2021

KAAP AGRI

Annual Consolidated Financial Statements

Salient features

+23,4%
10 582 588
REVENUE (R'000)
(2020: 8 574 668)

+17,1%
454,92
HEADLINE EARNINGS PER SHARE (CENTS)
(2020: 388,54)

+21,7%
477,55
RECURRING HEADLINE EARNINGS PER SHARE (CENTS)
(2020: 392,52)

+122,0%
111,00
FINAL DIVIDEND PER SHARE (CENTS)
(2020: 50,00)

+202,0%
151,00
TOTAL DIVIDEND PER SHARE (CENTS)
(2020: 50,00)

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.

Despite COVID, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. COVID has had an indelible impact on the lives of all people and consumer behaviour and patterns have been permanently affected. While agri trade has been the least impacted by COVID due to the essential nature of food production, it has been encouraging to see areas within our retail trade returning to pre-COVID levels. It is however expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel and associated convenience and quick service restaurant (QSR) spend. The Board of directors will continue to monitor the impact of the COVID-19 pandemic on the company's operations and its financial position. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. The Group's diversification is expected to generate improved results in the year ahead, as income streams which were constrained during COVID recover further. Management is comfortable to conclude that the business will continue as a going concern and is very satisfied with the results the company has delivered during a challenging period.

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 pages 8 to 13.

The company and Group annual financial statements on pages 14 to 76 were compiled by GC Victor CA (SA) under supervision of GW Sim CA (SA) and approved by the Board of directors on 23 November 2021 and signed on their behalf by:

GM Steyn
Chairman

S Walsh
Chief Executive Officer

Responsibility statement of the Chief Executive Officer and Financial Director

The directors, whose names are stated below, hereby confirm that:

(a) The annual financial statements set out on pages 14 to 76 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS

(b) 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

(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 within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action

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

23 November 2021

Report of the Audit and Risk committee

to the shareholders of Kaap Agri Limited

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the Audit and Risk committee and attendance of meetings will be set out in the integrated report.

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 the 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 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 re-appointment 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, have 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 2021 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 2021 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 re-appointment as audit firm and appointment as individual auditor for the 2022 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 2021, 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
- Consideration of control in management agreements
- 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 macro-economic 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
- 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

23 November 2021

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 R332,3 million (2020: R279,2 million) while the gross assets increased to R5,812 billion (2020: R5,273 billion). The results of the Group are presented in detail in the financial statements.

The operating conditions under which the Group traded for the year continued to be impacted by COVID-19 ("COVID"), however, the impact of COVID on agri and general retail trade was limited due to the easing of the most stringent trading restrictions. A more significant impact was experienced within the retail fuel and convenience segment, both in terms of fuel volumes as well as convenience retail and Quick Service Restaurant (QSR) performance. Retail trade growth was healthy and agri trade benefitted from positive weather conditions. Although fruit and vegetable production has been largely positive, significant expansions and infrastructural spend slowed, partly due to COVID-related cash flow curtailment as well as ongoing concerns around land policies, with the main agri focus being on replacement infrastructure spend. The general business environment in which the Group operates continues to be constrained and whilst COVID-related lockdown regulations have eased, it remains to be seen what the long-term effects of COVID will be on general consumer behaviour.

Despite COVID, the Group has shown a high degree of resilience under exceptionally challenging trading conditions. The Group's diversification is expected to generate improved results in the year ahead, as income streams which were constrained during COVID recover further. COVID has had an indelible impact on the lives of all people and consumer behaviour and patterns have been permanently affected. Whilst agri trade has been the least impacted by COVID due to the essential nature of food production, it has been encouraging to see areas within our retail trade returning to pre-COVID levels. It is however expected that pressure will remain on fuel volume sales with a longer recovery period anticipated in business and leisure travel and associated convenience and QSR spend.

During the current year, COVID had no direct impact on the impairment test on property, plant and equipment, right-of-use assets, provision for slow-moving and obsolete stock, and the expected credit loss allowance on debtors. The impact of COVID was also considered during the impairment test performed on goodwill, and no impairments were identified.

The Board of directors will continue to monitor the impact of the Covid-19 pandemic on the Group's operations and its financial position. The Group's view is that it has not had a significant impact on the operations of the business. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. Management is comfortable to conclude that the business will continue as a going concern and is very satisfied with the results the company has delivered during a challenging period.

SHARE CAPITAL

The authorised share capital consists of 1,000,000,000 ordinary shares with no par value of which 74,170,277 shares are currently issued, of which 3,708,514 shares are issued to Empowerment and Transformation Investments (Pty) Ltd and 180,768 issued to Kaap Agri Bedryf Limited. These shares are accounted for as treasury shares.

DIVIDENDS

A gross final dividend of R82,3 million (2020: R37,1 million) has been approved and declared by the Board from income reserves, which represents 111,0 cents (2020: 50,0 cents) per share. The dividend is payable on 14 February 2022 to shareholders registered on 11 February 2022 (the record date) as shareholders of the company. The last date of trade cum dividend will be 8 February 2022.

The total dividend for the year amounts to R111,9 million (2020: R37,1 million), representing 151,0 cents (2020: 50,0 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and joint venture are presented in note 45 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 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 (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions have (to the extent necessary) to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this is going to be a sale-and-leaseback transaction, it doesn't comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

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 2021, 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 Limited's consolidated and separate financial statements set out on pages 14 to 76 comprise:

- The consolidated and company statements of financial position as at 30 September 2021
- The consolidated income statement 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
- 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.

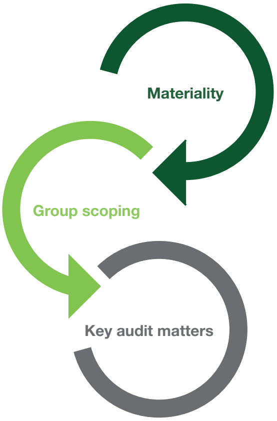
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

- R84,6 million, which represents 0,8% of total consolidated revenue

Group audit scope

- Full scope audits were performed for all four individually significant components
- Analytical procedures were performed over the remaining non-significant components

Key audit matters

- Goodwill 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	*R84,6 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, while 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.

All work was performed by the centralised engagement team (group engagement team) and our audit did not require the involvement of component auditors.

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 in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Goodwill 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 R498 million as at 30 September 2021. As required by IAS 36 – Impairment of Assets, management performs an annual impairment test to assess the recoverability of the carrying value of goodwill. The assessment for the current year was performed using value-in-use calculations for the relevant fuel clusters and for the Partridge Building Supplies cash-generating unit, which together with the fuel clusters represent the majority of the goodwill balance for the Group. Management performed and disclosed 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 held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant clusters 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 instance of the model by performing the following: > Tested the mathematical accuracy and valuation principles applied in 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.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment (continued) 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 its impairment assessment > The magnitude of the goodwill balance	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. We assessed the disclosure of management's impairment testing against the requirements of IAS 36 and noted no material deficiencies.

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 2021", 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 "2021 – 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 85 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Stellenbosch, South Africa
23 November 2021

Consolidated statement of financial position

at 30 September

	Notes	GROUP 2021 R'000	GROUP 2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1 545 524**	1 525 678
Right-of-use assets	4	**253 804**	236 302
Intangible assets	5	**517 764**	471 012
Investment in joint venture	6	**33 923**	6 542
Financial assets at fair value through other comprehensive income	7	**5 580**	5 580
Trade and other receivables	11	**52 153**	43 039
Loans	8	**26 732**	54 764
Deferred taxation	9	**7 181**	2 772
		2 442 661	2 345 689
Current assets			
Inventory	10	**1 221 339**	1 104 191
Trade and other receivables	11	**2 053 669**	1 782 355
Derivative financial instruments	12	**35 983**	1 385
Short-term portion of loans	8	**7 238**	5 026
Cash and cash equivalents	15	**51 534**	34 817
		3 369 763	2 927 774
Total assets		**5 812 424**	5 273 463
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	**446 571**	446 571
Other reserves	17	**12 552**	10 112
Retained profit		**1 829 321**	1 571 475
Equity attributable to shareholders of the holding company		**2 288 444**	2 028 158
Non-controlling interest		**109 722**	98 545
Total equity		**2 398 166**	2 126 703
Non-current liabilities			
Deferred taxation	9	**108 683**	100 271
Financial liability at fair value through profit or loss	13	**76 100**	76 600
Financial liability at amortised cost	14	**–**	14 213
Lease liabilities	4	**232 208**	220 642
Instalment sale agreements	19	**62 914**	79 975
Employee benefit obligations	20	**14 875**	15 380
Borrowings	22	**325 000**	418 750
		819 780	925 831
Current liabilities			
Trade and other payables	21	**1 656 660**	1 330 472
Financial liability at amortised cost	14	**23 651**	–
Short-term portion of instalment sale agreements	19	**29 166**	32 371
Short-term portion of Employee benefit obligations	20	**2 169**	2 223
Short-term portion of lease liabilities	4	**23 827**	14 499
Short-term borrowings	22	**842 096**	830 039
Income tax		**16 909**	11 325
		2 594 478	2 220 929
Total liabilities		**3 414 258**	3 146 760
Total equity and liabilities		**5 812 424**	5 273 463

Consolidated income statement

for the year ended 30 September

	Notes	GROUP 2021 R'000	GROUP 2020 R'000
Revenue	27	**10 582 588**	8 574 668
Cost of sales		**(9 006 338)**	(7 263 775)
Gross profit		**1 576 250**	1 310 893
Other operating income	28	**145 211**	177 918
Movement on expected credit loss allowance	11	**(3 829)**	(6 406)
Selling and distribution costs	29	**(114 427)**	(93 005)
Administrative expenses	29	**(741 546)**	(644 703)
Other operating expenses	29	**(304 793)**	(236 261)
Operating profit		**556 866**	508 436
Finance costs	32	**(99 048)**	(124 563)
Share in profit/(loss) of joint venture	6	**2 381**	(2 359)
Profit before tax		**460 199**	381 514
Income tax	33	**(127 923)**	(102 336)
		332 276	279 178
Profit attributable to shareholders of the holding company		**321 099**	275 081
Non-controlling interest		**11 177**	4 097
Earnings per share – basic (cents)	34	**456,88**	391,49
Earnings per share – diluted (cents)	34	**451,79**	391,49

Consolidated statement of comprehensive income

for the year ended 30 September

	GROUP 2021 R'000	GROUP 2020 R'000
Profit for the year	**332 276**	279 178
Other comprehensive income/(loss):		
Cash flow hedges (can be classified to profit or loss)	**204**	(1 340)
Gross	**283**	(1 861)
Tax	**(79)**	521
	332 480	277 838
Total comprehensive income attributable to shareholders of the holding company	**321 303**	273 741
Non-controlling interest	**11 177**	4 097

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 2019		444 901	8 622	1 175	1 371 364	1 826 062	100 186	1 926 248
Gross shares issued		480 347						
Treasury shares		(35 446)						
Initial recognition of IFRS 16		–	–	–	(11 721)	(11 721)	(638)	(12 359)
Total comprehensive income		–	–	(1 340)	275 081	273 741	4 097	277 838
Share-based payments		1 670	1 655	–	–	3 325	–	3 325
Dividends paid		–	–	–	(63 249)	(63 249)	(5 100)	(68 349)
Balance 30 September 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)**						

Consolidated statement of cash flows

for the year ended 30 September

		GROUP	
	Notes	**2021 R'000**	2020 R'000
Cash flow from operating activities		**425 734**	494 477
Net cash profit from operating activities	36	**563 226**	483 458
Interest received		**101 304**	126 956
Working capital changes	37	**(108 104)**	(20 415)
Income tax paid	38	**(130 692)**	(95 522)
Cash flow from investment activities		**(109 603)**	(310 892)
Purchase of property, plant and equipment		**(64 764)**	(138 845)
Proceeds on disposal of property, plant and equipment		**13 623**	7 996
Deposits made during the year	11	**–**	(4 500)
Gross decrease/(increase) in loans	8	**820**	(5 931)
Acquisition of operations	44	**(59 282)**	(169 612)
Cash flow from financing activities		**(299 414)**	(195 137)
Decrease in short-term borrowings	40	**(50 443)**	(425 445)
Increase/(decrease) in long-term borrowings	43	**(31 250)**	450 000
Repayment of instalment sale agreements	41	**(31 087)**	(22 063)
Lease payments	42	**(25 612)**	(11 149)
Interest paid		**(97 769)**	(123 231)
Dividends paid		**(63 253)**	(63 249)
Net increase/(decrease) in cash and cash equivalents		**16 717**	(11 552)
Cash and cash equivalents at the beginning of the year		**34 817**	46 369
Cash and cash equivalents at the end of the year		**51 534**	34 817
Comprising of:			
– Bank and cash on hand	15	**51 534**	34 817

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 62 to 76. 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 notes 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.

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.

Management agreements

Retail Fuel & Convenience site acquisitions are at various stages of conclusion. On these sites the Group enters into management agreements while waiting for regulatory approval for the retail site licences. The Group manages these sites under management agreements, but does not have the right to control the relevant activities. Therefore these sites are not consolidated into the Group.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements (continued)

Purchase price allocations

Judgement is used in identifying intangible assets within a purchase price allocation and determining the fair value of the identified assets. Properties are valued by using experts through doing the net income capitalised approach, which is dependent on volumes and capitalisation rates. Please refer to note 44 for the synergies listed that results in the recognition of goodwill in the business combination transactions as well as the considerations applied to other intangible assets.

Goodwill

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 is applicable. Refer to note 5.

Extension periods with regard 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 2021, future cash outflows of R89,5 million is not included in the lease liability because it is not reasonably certain that it will be extended.

IFRS 5 assessment

The Group has taken the decision to dispose of TFC Properties (Pty) Ltd. Subsequent to the disposal of the entity the Group, through TFC Operations (Pty) Ltd, will leaseback the properties within TFC Properties. As at 30 September 2021 not all conditions precedent have been met. The most significant being Competition Commission approval. TFC Properties will be sold in its entirety and the Group will no longer have any form of control over the entity. As such, the Group will deconsolidate TFC Properties on the effective date of the sale. Due to the continued use of the properties, post the sales transaction through the sale and leaseback arrangement to be entered into and the judgement exercised in concluding that the transfer of the asset does not qualify as a sale, TFC Properties was concluded to not be an asset held for sale as at 30 September 2021.

	GROUP	
	2021 R'000	2020 R'000

3 PROPERTY, PLANT AND EQUIPMENT

	2021 R'000	2020 R'000
Cost		
Land and buildings	**1 168 122**	1 114 954
Grain silos	**67 072**	65 032
Machinery and equipment	**346 568**	320 028
Vehicles	**105 960**	103 277
Office furniture and equipment	**242 784**	218 785
Assets under construction	**12 284**	48 776
	1 942 790	1 870 852
Accumulated depreciation		
Land and buildings	**(24 331)**	(21 996)
Grain silos	**(42 879)**	(40 295)
Machinery and equipment	**(133 204)**	(108 464)
Vehicles	**(64 019)**	(58 949)
Office furniture and equipment	**(132 833)**	(115 470)
	(397 266)	(345 174)
Total carrying value	**1 545 524**	1 525 678
Depreciation has been allocated in the income statement as follows:		
Cost of sales	**(11 327)**	(8 735)
Other operating expenses	**(50 059)**	(50 640)
	(61 386)	(59 375)
Refer to note 49 for the reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	**56 059**	66 250
Accumulated depreciation	**(23 505)**	(30 173)
Total carrying value	**32 554**	36 077
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	**107 781**	107 548
Accumulated depreciation	**(7 041)**	(1 552)
Total carrying value	**100 740**	105 996

Properties to the value of R549,1 million serve as security for the first-ranking covering mortgage bonds. Refer to note 22.

	GROUP 2021 R'000	GROUP 2020 R'000

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	2021 R'000	2020 R'000
Right-of-use assets		
Buildings	**251 898**	235 095
Vehicles	**1 906**	1 207
	253 804	236 302
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	**236 302**	–
Initial recognition of IFRS 16	**–**	166 395
Additions	**39 221**	60 051
Leasehold improvements reclassified to right-of-use assets	**–**	31 357
Modification of lease contracts	**10 871**	3 487
Cancellations of lease contracts	**–**	(848)
Depreciation charge of right-of-use assets	**(32 590)**	(24 140)
Buildings	**(31 389)**	(23 522)
Vehicles	**(1 201)**	(618)
Carrying value at end of year	**253 804**	236 302
Lease liabilities		
Current	**23 827**	14 499
Non-current	**232 208**	220 642
	256 035	235 141
Interest expense (included in finance costs)	**20 573**	20 868
Expense relating to short-term leases and low value assets (included in administrative expenses)	**10 439**	12 169
Cash flow expense for leases and low value and short-term leases	**(36 051)**	(23 318)

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 three to eight 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.

	GROUP 2021 R'000	GROUP 2020 R'000

5 INTANGIBLE ASSETS

	2021 R'000	2020 R'000
Goodwill	**497 995**	455 532
Tradename	**14 795**	12 480
Cost	**15 597**	13 000
Accumulated amortisation	**(802)**	(520)
Customer relationships	**4 974**	3 000
Cost	**8 077**	5 556
Accumulated amortisation	**(3 103)**	(2 556)
	517 764	471 012
Reconciliation of movements in carrying value:		
Goodwill	**497 995**	455 532
Carrying value at beginning of year	**455 532**	281 337
Additions through business combinations	**42 463**	174 195
Tradename	**14 795**	12 480
Carrying value at beginning of year	**12 480**	12 740
Additions through business combinations	**2 595**	–
Amortisation recognised in profit or loss	**(280)**	(260)
Customer relationships	**4 974**	3 000
Carrying value at beginning of year	**3 000**	4 092
Additions through business combinations	**3 077**	–
Amortisation recognised in profit or loss	**(1 103)**	(1 092)
	517 764	471 012

In order to assess the goodwill that originated from business acquisitions in the Trade 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, thus 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:

	2021 R'000	2020 R'000
Carrying value		
Eastern Cape cluster	**65 880**	42 423
Northern Cape cluster	**133 719**	133 719
Northern Province cluster	**272 093**	254 913

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

	2021 %	2020 %
Pre-tax discount rate	**10,0 – 11,0**	9,0 – 11,0
Revenue growth rate	**9,0 – 9,5**	9,0 – 9,5
Expenses growth rate	**7,5 – 8,0**	8,5 – 9,0
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 equity.

5 INTANGIBLE ASSETS (CONTINUED)

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, growth in expenses, expenses growth rate and terminal growth rate used. Listed below is the increase/decrease in assumptions 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	
	2021	2020	**2021**	2020	**2021**	2020
Eastern Cape cluster	**+4,9%**	+5,2%	**-7,8%**	-6,0%	**+7,8%**	+6,2%
Northern Cape cluster	**+12,5%**	+12,1%	**-12,9%**	-12,2%	**+15,5%**	+14,3%
Northern Province cluster	**+10,7%**	+9,3%	**-10,0%**	-8,6%	**+11,6%**	+10,3%

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

There is sufficient headroom and no risk of impairment noted.

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

	2021 R'000	2020 R'000
Carrying value		
Goodwill – business combination relating to PBS	**22 033**	22 033
Goodwill – business combination relating to Farmsave	**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	**%**	%
Pre-tax discount rate	**15,7**	10,0
Revenue growth rate	**10,0**	9,0 – 12,0
Expenses growth rate	**8,0**	6,0
Terminal growth rate	**6,0**	6,0
Goodwill – business combination relating to Farmsave		
Pre-tax discount rate	**15,7**	–
Revenue growth rate	**7,5 – 14,0**	–
Expenses growth rate	**5,0 – 7,0**	–
Terminal growth rate	**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 higher as a result of a higher cost of capital based on a higher cost of equity. Growth in revenue is more or less in line with prior years. Expenses increased in line with inflation. No impairment was noted.

In relation to PBS, management performed sensitivity analyses on goodwill in relation to the key assumptions in the impairment model, considering possible changes in these key assumptions (including pre-tax discount rate, growth in gross profit, expenses and terminal value).

An impairment only becomes applicable when the discount rate is increased to 40% (2020: 33%). If the expenses increase with 10,1% per year (2020: 9,2% per year), a portion of goodwill will be impaired. If the gross profit decreases with 3,6% (2020: 3,2%), a portion of goodwill will be impaired. 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 Trade segment was also assessed for goodwill impairment and sufficient headroom noted. Carrying amount of R2,4 million (2020: R2,4 million).

	GROUP	
	2021 R'000	2020 R'000

6 INVESTMENT IN JOINT VENTURE

Beginning of the year	**6 542**	8 901
Loan capitalised – shares issued (refer to note 8)	**25 000**	–
Share in total comprehensive income/(loss)	**2 381**	(2 359)
End of the year	**33 923**	6 542
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 (2020: 500)		
Shareholding: 50% (2020: 50%)		
251 (2020: 250) Shares at cost	**40 156**	15 156
Share in post-acquisition accumulated loss	**(6 233)**	(8 614)
	33 923	6 542
Summarised statement of financial position as prepared under IFRS		
Non-current assets	**85 672**	94 748
Current assets	**150 585**	146 546
Cash and cash equivalents	**1 612**	5 016
Other current assets	**148 973**	141 530
Total assets	**236 257**	241 294
Non-current liabilities		
Loans and lease liabilities	**30 278**	86 436
Current liabilities	**136 086**	139 098
Short-term borrowings	**19 679**	42 988
Other current liabilities	**116 407**	96 110
Total liabilities	**166 364**	225 534
Net assets	**69 893**	15 760
Group's share in percentage	**50%**	50%
Group's share in Net assets of joint venture at fair value	**34 947**	7 880
Summarised income statement		
Revenue	**687 649**	696 741
Depreciation	**11 642**	11 195
Interest income	**5 877**	6 746
Interest expense	**7 427**	14 271
Profit/(Loss) before taxation	**7 003**	(6 939)
Income tax	**(2 241)**	2 220
Profit/(Loss) attributable to ordinary shareholders	**4 762**	(4 719)
Joint guarantee for bank overdraft facility of investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd	**45 500**	42 200
The Group provides a limited guarantee (limited to R45,0 million; 2020: R42,2 million) for the bank overdraft facility of Kaap Agri (Namibia) (Pty) Ltd at Bank Windhoek.		
Guarantee for suppliers of subsidiaries		
Vivo Energy Namibia Limited	**7 372**	9 797
The Group provides a limited guarantee (limited to R10 million) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd.		

	GROUP 2021 R'000	2020 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 2021 R'000	2020 R'000
Kaap Agri (Namibia) (Pty) Ltd	**6 732**	34 764
Opening balance	**34 764**	32 066
Loan capitalised to investment in joint venture	**(25 000)**	–
Increase/(decrease) in loan	**(3 032)**	2 698
Lionshare Holdings (Pty) Ltd	**27 238**	25 026
Opening balance	**25 026**	26 893
Increase in loan	**2 212**	3 233
Repayment through dividend – non cash	**–**	(5 100)
	33 970	59 790
Short-term portion carried over to current assets	**(7 238)**	(5 026)
	26 732	54 764

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 current 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 2021 R'000	GROUP 2020 R'000

9 DEFERRED TAXATION

	2021 R'000	2020 R'000
Movement of deferred taxation		
Balance beginning of year	**(97 499)**	(72 778)
Balance through business combinations	**(8 848)**	(25 606)
Income statement credit/(debit)	**8 353**	(3 883)
Initial recognition of IFRS 16	**–**	4 847
Credit against reserves	**(3 508)**	(79)
Balance end of year	**(101 502)**	(97 499)
Due to the following temporary differences:		
Property, plant and equipment	**(162 246)**	(141 821)
Intangible assets	**353**	353
Currency translation differences	**(15)**	64
Tax loss	**20 846**	13 427
IFRS 16 right-of-use asset and liability	**9 125**	7 625
Provisions and accrued expenses	**30 435**	22 853
	(101 502)	(97 499)

Sufficient taxable earnings are expected to be earned in the future to utilise the deferred tax asset.

	2021 R'000	2020 R'000
Movements for the year		
Opening balance	**(97 499)**	(72 778)
Property, plant and equipment	**(20 425)**	(50 064)
Intangible assets	**–**	5 066
Currency translation differences	**(79)**	521
Tax loss	**7 419**	13 374
IFRS 16 right-of-use asset and liability	**1 500**	7 625
Provisions and accrued expenses	**7 582**	(1 243)
	(101 502)	(97 499)

The tax loss for the year is R74,5 million and has no expiry date.
For the purposes of the statement of financial position, deferred taxation is presented as follows:

	2021 R'000	2020 R'000
Non-current assets	**7 181**	2 772
Non-current liabilities	**(108 683)**	(100 271)
	(101 502)	(97 499)

10 INVENTORY

	2021 R'000	2020 R'000
Merchandise	**1 201 741**	1 071 680
Raw materials	**17 880**	30 760
Consumable goods	**1 718**	1 751
	1 221 339	1 104 191
Inventory carried at lower of cost or net realisable value	**48 269**	49 071
Provision for slow-moving and obsolete stock included in inventory	**37 559**	34 279
Inventory written off during the year	**7 739**	5 396

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

	GROUP	
	2021 R'000	2020 R'000

11 TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Trade receivables	**2 056 188**	1 769 806
Expected credit loss allowance	**(54 460)**	(50 631)
	2 001 728	1 719 175
VAT	**43 788**	34 780
Deposits relating to fuel acquisitions	**–**	4 500
Other debtors	**60 306**	66 939
	2 105 822	1 825 394
Trade and other receivables – current	**2 053 669**	1 782 355
Trade and other receivables – non-current	**52 153**	43 039
	2 105 822	1 825 394

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 two and five 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.

Deposits are early payments made on Retail Fuel & Convenience site acquisitions awaiting regulatory approval.

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 Grain Services 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	
	2021 R'000	2020 R'000
Movement in the expected credit loss allowance		
Opening balance	**(50 631)**	(44 225)
Movement in the expected credit loss allowance	**(3 829)**	(6 406)
Bad debts written off	**4 329**	2 829
Additional provision raised	**(8 158)**	(9 235)
Balance at the end of the year	**(54 460)**	(50 631)

	GROUP	
	2021 R'000	2020 R'000
12 DERIVATIVE FINANCIAL INSTRUMENTS		
Firm commitment – Grain purchases		
Assets/(liabilities)		
– Forward purchase contracts	**35 831**	1 411
– Options	**152**	(26)
	35 983	1 385

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 2021 103 550 tons (2020: 87 100 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	
	2021 R'000	2020 R'000
13 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS		
Written put option		
C-Max Investments (Pty) Ltd		
Opening balance	**(76 600)**	(79 100)
Remeasurement through profit or loss	**500**	2 500
	(76 100)	(76 600)

As part of the asset-for-share transaction in the prior year, the Group entered into a once-off written put agreement, which became effective in prior years, 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).
In the current year valuation, a multiple of between 4 and 5 times (2020: 4 and 6 times) was used and a discount rate of 8% – 9% (2020: 8% – 9%).

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

The amount that may become payable under the option on exercise date is initially recognised at the present value of the value as determined in line with the principles outlined above. The corresponding charge is accounted for directly as a reduction in the parent's equity since the risks and rewards of the shares have not been transferred to the parent until the option is exercised. The liability is subsequently adjusted for changes in the estimated market value and increased/decreased up to the amount that is payable at the date at which the option is exercised. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

The financial liability has been 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 will be accounted for in the income statement. A 1% change in the discount rate will change the liability and profit before tax by R1,5 million (2020: R2,6 million). A 0,5 change in the multiple will change the liability and profit before tax by R18,4 million (2020: R12 million).

During the current year it has been decided to dispose of TFC Properties (Pty) Ltd. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions (to the extent necessary) have to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the agreement. Based on this information and knowledge, no value was put on the TFC Properties (Pty) Ltd portion of the put liability. In terms of the agreement, C-Max Investments (Pty) Ltd no longer has the contractual right to put the shares of TFC Properties (Pty) Ltd to Kaap Agri.

14 FINANCIAL LIABILITY AT AMORTISED COST

	GROUP	
	2021 R'000	2020 R'000
Written put option		
Partridge Building Supplies (Pty) Ltd		
Opening balance	**(14 213)**	(14 800)
Interest (refer to note 32)	**(1 279)**	(1 332)
Remeasurement through profit or loss	**(8 159)**	1 919
	(23 651)	(14 213)

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 is exercisable after the finalisation of the financial statements for the year ending 30 September 2021 and the consideration on exercise will be 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 at that time. The exercise price is formula based. In the current year valuation, a growth ratio of between 65% and 68% (2020: 60% – 65%) was used and an EBITDA multiple of 6,5 times (2020: 6,5 times).

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 is 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 is 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. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Given that the value varies with non-financial variables that are specific to the parties in the contract, management has classified this put option as a financial liability at amortised cost.

A 10% increase in the growth ratio will change the liability and profit before tax by R4,9 million (2020: R3,9 million).

At year-end, the value of the put option liability of Partridge Building Supplies (Pty) Ltd increased as the actual results up to the date that the option becomes exercisable was higher than initially anticipated. The goodwill raised through the business combination was also tested for impairment and no impairment noted, refer to note 5 for more information.

	GROUP	
	2021 R'000	2020 R'000

15 CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Cash on hand	**2 255**	1 688
Bank balances	**49 279**	33 129
	51 534	34 817

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	
	2021 R'000	2020 R'000

16 STATED CAPITAL

Authorised:
1 000 000 000 (2020: 1 000 000 000) ordinary shares with no par value
Issued:
74 170 277 (2020: 74 170 277) ordinary shares with no par value

	2021 R'000	2020 R'000
Ordinary shares	**480 347**	480 347
Treasury shares	**(33 776)**	(33 776)
	446 571	446 571
	Number	Number
Total number of ordinary shares – issued	**74 170**	74 170
Treasury shares – issued	**(3 888)**	(3 888)
	70 282	70 282

17 OTHER RESERVES

	2021 R'000	2020 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.	**39**	(165)
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the share-based payment reserve.	**12 513**	10 277
	12 552	10 112

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2021		2020	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
Granted during the year	**24,53**	**461 157**	27,31	1 787 893

The expense recognised in profit or loss is R5 665 134 (2020: R5 110 601).

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 2021**	Share options 2020
1 October 2016	1 October 2020	23,88	10,21	**–**	310 651
1 October 2016	1 October 2021	23,88	10,75	**310 651**	310 651
20 March 2018	1 October 2020	48,27	12,29	**–**	30 095
20 March 2018	1 October 2021	48,27	14,43	**30 095**	30 095
20 March 2018	1 October 2022	48,27	16,18	**30 095**	30 095
15 January 2019	1 October 2020	36,72	10,37	**–**	66 547
15 January 2019	1 October 2021	36,72	12,58	**66 547**	66 547
15 January 2019	1 October 2022	36,72	14,14	**66 547**	66 547
15 January 2019	1 October 2023	36,72	15,29	**66 547**	66 547
15 January 2020	1 October 2021	27,31	4,35	**446 973**	446 973
15 January 2020	1 October 2022	27,31	5,28	**446 973**	446 973
15 January 2020	1 October 2023	27,31	5,96	**446 973**	446 973
15 January 2020	1 October 2024	27,31	6,48	**446 973**	446 973
12 January 2021	1 October 2022	24,53	4,65	**115 289**	–
12 January 2021	1 October 2023	24,53	5,56	**115 289**	–
12 January 2021	1 October 2024	24,53	6,23	**115 289**	–
12 January 2021	1 October 2025	24,53	6,74	**115 289**	–
				2 819 533	2 765 669

Fair value of options granted

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. No share options were forfeited.

	GROUP	
	2021	2020
Model inputs:		
Exercise price (rand)	**24,53**	27,31
Share price at grant date (rand)	**24,53**	27,31
Expected life of option (years)	**2 to 5**	2 to 5
Expected volatility (%)	**27,6 – 55,9**	36,3 – 55,3
Expected dividend yield (%)	**5,00 – 6,00**	4,00 – 5,00
Risk-free interest rate (%)	**4,44 – 5,97**	3,55 – 4,95

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

The purpose of the equity settled management share incentive scheme ("the scheme") is to provide employees with the opportunity to acquire shares in the company through the grant of rights, in order to promote and enable the retention and attraction of exceptional talent and to align the interests of the management of the company and Group companies more closely with the shareholders of the company. In terms of the scheme, grants are allocated to participants taking into account each participant's annual cost to company ("CTC"), a factor of CTC based on the nature and level of their position and the share price. The number of shares that a participant will become eligible for at vesting date will be calculated at the time of vesting based on the growth in the share price between the date of grant and the entitlement date, less employee tax. A participant's entitlement to settlement in the ordinary shares in the company in terms of the rights granted shall be in equal 25% annual tranches from the first day of the second financial year commencing after date of grant onwards.

During the current year, 461 157 new grants were issued. During the year, the third tranche of the 1 October 2016 grants vested (310 651 share options), the second tranche of the 20 March 2018 grants vested (30 095 share options) and the first tranche of the 15 January 2019 grants vested (66 547 share options), but no shares were issued as the vesting based on the growth in the share price between the date of grant and the entitlement date were lower than the exercise prices of the grants. The number of shares that may be utilised for the purposes of the scheme shall not exceed 3 700 000 shares with no single individual being entitled to more than 1 235 000 shares.

	GROUP	
	2021 R'000	2020 R'000
19 INSTALMENT SALE AGREEMENTS		
Instalment sale agreements liability	**92 080**	112 346
Short-term portion of instalment sale agreements liabilities	**(29 166)**	(32 371)
	62 914	79 975
Commitments in relation to instalment sale agreements payable are as follows:		
Within one year	**34 089**	38 124
Later than one year but not later than five years	**67 796**	87 992
Minimum instalment payments	**101 885**	126 116
Future finance charges	**(9 805)**	(13 770)
Recognised as liability	**92 080**	112 346
The present value of instalment sale agreements liabilities is as follows:		
Within one year	**29 166**	32 371
Later than one year but not later than five years	**62 914**	79 975
Minimum instalment payments	**92 080**	112 346

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.

	GROUP 2021 R'000	GROUP 2020 R'000
20 EMPLOYEE BENEFIT OBLIGATIONS		
Post-retirement medical benefits		
Balance beginning of year	**17 603**	17 952
Interest costs recognised in the income statement	**1 588**	1 966
Actuarial gain recognised in the income statement	**–**	(161)
Employer contributions	**(2 147)**	(2 154)
	17 044	17 603
Short-term portion carried over to current liabilities	**(2 169)**	(2 223)
	14 875	15 380

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

Existing provisions are based on the following important assumptions:

	2021	2020
Post-retirement medical benefits		
Cost of medical inflation (%)	**7,00**	7,00
Discount rate (%)	**9,25**	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)	**7,54**	7,54
Total expected contributions for the coming year (R'000)	**2 169**	2 084

Sensitivity analysis:
The method of calculation remains unchanged.
Effect of a 1% movement in the assumed cost of medical inflation and discount rate:

	+ 1% R'000	**- 1% R'000**
Cost of medical inflation		
Aggregate of current service cost and interest cost – increase/(decrease)	**98**	**(89)**
Liability – increase/(decrease)	**1 062**	**(960)**
Discount rate		
Liability – (decrease)/increase	**(1 038)**	**1 169**

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Trend information:					
Present value of liabilities	**17 044**	17 603	17 952	18 281	19 474
Present value of obligations above plan assets	**17 044**	17 603	17 952	18 281	19 474
Experience adjustments					
Present value of liabilities	**–**	(947)	–	(174)	–
Actuarial loss before changes in assumptions	**–**	(947)	–	(174)	–

	GROUP	
	2021 R'000	2020 R'000

21 TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade creditors	**1 501 529**	1 218 752
Employee accruals	**75 467**	46 740
Other creditors	**79 664**	64 980
	1 656 660	1 330 472

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

22 BORROWINGS

	2021 R'000	2020 R'000
Long-term bank borrowings	**325 000**	418 750
Borrowings	**418 750**	450 000
Short-term portion of long-term bank borrowings	**(93 750)**	(31 250)

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

The current bank facilities bear interest at fixed rates between 6,37% to 6,43% (2020: JIBAR plus 2,00% to JIBAR plus 2,15%). 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.

	2021 R'000	2020 R'000
Short-term bank borrowings	**842 096**	830 039
Overdraft facility	**748 346**	798 789
Short-term portion of long-term bank borrowings	**93 750**	31 250

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 R1 736,8 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
- A general notarial bond over the moveable assets of Partridge Building Supplies (Pty) Ltd to the value of R50 million for the facility of Partridge Building Supplies (Pty) Ltd
- A limited guarantee by Kaap Agri Bedryf Limited (limited to R65,0 million) for the facilities of Partridge Building Supplies (Pty) Ltd
- First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited

	GROUP 2021 R'000	GROUP 2020 R'000

23 RELATED PARTY TRANSACTIONS

	2021 R'000	2020 R'000
Transactions with related parties and outstanding balances:		
Income		
Sales of goods – Capespan SA (Pty) Ltd	**159**	373
Interest received – Lionshare Holdings (Pty) Ltd	**2 212**	2 526
Expenses		
Purchases of goods – Capespan SA (Pty) Ltd	**1 336**	1 249
Purchases of goods – M Pupkewitz & Sons (Pty) Ltd	**1 792**	1 723
Services – PSG Capital (Pty) Ltd	**–**	526
Balances		
Trade debtors – Capespan SA (Pty) Ltd	**39**	33
Loan – Lionshare Holdings (Pty) Ltd	**27 238**	25 026
Transactions with directors and outstanding balances		
Sales	**67 834**	69 918
Purchases	**–**	539
Trade receivables	**12 666**	9 708
Transactions with joint venture and outstanding balances		
Income		
Services – Kaap Agri (Namibia) (Pty) Ltd	**–**	5 798
Sales of goods – Kaap Agri (Namibia) (Pty) Ltd	**2 500**	1 660
Interest received – Kaap Agri (Namibia) (Pty) Ltd	**742**	2 998
Expenses		
Purchases of goods – Kaap Agri (Namibia) (Pty) Ltd	**118**	113
Balances		
Trade debtors – Kaap Agri (Namibia) (Pty) Ltd	**299**	234
Trade creditors – Kaap Agri (Namibia) (Pty) Ltd	**3**	18
Loan – Kaap Agri (Namibia) (Pty) Ltd	**6 732**	34 764

Also refer to notes 6 and 8.

The relationships between the various companies in the Group are disclosed in note 45.

Capespan SA (Pty) Ltd, Grayston Elliot (Pty) Ltd and PSG Capital (Pty) Ltd are all subsidiaries/ fellow subsidiaries of shareholders 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.

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 and 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 R43,8 million (2020: R34,8 million), statutory liabilities of R11,2 million (2020: R11,4 million) and liabilities in respect of employee benefits of R61,7 million (2020: R23,1 million).

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 2021 %	**Amount 2021 R'000**	Rate 2020 %	Amount 2020 R'000
Assets:				
Trade receivables	**7,00 – 12,00**	**2 062 034**	7,00 – 12,00	1 786 145
Loan: Kaap Agri (Namibia) (Pty) Ltd	**7,50**	**6 732**	7,50	34 764
Loan: Lionshare Holdings (Pty) Ltd	**8,50**	**27 238**	8,50	25 026
Liabilities:				
Short-term borrowings	**5,00 – 5,75**	**748 346**	5,00 – 5,25	798 789
Instalment sale agreements	**6,00 – 8,02**	**92 080**	5,00 – 8,02	112 346
Borrowings	**6,37 – 6,43**	**418 750**	6,01 – 6,06	450 000

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Cash flow interest rate risk (continued)

	NON-INTEREST-BEARING	
	Amount 2021 R'000	Amount 2020 R'000
Assets:		
Other receivables	**60 306**	66 970
Cash and cash equivalents	**51 534**	34 817
Liabilities:		
Trade and other payables	**1 583 822**	1 295 942

	GROUP	
	2021 R'000	2020 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	**2 147 538**	1 880 752
Interest-bearing liabilities	**(1 259 176)**	(1 361 135)
Net interest-bearing assets	**888 362**	519 617
Increase/(decrease) in profit after tax and equity		
Half a percentage point increase in interest rates	**3 198**	1 871
Half a percentage point decrease in interest rates	**(3 198)**	(1 871)

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.

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 8 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.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 8 in the accounting policy for more information.

	GROUP	
	2021 R'000	2020 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	**(47 707)**	(43 440)
– contingency expected credit loss allowance	**(6 753)**	(7 191)
Balance at the end of the year calculated under IFRS 9	**(54 460)**	(50 631)

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 – 2021	**53%**	**7%**	**12%**	**22%**	**1%**	**5%**
Security type – 2020	53%	9%	13%	18%	2%	5%

General securities include bank guarantees and credit guarantees.

The default rate of bad debt written off was 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.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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 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**
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**

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**	**3 483**	**47 709**
Total expected credit loss allowance	**(12 020)**	**(9 439)**	**(29 055)**	**(3 948)**	**(54 462)**
Balance beginning of year	**(11 040)**	**(8 990)**	**(22 800)**	**(7 802)**	**(50 632)**
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)**	**(3 948)**	**(54 462)**

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Grain R'000	Fruit R'000	Other Agri R'000	Non-Agri R'000	Total R'000
30 September 2020					
Debtors within terms					
Balance	427 737	550 317	291 128	182 547	1 451 729
Debtors for which collateral are held	(341 780)	(353 150)	(181 685)	(20 531)	(897 146)
Exposure to credit risk	85 957	197 167	109 443	162 016	554 583
Debtors outside terms but not credit impaired					
Balance	68 135	84 539	92 970	3 592	249 236
Debtors for which collateral are held	(65 110)	(52 931)	(68 397)	(762)	(187 200)
Exposure to credit risk	3 025	31 608	24 573	2 830	62 036
Debtors which are credit impaired					
Balance	15 707	11 725	24 206	17 203	68 841
Debtors for which collateral are held	(2 725)	(565)	(2 894)	(853)	(7 037)
Exposure to credit risk	12 982	11 160	21 312	16 350	61 804

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	495 872	634 856	384 098	186 139	1 700 965
Expected credit loss risk factor	0,35%	0,38%	0,38%	0,85%	0,42%
Total contingency loss allowance as at 30 September	1 731	2 425	1 444	1 591	7 191
Total specific loss allowance as at 30 September	9 309	6 565	21 356	6 211	43 441
Total expected credit loss allowance	(11 040)	(8 990)	(22 800)	(7 802)	(50 632)
Balance beginning of year	(9 079)	(7 590)	(21 189)	(6 367)	(44 225)
Provision written back/ (created)	(1 961)	(1 400)	(1 611)	(1 435)	(6 407)
Total balance	511 579	646 581	408 304	203 342	1 769 806
Total collateral held	(409 615)	(406 646)	(252 976)	(22 146)	(1 091 383)
Total loss allowance	(11 040)	(8 990)	(22 800)	(7 802)	(50 632)

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 with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally and 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.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	GROUP 2021 R'000	GROUP 2020 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**1 815 830**	1 864 922
Interest-bearing debt	**(1 259 177)**	(1 361 135)
	556 653	503 787

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 2021					
Non-derivative financial liabilities					
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)**	**–**	**–**
	–	**–**	**–**	**–**	**–**
30 September 2020					
Trade and other payables	1 295 942	1 295 942	1 295 942	–	–
Financial liability at fair value through profit or loss	76 600	99 200	–	99 200	–
Financial liability at amortised cost	14 213	15 200	–	15 200	–
Lease liabilities*	235 141	357 239	34 715	132 996	189 528
Short-term borrowings*	798 789	859 934	859 934	–	–
Borrowings*	450 000	476 759	63 583	413 176	–
Instalment sale agreements	112 346	126 116	38 124	87 992	
	2 983 031	3 230 390	2 292 298	748 564	189 528
Derivative financial liabilities/(assets)					
Derivative financial instruments					
Outflow	1 385	428 415	428 415	–	–
Inflow	(1 385)	(428 415)	(428 415)	–	–
Forward exchange contracts					
Outflow	(1 861)	27 642	27 642	–	–
Inflow	1 861	(27 642)	(27 642)	–	–
	–	–	–	–	–

* *In the prior year lease liabilities were not disclosed as part of the contractual maturity analysis presented. This was corrected in the current financial year. In addition, the maturity analysis was further refined by including an additional maturity bucket in relation to contractual payments due more than 60 months past the reporting date. The comparatives were restated accordingly. It was also noted that the current portion of borrowings was incorrectly included as part of the short-term borrowings in the prior year (as opposed to being included as part of borrowings), resulting in the prior year being restated.*

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

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)

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	
	2021 R'000	2020 R'000
Level 2 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	**35 983**	1 385

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	
	2021	2020
Ratios		
Total shareholders' equity: Total assets employed	**40,82%**	40,28%
Net interest-bearing debt: Total assets employed	**22,89%**	26,16%
EBITDA*: Net assets	**20,96%**	19,72%

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.

* *Previously EBITDA was calculated including interest received but excluding interest paid. As EBITDA is intended to be a reflection of true operational performance and in the interests of improved disclosure, the calculation of EBITDA has been changed to exclude both interest received and interest paid. This updated methodology has been consistently applied across all periods above.*

	GROUP	
	2021	2020
Financial covenants		
Asset cover ratio (required to be above 1,25 times)	**2,3**	2,1
Interest cover ratio (required to be above 2,5 times)	**6,8**	5,0

	GROUP	
	2021 R'000	2020 R'000

25 LOW VALUE AND SHORT-TERM LEASE COMMITMENTS

	2021 R'000	2020 R'000
Lease payments		
Payable within one year	**4 527**	3 802
Payable between one and five years	**4 523**	3 508
Payable after five years	**–**	–
	9 050	7 310

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

26 CAPITAL COMMITMENTS

	2021 R'000	2020 R'000
Contracted	**33 888**	9 821

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

	2021 R'000	2020 R'000
Sale of goods	**10 334 976**	8 362 714
– Trade	**6 118 269**	5 179 573
– Retail Fuel & Convenience	**3 029 734**	2 309 904
– Grain Services	**955 289**	680 836
– Manufacturing	**231 684**	192 401
Sale of services	**126 982**	109 593
– Trade	**35 940**	32 321
– Grain Services	**91 042**	77 272
Margin on direct transactions	**120 630**	102 361
– Trade	**117 723**	100 788
– Grain Services	**2 907**	1 573
	10 582 588	8 574 668

Refer to the accounting policy and note 46 for details regarding the different revenue streams.

28 OTHER OPERATING INCOME

	2021 R'000	2020 R'000
Interest received	**99 066**	123 848
– Trade debtors that are not impaired	**89 316**	109 221
– Trade debtors that are impaired	**2 334**	2 814
– Other	**7 416**	11 813
Profit on sale of property, plant and equipment	**2 042**	2 874
Revaluation of financial liability at fair value through profit or loss*	**500**	2 501
Revaluation of financial liability at amortised cost*	**–**	1 919
Foreign exchange differences	**151**	–
Transport income	**6 153**	6 162
Rent received	**10 386**	9 525
Bad debts recovered	**8**	16
Manufacturing income	**2 938**	3 111
Information technology income	**–**	5 798
AgriSETA and ETI income	**2 440**	3 750
Training income	**604**	324
Weighbridge income	**717**	836
Commission received	**8 845**	6 135
Management fees	**830**	4 496
Other income	**10 531**	6 623
	145 211	177 918

* *During the current year the revaluations on the financial liability at fair value through profit or loss and the financial liability at amortised cost were disclosed separately to enhance disclosure. The prior year disclosure has been adjusted accordingly.*

	GROUP	
	2021 R'000	2020 R'000

29 EXPENSES BY NATURE

	2021 R'000	2020 R'000
Cost of products sold	**8 894 737**	7 163 920
Foreign exchange differences	**–**	91
Depreciation	**93 976**	83 515
Amortisation of intangible assets	**1 384**	1 353
Directors' emoluments	**22 397**	11 729
Staff costs	**713 597**	612 437
– Salaries, wages and bonuses	**645 088**	562 808
– Equity settled management share incentive scheme	**5 665**	5 111
– Employer's contribution to pension fund (defined contribution plan)	**45 342**	42 432
– Employer's contribution to medical benefits	**2 147**	2 154
– Increase/(decrease) in provision for post-retirement medical benefits	**(559)**	(349)
– Increase/(decrease) in provision for leave*	**5 922**	(8 568)
– Training expenses	**9 992**	8 849
Skills development levy	**5 829**	3 665
Auditor's remuneration	**6 317**	6 642
– For audit	**6 175**	5 919
– Other services	**133**	119
– Under provision previous year	**9**	604
Rent paid	**10 439**	12 169
– Buildings	**3 172**	2 904
– Vehicles	**1 569**	2 257
– Machinery and equipment	**5 698**	7 008
Other occupancy costs	**119 352**	97 663
Revaluation of financial liability at amortised cost	**8 159**	–
Information technology expenses	**53 317**	51 185
Marketing costs	**69 171**	50 182
Transport/distribution	**78 339**	67 315
COVID-19 related expenses	**4 158**	3 465
Other administrative expenses	**55 261**	46 778
Acquisition-related costs	**7 892**	6 432
Bad debts written off	**4 329**	2 829
Other expenses*	**18 450**	16 374
	10 167 104	8 237 744

* *During the current year the increase/(decrease) in provision for leave is disclosed separately under staff costs to enhance disclosure. Last year it was disclosed under other expenses. The prior year disclosure has been adjusted accordingly to reflect the increase/(decrease) in provision for leave separately.*

	Number	Number
Number of employees in service at year-end	**3 736**	3 500

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
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**
2020							
Executive directors							
GW Sim	2 976	–	439	238	–	15	3 668
S Walsh	4 620	–	960	281	–	42	5 903
	7 596	–	1 399	519	–	57	9 571
Non-executive directors							
I Chalumbira					172	6	178
BS du Toit					300	1	301
D du Toit					361	1	362
JH le Roux*					268	1	269
EA Messina					605	1	606
WC Michaels					184	1	185
CA Otto					642	1	643
HM Smit					253	3	256
GM Steyn					654	1	655
JH van Niekerk					175	1	176
					3 614	17	3 631
Total							13 202

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 2021**	Share options 2020
S Walsh	1 October 2016	1 October 2020	23,88	10,21	**–**	113 187
	1 October 2016	1 October 2021	23,88	10,75	**113 187**	113 187
	20 March 2018	1 October 2020	48,27	12,29	**–**	3 360
	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 2020	36,72	10,37	**–**	22 593
	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**	–
	12 January 2021	1 October 2023	24,53	5,56	**37 647**	–
	12 January 2021	1 October 2024	24,53	6,23	**37 647**	–
	12 January 2021	1 October 2025	24,53	6,74	**37 647**	–
GW Sim	1 October 2016	1 October 2020	23,88	10,21	**–**	51 775
	1 October 2016	1 October 2021	23,88	10,75	**51 775**	51 775
	20 March 2018	1 October 2020	48,27	12,29	**–**	5 465
	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 2020	36,72	10,37	**–**	10 602
	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**	–
	12 January 2021	1 October 2023	24,53	5,56	**19 253**	–
	12 January 2021	1 October 2024	24,53	6,23	**19 253**	–
	12 January 2021	1 October 2025	24,53	6,74	**19 253**	–

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

	GROUP	
	2021 R'000	2020 R'000
32 FINANCE COSTS		
Banks and other	**77 196**	102 363
Lease liabilities	**20 573**	20 868
Redemption liabilities (refer to note 14)	**1 279**	1 332
	99 048	124 563

	GROUP 2021 R'000	2020 R'000
33 INCOME TAX		
Tax expenditure		
Current taxation – current year	**136 276**	98 785
Current taxation – previous year overprovided	**–**	(332)
Deferred taxation – current year	**(8 353)**	3 883
Taxation for the year	**127 923**	102 336
	%	%
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	**0,07**	0,19
Non-taxable employment tax incentive income	**(0,08)**	(0,32)
Non-taxable revaluation of put option	**0,55**	(0,23)
Learnership allowances	**(0,59)**	(0,94)
Share in (profit)/loss of joint venture	**(0,14)**	0,16
Effective rate	**27,81**	26,86

Non-deductible expenses of a capital nature include legal and consultation fees relating to acquisitions of new businesses and other restructuring costs.

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 2021 R'000	2020 R'000
Net profit	**332 276**	279 178
Attributable to shareholders of the holding company	**321 099**	275 081
Non-controlling interest	**11 177**	4 097
Net profit on disposal of assets	**(1 470)**	(2 069)
Gross	**(2 042)**	(2 874)
Tax effect	**572**	805
Headline earnings	**330 806**	277 109
Attributable to shareholders of the holding company	**319 722**	273 012
Non-controlling interest	**11 084**	4 097
Non-recurring items	**16 402**	3 344
Non-recurring expenses	**7 464**	6 432
Revaluation of put options	**8 938**	(3 088)
Recurring headline earnings	**347 208**	280 453
Attributable to shareholders of the holding company	**335 630**	275 810
Non-controlling interest	**11 578**	4 643

	GROUP 2021 R'000	GROUP 2020 R'000
	Number	

34 EARNINGS PER SHARE (CONTINUED)

	2021	2020
Weighted average number of ordinary shares ('000)	**70 281**	70 266
Weighted average number of diluted ordinary shares ('000)	**71 072**	70 266

	Cents	
Earnings per share	**456,88**	391,49
Diluted earnings per share	**451,79**	391,49
Headline earnings per share	**454,92**	388,54
Diluted headline earnings per share	**449,86**	388,54
Recurring headline earnings per share	**477,55**	392,52

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 acquisitions of new businesses (legal and external consultation costs).

	GROUP 2021 R'000	GROUP 2020 R'000

35 DIVIDEND PER SHARE

	2021 R'000	2020 R'000
Interim		
40,00 cents per share (2020: 00,00 cents per share)	**28 112**	–
Final		
111,00 cents per share (2020: 50,00 cents per share)	**78 012**	35 141
	106 124	35 141

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 2021 will be accounted for as an appropriation of retained profit in the year ended 30 September 2022.

36 NET CASH PROFIT FROM OPERATING ACTIVITIES

	2021 R'000	2020 R'000
Operating profit per income statement	**556 866**	508 436
Adjusted for:		
– Interest received	**(99 066)**	(123 848)
– Depreciation	**93 976**	83 515
– Amortisation of intangible assets	**1 384**	1 353
– Profit on disposal of property, plant and equipment	**(2 042)**	(2 874)
– Revaluation of put options	**7 659**	(4 420)
– Modifications IFRS 16	**(3 586)**	–
– Increase in share-based payment reserve	**5 665**	3 925
– Decrease in provisions	**2 370**	17 371
	563 226	483 458

37 WORKING CAPITAL CHANGES

	2021 R'000	2020 R'000
Increase in inventory	**(109 422)**	(12 485)
Increase in trade and other receivables	**(291 736)**	(9 016)
Increase in trade and other payables	**293 054**	1 086
	(108 104)	(20 415)

	GROUP 2021 R'000	GROUP 2020 R'000

38 INCOME TAX PAID

	2021 R'000	2020 R'000
Balance owing at the beginning of the year	**11 325**	8 394
Income tax expense in income statement	**136 276**	98 453
Balance owing at the end of the year	**(16 909)**	(11 325)
	130 692	95 522

39 ACQUISITION OF BUSINESSES

	2021 R'000	2020 R'000
Non-current assets	**96 965**	272 106
Current assets	**11 006**	11 252
Non-current liabilities	**(8 848)**	(25 606)
Purchase consideration	**99 123**	257 752
– paid in cash (current period)	**59 282**	169 612
– paid in cash (previous period)	**36 841**	88 140
– deferred payment	**3 000**	–

Refer note 44 for more information.

40 INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS

	2021 R'000	2020 R'000
Opening balance	**798 789**	1 309 447
New instalment sale agreement – asset purchased prior year *	**–**	(85 213)
Cash flow movements		
Drawdowns	**14 722 894**	10 280 780
Repayments	**(14 810 973)**	(10 788 407)
Interest	**37 636**	82 182
Closing balance	**748 346**	798 789

* *Asset purchased in the prior year and formed part of assets under construction. Asset was financed after completion in the current financial year.*

41 REPAYMENT OF INSTALMENT SALE AGREEMENTS

	2021 R'000	2020 R'000
Opening balance	**112 346**	39 814
New instalment sale agreements	**10 821**	94 595
Capital repayment	**(31 087)**	(22 063)
Instalments	**(37 011)**	(25 346)
Interest	**5 924**	3 283
Closing balance	**92 080**	112 346

42 LEASE PAYMENTS

	2021 R'000	2020 R'000
Opening balance	**235 141**	–
Initial recognition of IFRS 16	**–**	183 601
New leases	**39 221**	60 051
Modifications and cancellations	**7 285**	2 638
Capital repayment	**(25 612)**	(11 149)
Lease expense	**(46 185)**	(32 017)
Interest	**20 573**	20 868
Closing balance	**256 035**	235 141

	GROUP	
	2021 R'000	2020 R'000

43 BORROWINGS

	2021 R'000	2020 R'000
Opening balance	**450 000**	–
New funding acquired	**–**	450 000
Repayment	**(31 250)**	–
Closing balance	**418 750**	450 000

44 BUSINESS COMBINATIONS

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and in some instances accompanying retail fuel properties were acquired. If no property was acquired, the retail licence was obtained and thus the operations were acquired and still treated as a business combination under IFRS 3. Goodwill on acquisition was paid on these businesses which represents synergies within the Group and have future earnings potential.

The Group also acquired Farmsave, a business in the agricultural sector. The business services all core farmer requirements through five branches located in Bergville and Ladysmith. The business caters for retail and bulk trade to surrounding farmers across feed, seed, fertiliser, packaging, fencing and other farming inputs. Goodwill on acquisition was paid on this business which represents synergies within the company and has 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 same goes for the growth in the agricultural business relating to the Farmsave purchase. 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 purchases in the fuel sector a provisional purchase price allocation (""PPA"") as required by IFRS 3 – Business Combinations was performed and no intangible assets were identified, other than fuel site operating licences. The site licences are considered to be identifiable due to arising from contractual/legal rights, with an indefinite useful life. The site licences' useful life is assessed to be indefinite as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows for the Group. The site licences do not require any renewals or renewal payments and the Group expects to continue selling fuel products indefinitely from the businesses acquired. The licences are grouped with the land that it relates to as one asset as these assets have similar useful lives, being indefinite. 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.

44 BUSINESS COMBINATIONS (CONTINUED)

Based on the purchase in the agricultural sector a provisional purchase price allocation as required by IFRS 3 – Business Combinations was performed and no material intangible assets were identified, other than a tradename and customer relations. The tradename was valued based on the relief from royalty method. This estimates the amount someone would be prepared to pay for the tradename if they wished to utilise the same asset. The multi-period excess earnings method ("MEEM") was used to determine the fair value of the customer relationships. The MEEM is a variation of the income method whereby the projected cash flows that a business expects to generate is allocated to the assets that contribute to generating this cash flow.

The Group acquired the following assets through business combinations in the fuel and agricultural sector:

> Caltex PE Convenience – February 2021 (fuel sector)
> Total Atlas Road – March 2021 (fuel sector)
> Farmsave – August 2021 (agricultural sector)

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

	Total R'000	Farmsave R'000	Total Atlas Road R'000	Caltex PE Convenience R'000
Carrying value				
Assets				
Land and buildings	46 700	14 700	32 000	–
Plant and equipment	2 528	1 992	193	343
Inventory	11 006	8 853	616	1 537
	60 234	25 545	32 809	1 880
Fair value				
Assets				
Land and buildings	46 300	14 700	31 600	–
Plant and equipment	2 528	1 992	193	343
Tradename	2 595	2 595	–	–
Customer relations	3 077	3 077	–	–
Goodwill	42 465	1 828	17 180	23 457
Inventory	11 006	8 853	616	1 537
Liabilities				
Deferred taxation	(8 848)	–	(8 848)	–
Purchase consideration	99 123	33 045	40 741	25 337
– paid in cash (current period)	59 282	30 045	6 400	22 837
– paid in cash (previous period)	36 841	–	34 341	2 500
– deferred payment	3 000	3 000	–	–

The land, inclusive of the site licence, is valued using the Net Income Capitalised Approach.

Buildings at the value of R3,7 million in the current year's PPA are valued at the replacement cost method and have a finite useful life. Depreciation is recognised over the useful lives of the buildings.

Acquisition-related costs are disclosed in note 29.

44 BUSINESS COMBINATIONS (CONTINUED)

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

	Total R'000	Farmsave R'000	Total Atlas Road R'000	Caltex PE Convenience R'000
Revenue				
– since acquisition date	**178 555**	**21 942**	**62 381**	**94 232**
– as if from the beginning of the year	**380 683**	**138 926**	**105 412**	**136 345**
Profit/(loss) before tax				
– since acquisition date	**4 053**	**39**	**2 148**	**1 866**
– as if from the beginning of the year	**11 220**	**3 088**	**5 410**	**2 722**

45 INTEREST IN RELATED ENTITIES

	NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
	2021	2020	**2021**	2020
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**	51 736	**70,50**	70,50
TFC Operations (Pty) Ltd	**66 824 749**	66 824 749	**70,50**	70,50
Partridge Building Supplies (Pty) Ltd	**14 400**	14 400	**60,00**	60,00
Tego Plastics (Pty) Ltd	**1 000**	1 000	**100,00**	100,00
Indirectly held:				
Shares held by Empowerment and Transformation Investments (Pty) Ltd				
TFC Properties (Pty) Ltd	**51 736**	51 736	**6,00**	6,00
TFC Operations (Pty) Ltd	**66 824 749**	66 824 749	**6,00**	6,00
Name of joint venture				
Shares held by Kaap Agri Bedryf Limited				
Kaap Agri (Namibia) (Pty) Ltd	**502**	500	**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.

45 INTEREST IN RELATED ENTITIES (CONTINUED)

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

	2021 R'000	2020 R'000
TFC Operations (Pty) Ltd		
Ownership held by NCI (%)	**23,50%**	23,50%
Accumulated NCI interest in statement of financial position	**47 351**	40 416
Profit allocated to NCI	**6 934**	1 191
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	**900 985**	801 369
Current assets	**121 602**	109 268
Non-current liabilities	**(504 566)**	(400 677)
Current liabilities	**(351 767)**	(363 106)
Revenue	**3 036 423**	2 317 237
Profit/(loss) for the year	**20 508**	(2 827)
Net cash inflow from operating activities	**137 928**	96 754
Net cash outflow from investing activities	**(36 564)**	(102 177)
Net cash outflow from financing activities	**(96 611)**	(3 665)
Net increase/(decrease) in cash and cash equivalents	**4 753**	(9 088)
Dividends paid	**–**	(2 701)
TFC Properties (Pty) Ltd		
Ownership held by NCI (%)	**23,50%**	23,50%
Accumulated NCI interest in statement of financial position	**40 760**	39 349
Profit allocated to NCI	**1 411**	782
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	**513 000**	546 982
Current assets	**592**	1 189
Non-current liabilities	**(17 997)**	(71 390)
Current liabilities	**(311 751)**	(326 183)
Revenue	**37 428**	27 555
Profit/(loss) for the year	**35 317**	(716)
Net cash inflow from operating activities	**33 386**	23 062
Net cash outflow from investing activities	**(586)**	(152 110)
Net cash inflow/(outflow) from financing activities	**(32 800)**	129 048
Dividends paid	**–**	(2 399)
Partridge Building Supplies (Pty) Ltd		
Ownership held by NCI (%)	**40%**	40%
Accumulated NCI interest in statement of financial position	**21 612**	18 780
Profit allocated to NCI	**2 832**	1 487
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	**67 188**	37 702
Current assets	**161 915**	126 507
Non-current liabilities	**(29 057)**	(25 179)
Current liabilities	**(156 254)**	(103 226)
Revenue	**605 204**	493 819
Profit/(loss) for the year	**7 988**	5 651
Net cash inflow from operating activities	**17 872**	2 929
Net cash outflow from investing activities	**(21 683)**	(1 102)
Net cash outflow from financing activities	**(11 196)**	(11 100)
Net decrease in cash and cash equivalents	**(15 007)**	(9 273)

46 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive committee (which is 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: Trade, Retail Fuel & Convenience, Grain Services as well as Manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Trade 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.

Grain Services 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	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Segment revenue and results				
Trade	**6 271 932**	5 312 682	**401 457**	295 719
Retail Fuel & Convenience	**3 029 734**	2 309 904	**72 036**	43 376
Grain Services	**1 049 238**	759 681	**61 972**	55 096
Manufacturing	**231 684**	192 401	**14 040**	16 308
Total for reportable segments	**10 582 588**	8 574 668	**549 505**	410 499
Corporate	**–**	–	**(89 306)**	(28 985)
Total external revenue	**10 582 588**	8 574 668		
Profit before tax			**460 199**	381 514
Income tax			**(127 923)**	(102 336)
Profit after tax			**332 276**	279 178

In the prior year, the results of Treasury, Corporate and the Share in loss/profit of joint venture were shown separately as part of the Group's segment disclosure. In the current year, these were moved to the relevant segments that it relates to. This is considered to be a more reasonable presentation of the segments reported on and is aligned to how segment information is presented to the CODM. Comparatives have been restated accordingly.

Included in the Trade segment's results is a share in profit of joint venture of R2,3 million (2020: loss of R2,4 million). Refer note 6.

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Segment assets and liabilities				
Trade	**3 962 781**	3 493 170	**2 162 664**	1 952 225
Retail Fuel & Convenience	**1 309 023**	1 257 613	**801 573**	768 698
Grain Services	**133 385**	102 123	**39 543**	41 692
Manufacturing	**317 978**	340 401	**212 646**	231 001
Total for reportable segments	**5 723 167**	5 193 307	**3 216 426**	2 993 616
Corporate	**82 076**	77 384	**171 545**	125 271
Deferred taxation	**7 181**	2 772	**26 287**	27 873
	5 812 424	5 273 463	**3 414 258**	3 146 760

46 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

In the prior year Trade debtors, Investment in joint venture, Short-term borrowings, Borrowings and Corporate assets and liabilities were presented separately as part of the Group's segment disclosure. In the current year, these were moved to the relevant segment that it relates to. This is considered to be a more reasonable presentation of the segments reported on and is aligned to the manner in which segment assets and liabilities are presented to the CODM. Comparatives have been restated accordingly.
Included in the Trade segment's assets is an investment in joint venture of R33,9 million (2020: R6,5 million). Refer note 6.

	CAPITAL EXPENSES		DEPRECIATION	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Other segment information				
Trade	**45 288**	21 329	**51 785**	48 726
Retail Fuel & Convenience	**8 945**	168 069	**13 754**	8 309
Grain Services	**8 385**	1 568	**6 216**	6 008
Manufacturing	**9 353**	36 265	**11 696**	7 995
Total for reportable segments	**71 971**	227 231	**83 451**	71 038
Corporate	**20 843**	18 907	**10 525**	12 477
	92 814	246 138	**93 976**	83 515

In the prior year depreciation attributable to Corporate was separately presented. In the current year, the portion of depreciation expense that could be allocated has been allocated to the relevant segment that it relates to. This is a more reasonable presentation of the segments reported on and is aligned to how segment information is presented to the CODM. Comparatives have been restated accordingly.

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:

	2021 R'000	2020 R'000
South Africa	**10 533 176**	8 542 670
Namibia	**49 412**	31 998
Total	**10 582 588**	8 574 668
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	**2 425 923**	2 332 046
Namibia	**9 557**	10 871
Total	**2 435 480**	2 342 917

47 GOING CONCERN

The Board of directors will continue to monitor the impact of the COVID pandemic on the Group's operations and its financial position. The Group's view is that it has not had a significant impact on the operations of the business. The business has been able to partially mitigate lost income via a range of cost and working capital initiatives, thus ensuring a lower overall financial impact. Liquidity has remained within the various banking covenants and no relaxation of covenants or additional facilities have been required. The balance sheet has remained strong throughout the year. Kaap Agri remains focused on disciplined cash management, specifically in the areas of working capital, capital expenditure and cost control. Management is comfortable to conclude that the business will continue as a 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.

48 EVENTS AFTER REPORTING DATE

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 (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent of which the main outstanding condition is that the transaction have (to the extent necessary) be unconditionally approved in terms of the Competition Act, 1998, or be conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this will be a sale-and-leaseback transaction, it does not comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

A gross final dividend of 111,00 cents per share (2020: 50,00 cents) has been approved and declared by the Board from income reserves for the year ended 30 September 2021.

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.

49 RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equipment R'000	Vehicles R'000	Office furniture and equipment R'000	Leasehold properties R'000	Assets under construction R'000
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**
30 September 2020								
Carrying value 1 October 2019	1 375 392	947 087	27 022	102 228	46 172	103 283	30 950	118 650
Additions	148 227	34 503	369	29 132	10 228	9 047	408	64 540
Additions through business combinations	97 911	91 450	–	3 864	141	2 456	–	–
Transfers	–	25 864	–	96 537	–	12 013	–	(134 414)
Disposals	(5 122)	(3 742)	–	(400)	(255)	(725)	–	–
Depreciation	(59 372)	(2 204)	(2 654)	(19 797)	(11 958)	(22 759)	–	–
Reclassification to right-of-use asset	(31 358)	–	–	–	–	–	(31 358)	–
Carrying value 30 September 2020	1 525 678	1 092 958	24 737	211 564	44 328	103 315	–	48 776

Kaap Agri Limited

Statement of financial position

at 30 September

		COMPANY	
	Notes	**2021 R'000**	2020 R'000
Assets			
Non-current assets			
Investment in subsidiary company	2	**634 708**	634 708
Total assets		**634 708**	634 708
Equity and liabilities			
Capital and reserves			
Stated capital	3	**456 643**	456 643
Retained profit		**178 057**	178 058
Total equity		**634 700**	634 701
Current liabilities			
Loan from subsidiary company	4	**8**	7
Total equity and liabilities		**634 708**	634 708

Statement of comprehensive income

for the year ended 30 September

		COMPANY	
	Notes	**2021 R'000**	2020 R'000
Revenue	7	**65 091**	61 929
Other operating expenses		**(8)**	(7)
Profit before taxation		**65 083**	61 922
Income tax	8	**–**	–
Net profit for the year		**65 083**	61 922

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	Retained profit R'000
Balance 1 October 2019	456 643	179 885
Net profit for the year	–	61 922
Dividends declared	–	(63 749)
Balance 30 September 2020	**456 643**	**178 058**
Net profit for the year	**–**	**65 083**
Dividends declared	**–**	**(65 084)**
Balance 30 September 2021	**456 643**	**178 057**

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	
	2021 R'000	2020 R'000
Cash flow from operating activities		
Net cash profit from operating activities		
Operating profit per income statement	**65 083**	61 922
	65 083	61 922
Cash flow from financing activities		
Decrease in receivable loan to subsidiary company	**–**	1 820
Increase in payable loan to subsidiary company	**1**	7
Dividends paid	**(65 084)**	(63 749)
	(65 083)	(61 922)
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 62 to 76, 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	
	2021 R'000	2020 R'000
2 INVESTMENT IN SUBSIDIARY COMPANY		
Unlisted:		
Kaap Agri Bedryf Limited		
Number of issued shares		
74,170,277 (2020: 74,170,277)		
Shareholding: 100% (2020 : 100%)		
Shares at cost	**634 708**	634 708
3 STATED CAPITAL		
Authorised:		
100,000,000 (2020: 100,000,000) ordinary shares with no par value		
Issued:		
74,170,277 (2020: 74,170,277) ordinary shares with no par value	**456 643**	456 643
4 LOAN FROM SUBSIDIARY COMPANY		
Kaap Agri Bedryf Limited	**(8)**	(7)

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 2021 %	**Amount 2021 R'000**	Rate 2020 %	Amount 2020 R'000
Liability:				
Loan: Kaap Agri Bedryf Limited	**–**	**(8)**	–	(7)

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.

	2021 R'000	2020 R'000
7 REVENUE		
Dividends received	**65 091**	61 929
	65 091	61 929

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).

	2021 R'000	2020 R'000

8 INCOME TAX

	2021 R'000	2020 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 111,00 cents per share (2020: 50,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2021.

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 (Pty) Ltd, and in doing so enter into long term leases to ensure tenure on its fuel retail sites. This transaction is still subject to conditions precedent with the most important one still in process, namely that the transactions have (to the extent necessary) to be unconditionally approved in terms of the Competition Act, 1998, or conditionally approved on terms and conditions acceptable to the parties to the Agreement. As this is going to be a sale-and-leaseback transaction, it doesn't comply with IFRS 5 and no asset held for sale or discontinued operations is required to be disclosed.

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 2020:

Amendments to Standards

Amendment to IFRS 3, 'Business combinations' – Definition of a business (effective 1 January 2020)

This amendment revises the definition of a business. According to feedback received by the International Accounting Standards Board (IASB), application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early-stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material (effective 1 January 2020)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures' – Interest rate benchmark reform (Phase 1) (effective 1 January 2020)

These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

2 NEW, AMENDED AND IMPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE CURRENT FINANCIAL YEAR (CONTINUED)

Amendments to Standards (continued)

IFRS 16, 'Leases' COVID-19-Related Rent Concessions amendment (effective 1 June 2020)

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. Lessees can elect to account for qualifying 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 a variable lease payment.

None of the new standards, amendments, improvements and interpretations of existing standards mentioned above, that have been published, had any material effect on the financial statements of the Group.

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

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement', IFRS 7, 'Financial Instruments: Disclosures', IFRS 4, 'Insurance Contracts' 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.

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (effective 1 January 2022)

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. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

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.

Amendments to IAS 16, 'Property, Plant and Equipment' on 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 property, plant and equipment 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.

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

Amendments to Standards (continued)

Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' on 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.

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 2021, but not yet effective on that date.

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 value 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.

4 BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

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 either 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.

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.

4 BASIS OF CONSOLIDATION (CONTINUED)

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 into 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.

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 ventures 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.

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.

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

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 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.

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 FINANCIAL ASSETS

From 1 October 2018 (on adoption of IFRS 9), 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)) and 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). At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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.

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.

9 FINANCIAL ASSETS (CONTINUED)

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 taking into account 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 types 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.

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, taking into account a 12-month expected credit loss.

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 at the end of the reporting period was not material for other financial assets.

10 DEFERRED TAXATION

Deferred taxation 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 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 tax asset is realised, or the deferred tax liability is settled.

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

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 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.

12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

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.

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.

13 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash includes cash on hand and positive bank balances. Bank borrowings are shown within borrowings in current liabilities on the statement of financial position.

14 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.

15 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.

16 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.

16 EMPLOYEE BENEFITS (CONTINUED)

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
- 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.

17 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.

18 OFFSETTING FINANCIAL INSTRUMENTS

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.

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

According to IFRS 15 applicable to the 2019 financial year, 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.

The adoption of IFRS 15 did not impact the Group's recognition of revenue from sale of goods.

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.

The adoption of IFRS 15 did not impact the Group's recognition of revenue from sale of services.

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

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.

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 its 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).

20 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.

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.

21 LEASES

The Group leases various retail stores, storage sites and vehicles. Rental contracts are typically made for fixed periods of three to eight 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.

21 LEASES (CONTINUED)

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.

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 and are written off over the lease period.

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).

22 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.

23 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.

24 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.

25 CURRENT 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.

26 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.

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)
BS du Toit*#
D du Toit*#
JH le Roux*
EA Messina*#
WC Michaels*#
CA Otto*#
HM Smit*#
I Chalumbira*

* *Non-executive*
\# *Independent*

Company Secretary

KAL Corporate Services (Pty) Ltd

Registered address

1 Westhoven Street, Paarl, 7646
Suite 110, Private Bag X3041, Paarl, 7620
Telephone number: 021 860 3750
Fax number: 021 860 3314
Website: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Fax number: 086 636 7200

Sponsor

PSG Capital (Pty) Ltd
Registration number: 2006/015817/07
1st Floor, Ou Kollege Building, 35 Kerk Street,
Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

and

2nd Floor, Building 3, 11 Alice Lane, Sandhurst,
Sandton, 2196
PO Box 987, Parklands, 2121

Announcement date

25 November 2021

www.kaapagri.co.za