brand offerings to preferred suppliers
- Enhanced logistics, both fuel and non-fuel related
- Ability to add or convert convenience store and quick service restaurant offerings
- Alignment of franchise trading terms
- Utilisation of Group shared services, including information management, finance, human resources, property management and internal audit
- Shared regional operational structures
- Improved skills transfer and succession planning

In the Retail Fuel & Convenience sector, improved synergies contribute to either a lower cost per litre to serve or a higher cents per litre income, thus enhancing returns on invested capital.

Based on the purchase of the fuel site a provisional purchase price allocation ("PPA") as required by IFRS 3: Business combinations was performed and no intangible assets were identified. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. No tradename was recognised as there was no tradename acquired as part of these transactions. In addition, any payments made in relation to the brand are considered to be market related. No customer relations were recognised as the Group did not acquire any customer list, they are commercial sites offering products to clients that could be purchased anywhere.

45 BUSINESS COMBINATIONS (CONTINUED)

Purchase of fuel operations site as a business (continued)

The Group acquired the following assets through a business combination in the fuel sector:

> Engen False Bay – 8 March 2022

The assets and liabilities at the date of acquisition can be summarised as follows:

	Engen False Bay R'000
Carrying value	
Assets	
Plant and equipment	**1 455**
Inventory	**4 926**
	6 381
Fair value	
Assets	
Plant and equipment	**1 455**
Goodwill	**38 145**
Inventory	**4 926**
Purchase consideration	**44 526**
– paid in cash (current period)	**44 526**

For this site acquisition where no property forms part of the business combination the following applies:

> Engen False Bay – a lease contract was entered into after the business combination, thus no Right-of-use asset formed part of the PPA allocation. However a Right-of-use asset and Lease liability was subsequently recognised.

Acquisition related costs are disclosed in note 29.

The acquired businesses contributed as follows to the Group's results for the full financial year:

	Engen False Bay R'000
Revenue	
– since acquisition date	**146 648**
– as if from the beginning of the year	**251 726**
Profit/(loss) before tax	
– since acquisition date	**3 574**
– as if from the beginning of the year	**7 770**

45 BUSINESS COMBINATIONS (CONTINUED)

Purchase of a subsidiary through acquiring shares

Effective 1 July 2022, the Group also acquired 100% of the ordinary shares in PEG Retail Holdings (Pty) Ltd. The transaction has been concluded as part of TFC Operations' strategy to expand its portfolio of service stations operated within South Africa. Goodwill on acquisition was paid on this transaction as management are of the view that the PEG Group is a well-managed, established business, operating prime service stations in the country, has strong relationships with franchisors in the industry and is a highly cash generative business. This allows the Group to expand its footprint and services within the service station industry in South Africa.

Based on the purchase of the 100% shares in PEG Retail Holdings (Pty) Ltd a provisional PPA as required by IFRS 3: Business combinations was performed and some intangible assets were identified. The transaction has been concluded at the overall business level and the business will be managed as a single unit called the Highway cluster based on the nature of the operating fuel sites and how it is managed and monitored. Management will monitor the performance of the PEG Group as a whole, with no separate monitoring by operating entity or other disaggregation only on a voluntary basis. The Group assessed all intangible assets that can typically be expected in a business combination of this nature, the most relevant of which are tradenames and customer relations. The PEG brand is relatively unknown in South Africa among end-customers as it is secondary to the brands of the relevant oil companies and franchisors which are displayed at the various service stations operated by the PEG Group. The PEG brand is not displayed at the sites and thus based on the considerations, the PEG brand name is considered to have limited brand equity and is not considered to be the key driver of value for the PEG Group. The Group has therefore not identified the PEG brand as a material intangible asset that requires valuation and recognition. No customer relations were recognised as the Group did not acquire any customer list, they are all commercial sites offering products to clients that could be purchased anywhere.

There is value in the fact that the PEG Group holds the relevant retail licences for each of its operating sites. However, these licences are relatively inexpensive and a market participant with the necessary BEE credentials would be able to obtain these licences within the application process period. The Group also note that there are numerous retail licences available in the industry as opposed to other industries where there are a limited number of licences available. The retail licences are contractual in nature and meet the recognition criteria in terms of IFRS 3. We have therefore identified the retail licences as separately identifiable intangible assets requiring valuation. The replacement cost approach was considered to be an appropriate valuation method to value the retail licences. Given that the retail licences remain valid for as long as the licence holder operates as a going concern, the estimated useful live of the individual retail licences is considered to be indefinite.

The goodwill is attributable to the workforce, the high profitability of the acquired business and the geographic spread of the fuel sites across South Africa.

45 BUSINESS COMBINATIONS (CONTINUED)

PEG Retail Holdings (Pty) Limited – 1 July 2022

The assets and liabilities at the date of acquisition can be summarised as follows:

	PEG Retail Holdings R'000
Carrying value	
Assets	
Plant and equipment	34 606
Right-of-use asset	41 411
Computer software	539
Deferred tax	4 648
Inventory	112 756
Trade and other receivables	46 783
Cash and cash equivalents	309 786
Liabilities	
Borrowings	(38 000)
Trade and other payables	(410 320)
Tax payable	(54 930)
Lease liability	(22 165)
	25 114
Fair value	
Assets	
Plant and equipment	34 606
Right-of-use asset	41 411
Fuel retail licences	193 738
Computer software	7 623
Deferred tax	(49 719)
Inventory	112 756
Trade and other receivables	46 783
Cash and cash equivalents	309 786
Liabilities	
Borrowings	(38 000)
Trade and other payables	(410 317)
Tax payable	(54 930)
Lease liability	(22 165)
Net identifiable assets acquired	171 572
Less: Non-controlling interest	(24 347)
Add: Goodwill	954 804
Net assets acquired	1 102 029
Purchase consideration	1 102 029
– paid in cash (current period)	949 136
– shares issued in subsidiary (increase in non-controlling interest)	72 115
– contingent consideration	80 778

Acquisition related costs are disclosed in note 29.

45 BUSINESS COMBINATIONS (CONTINUED)

PEG Retail Holdings (Pty) Limited – 1 July 2022 (continued)

The acquired businesses contributed as follows to the Group's results for the full financial year:

	PEG Retail Holdings R'000
Revenue	
– since acquisition date	**2 105 480**
– as if from the beginning of the year	**7 524 051**
Profit/(loss) before tax	
– since acquisition date	**52 493**
– as if from the beginning of the year	**287 984**

46 INTEREST IN RELATED ENTITIES

	NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
	2022	2021	**2022**	2021
Name of subsidiary				
Directly held:				
Shares held by Kaap Agri Limited				
Kaap Agri Bedryf Limited	**74 170 277**	74 170 277	**100,00**	100,00
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Aussenkehr) (Pty) Ltd	**100**	100	**100,00**	100,00
Agriplas (Pty) Ltd	**7 000**	7 000	**100,00**	100,00
TFC Properties (Pty) Ltd	**–**	51 736	**–**	70,50
TFC Operations (Pty) Ltd	**125 825 126**	66 824 749	**58,20**	70,50
Partridge Building Supplies (Pty) Ltd	**14 400**	14 400	**100,00**	60,00
Tego Plastics (Pty) Ltd	**1 000**	1 000	**100,00**	100,00
Shares held by TFC Operations (Pty) Ltd				
PEG Retail Holdings (Pty) Ltd	**6 667**	–	**100,00**	–
Indirectly held:				
Shares held by Empowerment and Transformation Investments (Pty) Ltd				
TFC Properties (Pty) Ltd	**–**	51 736	**–**	6,00
TFC Operations (Pty) Ltd	**125 825 126**	66 824 749	**3,19**	6,00
Name of joint venture				
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Namibia) (Pty) Ltd	**502**	502	**50,00**	50,00

The shares indirectly held are held by an empowerment trust which, for accounting purposes, is considered to be controlled by the Group as the Group has the ability to direct the relevant activities of the trust and, as such, it is consolidated by the Group.

46 INTEREST IN RELATED ENTITIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

	2022 R'000	2021 R'000
TFC Operations Group		
Ownership held by NCI (%)	**38,61**	23,50
Accumulated NCI interest in statement of financial position	**110 291**	47 351
Profit allocated to NCI	**9 543**	6 934
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**2 155 857**	900 985
Current assets	**268 683**	121 602
Non-current liabilities	**(1 237 480)**	(504 566)
Current liabilities	**(807 418)**	(351 767)
Revenue	**6 285 198**	3 036 423
Profit/(loss) for the year	**41 178**	20 508
Net cash inflow from operating activities	**185 188**	137 928
Net cash outflow from investing activities	**(1 003 923)**	(36 564)
Net cash outflow from financing activities	**818 635**	(96 611)
Net increase/(decrease) in cash and cash equivalents	**(100)**	4 753
Dividends paid	**(1 602)**	–
Included in the TFC Operations Group figures above is the newly acquired subsidiary PEG Retail Holdings (Pty) Ltd		
PEG Retail Holdings Consolidated Group		
Ownership held by NCI (%)	**15,19**	–
Accumulated NCI interest in statement of financial position	**21 153**	–
Profit allocated to NCI	**5 675**	–
Summarised financial information in respect of the Group's subsidiaries that have material NCI is set out below. The summarised financial information below represents amounts before inter-group eliminations.		
Non-current assets	**260 887**	–
Current assets	**425 327**	–
Loans receivable	**3 388**	–
Inventories	**100 262**	–
Trade and other receivables	**10 179**	–
Cash and cash equivalents	**304 485**	–
Current Income tax receivable	**7 013**	–
Non-current liabilities	**317 129**	–
Current liabilities	**490 267**	–
Bank overdraft	**351**	–
Borrowings	**35 055**	–
Loans from group companies	**44 631**	–
Trade and other payables	**403 736**	–
Lease liabilities	**3 268**	–
Dividend payable	**2 937**	–
Current Income tax payable	**289**	–
Revenue	**2 105 480**	–
Profit for the period	**37 372**	–
Recurring headline earnings	**37 372**	
Net cash inflow from operating activities	**13 335**	–
Net cash outflow from investing activities	**(7 381)**	–
Net cash outflow from financing activities	**(11 607)**	–
Net increase in cash and cash equivalents	**(5 653)**	–
Dividends paid	**(8 869)**	–

47 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (whom are considered to be the Chief Operating Decision Maker (CODM)) that are used to make strategic decisions as well as the fact that they share similar economic characteristics. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Agrimark, Retail Fuel & Convenience, Agrimark Grain as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Agrimark provides a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.

Retail Fuel & Convenience provides a full retail fuel offering to a diverse range of customers and includes convenience store and quick service restaurant outlets of TFC Operations (Pty) Ltd ("TFC") and PEG Retail Holdings (Pty) Ltd ("PEG"). The nature of products, services, type of customers and regulatory environment of both TFC and PEG have similar economic characteristics and are thus aggregated into one reporting segment.

Agrimark Grain includes the sale of grain products and provides a complete range of services including storage and handling of grain products.

Manufacturing, manufactures and sells dripper pipe, other irrigation equipment, food grade plastic bulk bins for the agricultural market and distributes other irrigation parts.

Corporate includes all assets and liabilities not specifically used by the other identified segments to generate income or expenses.

	GROUP			
	SEGMENT REVENUE		SEGMENT RESULTS	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Segment revenue and results				
Agrimark	**7 829 295**	6 271 932	**481 343**	401 457
Retail Fuel & Convenience	**6 274 506**	3 029 734	**100 462**	72 036
Agrimark Grain	**1 391 930**	1 049 238	**70 939**	61 972
Manufacturing	**204 768**	231 684	**7 443**	14 040
Total for reportable segments	**15 700 499**	10 582 588	**660 187**	549 505
Corporate	**–**	–	**(102 897)**	(89 306)
Total external revenue	**15 700 499**	10 582 588		
Profit before tax			**557 290**	460 199
Income tax			**(144 331)**	(127 923)
Profit after tax			**412 959**	332 276

Included in the Agrimark segment's results is a share in profit of joint venture of R7,5 million (2021: profit of R2,3 million). Refer note 6.

	GROUP			
	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Segment assets and liabilities				
Agrimark	**4 901 360**	3 962 781	**2 774 111**	2 162 664
Retail Fuel & Convenience	**2 910 698**	1 309 023	**2 373 086**	801 573
Agrimark Grain	**94 630**	133 385	**30 545**	39 543
Manufacturing	**338 407**	317 978	**252 698**	212 646
Total for reportable segments	**8 245 095**	5 723 167	**5 430 440**	3 216 426
Corporate	**80 745**	82 076	**75 826**	171 545
Deferred taxation	**12 912**	7 181	**10 009**	26 287
	8 338 752	5 812 424	**5 516 275**	3 414 258

Included in the Agrimark segment's assets is an Investment in Joint Venture of R41,4 million (2021: R33,9 million). Refer note 6.

47 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

	GROUP			
	CAPITAL EXPENSES		DEPRECIATION	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Other segment information				
Agrimark	**166 969**	45 288	**51 657**	51 785
Retail Fuel & Convenience	**43 150**	8 945	**39 655**	13 754
Agrimark Grain	**15 700**	8 385	**6 840**	6 216
Manufacturing	**18 230**	9 353	**12 131**	11 696
Total for reportable segments	**244 049**	71 971	**110 283**	83 451
Corporate	**20 301**	20 843	**11 619**	10 525
	264 350	92 814	**121 902**	93 976

Geographical revenue for the Group is attributed to countries on the basis of the customers' location. No single customer contributes more than 10% of the Group's revenue.

Geographical revenue for the Group is as follows:

	GROUP	
	2022 R'000	2021 R'000
South Africa	**15 653 845**	10 533 176
Namibia	**46 654**	49 412
Total	**15 700 499**	10 582 588
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	**3 661 096**	2 425 923
Namibia	**9 190**	9 557
Total	**3 670 286**	2 435 480

48 GOING CONCERN

Based on the financial statements, the present financial position of the Group, budgets for the coming year and available financing facilities, the directors have no reason to believe that the Group will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

49 EVENTS AFTER REPORTING DATE

A gross final dividend of 122,00 cents per share (2021: 111,00 cents) has been approved and declared by the Board from income reserves, for the year ended 30 September 2022.

The directors are not aware of any further matters or circumstances that occurred since the end of the financial year up to the date of this report that have not been dealt with in the report or financial statements and which may have a significant influence on the activities of the group or the results of those activities.

50 RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equip-ment R'000	Vehicles R'000	Office furniture and equip-ment R'000	Assets under construc-tion R'000
30 September 2022							
Carrying value 1 October 2021	**1 545 524**	**1 143 791**	**24 193**	**213 364**	**41 941**	**109 951**	**12 284**
Additions	**228 290**	**93 487**	**602**	**37 221**	**14 473**	**15 186**	**67 321**
Additions through business combinations	**36 060**	**–**	**–**	**16 454**	**151**	**19 123**	**332**
Transfers	**–**	**15 339**	**4 543**	**2 161**	**–**	**9 426**	**(31 469)**
Disposals	**(425 576)**	**(422 679)**	**–**	**(360)**	**(2 477)**	**(60)**	**–**
Depreciation	**(66 883)**	**(1 677)**	**(3 161)**	**(28 024)**	**(8 938)**	**(25 083)**	**–**
Carrying value 30 September 2022	**1 317 415**	**828 261**	**26 177**	**240 816**	**45 150**	**128 543**	**48 468**
30 September 2021							
Carrying value 1 October 2020	1 525 678	1 092 958	24 737	211 564	44 328	103 315	48 776
Additions	75 585	7 297	2 196	27 857	9 418	17 280	11 537
Additions through business combinations	17 229	14 700	–	601	1 158	770	–
Transfers	–	37 452	–	645	–	9 932	(48 029)
Disposals	(11 581)	(6 280)	–	(2 950)	(2 274)	(77)	–
Depreciation	(61 387)	(2 336)	(2 740)	(24 353)	(10 689)	(21 269)	–
Carrying value 30 September 2021	1 545 524	1 143 791	24 193	213 364	41 941	109 951	12 284

Kaap Agri Limited

Statement of financial position

at 30 September

		COMPANY	
	Notes	**2022 R'000**	2021 R'000
Assets			
Non-current assets			
Investment in subsidiary company	2	**642 604**	634 708
Current assets			
Loan to subsidiary company	4	**1 602**	–
Total assets		**644 206**	634 708
Equity and liabilities			
Capital and reserves			
Stated capital	3	**476 143**	456 643
Retained profit		**168 063**	178 057
Total equity		**644 206**	634 700
Current liabilities			
Loan from subsidiary company	4	**–**	8
Total equity and liabilities		**644 206**	634 708

Statement of comprehensive income

for the year ended 30 September

		COMPANY	
	Notes	**2022 R'000**	2021 R'000
Revenue	7	**115 338**	65 091
Other operating expenses		**(9)**	(8)
Impairment of investment in subsidiary		**(11 604)**	–
Profit before taxation		**103 725**	65 083
Income tax	8	**–**	–
Net profit for the year		**103 725**	65 083

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	Retained profit R'000
Balance 1 October 2020	456 643	178 058
Net profit for the year	–	65 083
Dividends declared	–	(65 084)
Balance 30 September 2021	**456 643**	**178 057**
Net profit for the year	**–**	**103 725**
Shares issued	**19 500**	**–**
Dividends declared	**–**	**(113 719)**
Balance 30 September 2022	**476 143**	**168 063**

The reason why the stated capital in Kaap Agri Limited differs from the Group's issued stated capital is as a result of shares repurchased by a subsidiary of Kaap Agri Limited.

Statement of cash flows

for the year ended 30 September

	COMPANY	
	2022 R'000	2021 R'000
Cash flow from operating activities		
Net cash profit from operating activities		
Operating profit per income statement	**115 329**	65 083
	115 329	65 083
Cash flow from financing activities		
(Increase)/decrease in loan in subsidiary company	**(1 610)**	1
Dividends paid	**(113 719)**	(65 084)
	(115 329)	(65 083)
Net increase in cash and cash equivalents	**–**	–

Notes to the financial statements

for the year ended 30 September

1 ACCOUNTING POLICIES

The principal accounting policies incorporated in the preparation of these financial statements, are set out on pages 72 to 86, these are consistent with that of the Group unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements of the company.

	COMPANY	
	2022 R'000	2021 R'000
2 INVESTMENT IN SUBSIDIARY COMPANY		
Unlisted:		
Kaap Agri Bedryf Limited		
Number of issued shares: 74,170,277 (2021: 74,170,277)		
Shareholding: 100% (2021: 100%)		
Shares at cost	**634 708**	634 708
Unlisted:		
Partridge Building Supplies (Pty) Ltd		
Number of issued shares: 2,160 (2021: 2,160)		
Shareholding: 15% (2021: 0%)		
Shares at cost less impairment	**7 896**	–
Investment obtained during the year	**19 500**	–
Impairment of investment in subsidiary	**(11 604)**	–
	642 604	634 708
3 STATED CAPITAL		
Authorised:		
100,000,000 (2021: 100,000,000) ordinary shares with no par value		
Issued:		
74,567,680 (2021: 74,170,277) ordinary shares with no par value	**476 143**	456 643
4 LOAN TO/(FROM) SUBSIDIARY COMPANY		
Kaap Agri Bedryf Limited	**1 602**	(8)

The carrying value of the loan approximates its fair value at the reporting date.

The loan is unsecured, interest-free and there are no specific repayment terms.

The gross movement in the loan is reflected in the cash flow statement. Although the company does not have its own bank account, Kaap Agri Bedryf Limited is considered to act as the agent of the company in administrating its cash flows.

5 RELATED PARTY TRANSACTIONS

Refer to notes 2, 4 and 7.

6 FINANCIAL RISK MANAGEMENT

The company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company’s financial performance.

The company's interest rate exposure and the effective interest rates can be summarised as follows:

	NON-INTEREST-BEARING			
	Rate 2022 %	**Amount 2022 R'000**	Rate 2021 %	Amount 2021 R'000
Assets				
Loan: Kaap Agri Bedryf Limited	**–**	**1 602**	–	–
Liability				
Loan: Kaap Agri Bedryf Limited	**–**	**–**	–	(8)

Fair value estimation:

Investments and derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

Trade debtors and trade creditors

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Financial liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Capital maintenance

The company considers total equity, which includes share capital and reserves, as capital. The ratio between capital and debt is the capital ratio. The company's objective with the management of the capital ratio is to ensure that the company continues to trade as a going concern and to create wealth for its shareholders and other stakeholders. The influence on the capital ratio is considered with decisions on the declaration of dividends, repurchase of shares, issue of shares, purchase and disposal of assets and investments and the acquiring or repayment of debt. The movement in capital is presented in the statement of changes in equity.

	COMPANY	
	2022 R’000	2021 R’000
7 REVENUE		
Dividends received	**113 727**	65 091
Dividends forfeited	**1 611**	–
	115 338	65 091

Dividends are received from Kaap Agri Bedryf Limited, a subsidiary of the company.

The revenue reflected is not considered to be Revenue from Contracts with Customers in terms of IFRS 15 considering the nature of the revenue earned (dividends received).

		COMPANY	
		2022 R'000	2021 R'000

8 INCOME TAX

	2022 R'000	2021 R'000
Tax expenditure		
Current taxation – current year	**–**	–
The tax on the company's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:		
	%	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Non-taxable dividend income	**(28,00)**	(28,00)
Effective rate	**–**	–

9 GOING CONCERN

Based on the financial statements, the present financial position of the company and budgets for the coming year, the directors have no reason to believe that the company will not be a going concern. The going concern principle is therefore accepted and applied in the preparation of the financial statements.

10 EVENTS AFTER REPORTING DATE

A gross final dividend of 122,00 cents per share (2021: 111,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2022.

The directors are not aware of any matter or circumstance that occurred since the end of the financial year up to the date of this report that has not been dealt with in the report or financial statements and which may have a significant influence on the activities of the company or the results of those activities.

Accounting policies to the financial statements

for the year ended 30 September

1. BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various other changes in IFRS became effective for the financial year under review but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes of the accounting policies.

2. NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2021:

Amendments to Standards

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment (effective 1 April 2021)

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases' - interest rate benchmark (IBOR) reform (Phase 2) (effective 1 January 2021)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

Amendments to Standards

Annual improvements cycle 2018-2020 (effective 1 January 2022)

These amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 September 2022 but not yet effective on that date.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendment to IFRS 3, 'Business combinations' (effective 1 January 2022)

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE (CONTINUED)

Amendments to Standards (continued)

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (effective 1 January 2023)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective 1 January 2023)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

4. BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9: Financial Instruments in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

4. BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in equity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. 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.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to employees and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

Joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests, that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Any additional capitalisation or increase in the investment (not resulting in a change in the percentage equity held) are accounted for at cost. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation of Special Purpose Entities

The special purpose entities ("SPEs") established in terms of the B-BBEE equity transaction implemented in 2011 have been consolidated in the Group results. The substance of the relationship between the company and these entities has been assessed and the conclusion was made that they are controlled entities, mainly due to the fact that the Group retains residual or ownership risks relating to the SPEs.

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive committee. The Executive committee is responsible for allocating resources and assessing performance of the operating segments and is therefore considered to be the Chief Operating Decision Maker of the Group.

6. PROPERTY, PLANT AND EQUIPMENT

Land and buildings mainly comprise retail outlets, offices and silos. Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost to a value equal to the residual values over their estimated useful lives, as follows:

> Buildings	50 years
> Grain silos	10 – 50 years
> Machinery and equipment	4 – 10 years
> Injection moulding machines	5 – 20 years
> Vehicles	4 – 5 years
> Office furniture and equipment	2 – 10 years
> Leasehold improvements	Period of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts and are included in the income statement as other operating income or other operating expenses.

7. INTANGIBLE ASSETS

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates/joint venture is included in investment in associated companies/joint ventures. Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

7. INTANGIBLE ASSETS (CONTINUED)

Customer relations

Customer relations consist of non-contractual customer relationships. Customer relations acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated on the straight-line method to allocate the cost of customer relations over the estimated useful life of five years.

Tradename

A tradename has been recognised by the Group as part of a business combination. Tradenames are capitalised at the fair value initially identified and amortised on a straight-line basis over their estimated useful lives of 10 to 50 years. Tradenames are carried at cost less accumulated amortisation and accumulated impairment. Expenditure to maintain tradenames is accounted for against income as incurred.

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

9. LEASES

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

> Fixed payments

> Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

9. LEASES (CONTINUED)

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

> The amount of the initial measurement of lease liability
> Any lease payments made at or before the commencement date

Leasehold improvements are accounted for as part of right-of-use assets.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mostly comprise information technology equipment and other similar assets.

Right-of-use assets are depreciated over the lowest of the lease term (including the extension period if applicable) or the useful life.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the lessee as a starting point and adjusts the rate to reflect changes in financing conditions since the third-party financing was received. The Group also adjusts the rate relating to the specific lease based on the term and security and nature of the asset.

Extension and termination options are included in a number of leases across the Group. The majority of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The 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; and
> 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).

Sale and leaseback transactions

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. This accounting policy thus applies in instances where the Group, as the seller-lessee, has transferred control of the asset to the buyer-lessor in terms of an IFRS 15 sale.

As the Group is the lessee in the subsequent arrangement, a lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the previous carrying amount of the asset relating to the right-of-use retained. The gain (or loss) that the seller-lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer-lessor. Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or additional financing (if the purchase price is above market terms). Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature.

In other instances, where there is no transfer of control, the transaction amounts to a collateralised borrowing, which is covered by the existing accounting policies pertaining to financial liabilities.

10. OTHER FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Initial recognition is measured at fair value including directly attributable transaction costs for financial instruments not measured at fair value through profit and loss. Transaction costs of financial instruments carried at fair value through profit and loss are expensed in profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occurs.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Classification and subsequent measurement

Financial assets

The Group classifies its financial assets in the following measurement categories:

> Financial assets measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL))

> Financial assets measured at amortised cost

The classification depends on the business model for managing the financial assets and the contractual term of the cash flows. Management determines the classification of its investment at initial recognition. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in relation to the instrument held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through other comprehensive income (OCI) are recognised in OCI in the statement of comprehensive income. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Upon derecognition of these equity investments, any balance within the FVOCI reserve is reclassified to retained earnings. Dividends from such investments are recognised in profit or loss as other gains and losses when the Group's right to receive payments is established. Currently the Group has elected to designate equity instruments at FVOCI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows representing solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income under other operating income using the effective interest rate method. Trade receivables, cash and cash equivalents and loans receivable are classified as debt instruments measured at amortised cost.

10. OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Debt instruments (continued)

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in profit or loss and presented in the income statement as part of other gains and losses in the period in which it arises. Interest income from these financial assets is included in finance income. Debt instruments are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Impairment

The Group has the following financial assets that are subject to the expected credit loss impairment model in terms of IFRS 9:

> Trade and other receivables
> Loans receivable
> Cash and cash equivalents

The Group determines loss allowances by considering available forward-looking information which could adversely impact a debtor's ability to pay.

Financial assets subject to impairment are written off when there is no reasonable expectation of recovery, and the amount is recognised in profit or loss within 'operating expenses'.

Trade receivables

The Group elected to apply the simplified approach for measuring impairment provisions for trade receivables. In terms of this approach, the loss allowances are calculated with reference to lifetime expected credit losses. The Group determines expected credit loss allowances both on a specific (credit impaired) and a contingency (not credit impaired) basis.

Credit terms, interest rates and other applicable terms are determined based on the calculated risk profile of the credit taker(s). A strict credit policy is followed which includes the ongoing revision of credit limits, security assessments and credit evaluations of the financial position of clients. These factors have been taken into consideration on an individual and collective basis when determining the recoverability of debtors. The Group has a specific loss allowance and a contingency loss allowance. The group defines "outside terms" debtors as all debtors more than 90 days outside terms. The specific loss allowance is determined on all "outside terms" debtors as their risks are different than the rest of the debtors' book within terms and they are assessed individually. The assessment for the specific loss allowance considers security held, reputation and expected payments in the future to determine the value of the specific loss allowance. Regarding the contingency loss allowance, the group divides the rest of the debtors' book (after considering the specific loss allowance) into different categories with risk factors applied to each category. The categories are based on different type of produce commodities mostly in the agricultural sector (grain, fruit, other agri and non-agri). The percentage expected credit loss applied to each category depends on the forward-looking risk of default and expectations on macro-economic factors including market share, competitor strength, industry risk, profitability, price volatility risks and climate changes.

Cash and cash equivalents

Cash comprises cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Interest on cash and cash equivalents is recognised in the statement of comprehensive income as interest received from bank account balances. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Other financial assets

Loss allowances relating to loans receivable, cash and cash equivalents, deposits and other receivables are determined in terms of the general expected credit loss model, considering a 12-month expected credit loss.

10. OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Other financial assets (continued)

In terms of this model the Group considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date compared to the credit risk at initial recognition date. It considers available reasonable and supportive forwarding-looking information that could be indicative of a deterioration in the counterparty's ability to pay. The Group assesses factors such as credit ratings, actual/adverse conditions in the industry or changes in value of security held.

For these financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses. In calculating the expected credit loss rates, the Group considers the exposure at default, probability of default and loss given default. The impact of the adoption of IFRS 9 and at the end of the reporting period was not material for other financial assets.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Instalment sale agreements

Instalment sale agreements are recognised where the Group will become the legal owner of the assets after the purchase payment agreement is completed. The instalment sale agreements are recognised as a financial liability from the date of recognition and measured at amortised cost using the effective interest rate method. Instalment sale agreements are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value. Trade payables are subsequently stated at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Contingent consideration

The Group shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability.

Changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone, are not measurement period adjustments.

Changes in the fair value of contingent consideration, that are not measurement period adjustments, which falls within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with IFRS 9.

11. INVENTORY

Merchandise, raw materials and consumable goods are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock (included in merchandise) is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods (included in merchandise) are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

12. STATED CAPITAL

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable additional costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, re-issued, or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable additional transaction costs and the related income tax effects, is included in equity attributable to the Group's shareholders.

13. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources which entail economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

Cash flow hedge (continued)

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

15. EMPLOYEE BENEFITS

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution plan registered in terms of the Pension Funds Act, 1956, and the assets are administered separately by trustees. Funding is in terms of conditions of employment by means of contributions by the participating subsidiaries in the Group as well as employees. The Group has no further obligations to the fund once the contributions have been paid. Contributions are recognised in the income statement when they are due.

Post-retirement medical benefits

Certain in-service members and retired employees are members of the post-retirement medical subsidy scheme of the Group. The Group pays the monthly contributions in respect of the retired members over to the medical fund. The valuation method used to value the liability is the projected unit method. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are only available to certain in-service members and retired staff and not to future employees.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there is a formal plan; or
- past practice has created a valid expectation by employees that they will receive a bonus or profit share.

It is expected that the liability will be paid within 12 months.

Equity settled management share incentive scheme

The Group operates an equity settled management share incentive scheme ("the scheme"). In terms of IFRS 2, the fair value of the equity instrument is determined at grant date and the corresponding expense is recognised over the vesting period. The fair value of the grant is determined using the Black-Scholes-Merton model using six different inputs that would have an effect on the fair value of the grant. The inputs are the exercise price of the option, the current share price, the expected life of the option, the expected volatility, the expected dividend yield and the risk-free interest rate.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME

According to IFRS 15, revenue is recognised at a point in time or over time depending on the performance obligations linked to separate elements of the contract with the customer. Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services. The Group's revenue consists mostly of sales of products delivered to customers at the point of sale and does not have multiple element arrangements included in it. Therefore, the timing and measurement of the Group's revenue will not change as a result of the implementation of IFRS 15.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax and trade discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods

The Group specialises in trading in agricultural-, fuel- and related retail markets in Southern Africa. At the point-of-sale in the trade and manufacturing environment, the client takes ownership of the goods bought. Revenue is thus recognised at that point when control of the products has transferred, the customer has accepted inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the Group has a present right to payment. In these segments, prices are determined centrally. Fuel sales follow the same principles as the client takes ownership once the product is sold and transferred to the customer. Fuel prices are regulated. Grain sales follow a similar process as over-the-counter sales as the product is delivered to the client and the revenue is recognised at that point in time when the customer takes ownership of the goods sold. Grain sales prices are based on fixed contract SAFEX prices. Invoicing occurs as soon as control of the goods has been transferred to the customer.

Revenue for the sale of merchandise from ordinary Group-operating activities, net of value added tax and trade discounts and after eliminating sales within the Group are recognised at a point in time, upon delivery of products and customer acceptance. Customers have a choice to pay cash (via cash, debit card or credit card) or on account. Related card transaction costs are recognised in the income statement as other expenses.

Payment terms for normal over the counter credit sales are mostly 30 days. Seasonal accounts are provided to agricultural debtors on longer terms, these terms do not exceed 12 months. Limited establishment accounts are also provided on longer terms (up to five years) with the purpose to assist the customer in establishing farming operations. Interest is charged on these accounts at market related rates and accounted for accordingly.

Sales of services

Sale of services include grain handling revenue which is revenue received for the storage and handling of the client's grains. The other services are provided within the mechanisation division where labour is invoiced as a service to repair and maintain client's machinery or vehicles. Revenue received for these services is recognised over time. Revenue is recognised at a fair value (determined based on a fixed price per tonnage/hour charged) of services rendered and are invoiced on a regular basis as the services are rendered.

Variable consideration

The Group assessed if the contracts entered into include variable consideration, but none were noted, other than trade discounts provided at the point-of-sale.

Margin on direct transactions

Direct sales relate to sales made, where goods purchased by clients are directly delivered to the client by the suppliers of the Group. Only the margin earned on direct sales is recognised as revenue. The margin is recognised on delivery of products by the supplier to the customer. The group assessed the treatment of these sales as agent or principal in terms of IFRS 15.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15) AND OTHER OPERATING INCOME (CONTINUED)

Margin on direct transactions (continued)

The supplier has the primary responsibility for providing the goods to the client.

Kaap Agri has no control before the product is delivered to the client and the Group does not recognise the inventory in their books.

The supplier takes the inventory risk up until inventory is delivered to the client.

The price is determined by the supplier. The Group acts as intermediary and earns commission on the transaction. All the indicators according to the standard indicate that the Group is acting as an agent, rather than a principal, thus the net amount is recognised as revenue. Thus, the treatment under IFRS 15 stays consistent to the prior year.

Other operating income is recognised as follows:

Interest income

Under IFRS 9, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). When a receivable is written off, the Group reduces the carrying amount to its recoverable amount. Interest is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established and is treated as revenue for the company but is not considered to be revenue from contracts with customers (IFRS 15).

17. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred.
- Borrowing costs have been incurred.
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

18. FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the holding company's functional and presentation currency.

18. FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

19. CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates/joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group determines the deferred income tax asset and deferred income tax liability that arise on the initial recognition of a lease to be integrally linked and recognise the temporary difference on a net basis.

20. RECURRING HEADLINE EARNINGS

The Group monitors headline earnings as earning less non-recurring costs. Non-recurring costs are defined as once off costs or transactions as a result of *ad hoc* transactions or IFRS valuations that do not form part of ordinary business operations, and which causes fluctuations year-on-year.

21. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved.

22. RELATED PARTIES

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled in a joint venture.

Corporate information

KAAP AGRI LIMITED ("KAAP AGRI")

Incorporated in the Republic of South Africa
Registration number: 2011/113185/06
Income tax number: 9312717177
Share code: KAL
ISIN code: ZAE000244711

Directors

GM Steyn (Chairman)*#
S Walsh (Chief Executive Officer)
GW Sim (Financial Director)
I Chalumbira*
BS du Toit*#
D du Toit*#
JH le Roux*#
EA Messina*#
WC Michaels*#
CA Otto*#
HM Smit*#
B Mathews*# (appointed 22 September 2022)

* *Non-executive*
\# *Independent*

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