

2020

KAAP AGRI

Annual Consolidated Financial Statements



Salient features

+1,5%
8 574 668

REVENUE (R'000)
(2019: 8 451 520)

-2,3%
388,54

HEADLINE EARNINGS
PER SHARE (CENTS)
(2019: 397,85)

+4,6%
392,52

RECURRING HEADLINE EARNINGS
PER SHARE (CENTS)
(2019: 375,19)

-44,4%
50,00

FINAL DIVIDEND
PER SHARE (CENTS)
(2019: 90,00)

-59,5%
50,00

TOTAL DIVIDEND
PER SHARE (CENTS)
(2019: 123,5)

Contents

Declaration of directors' responsibility and approval	2
Declaration by the Company Secretary	3
Report of the Audit and Risk Committee	4
Independent auditor's report	6
Directors' report	14
Consolidated Statement of financial position	15
Consolidated Income statement	16
Consolidated Statement of comprehensive income	16
Consolidated Statement of changes in equity	17
Consolidated Statement of cash flows	18
Notes to the consolidated annual financial statements	19
Kaap Agri Limited – annual financial statements and notes	65
Accounting policies to the financial statements	70
Corporate information	85

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, with the exception of the adoption of the IFRS 16: Leases. The impact of the implementation of this standard is disclosed in note 46.


The Board of Directors ("Board") will continue to monitor the impact of the COVID-19 pandemic on the company's operations and its financial position. The impact of COVID-19 has been limited to certain areas of the business as mentioned above and while concerning, has not materially impacted the Group results. 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. Revenue has largely recovered and although footfall remains down, the business is performing in line with expectation. The balance sheet has remained strong throughout the various lockdown levels. 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 Group has delivered during a very 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 page 6 – 13.

The Company and Group annual financial statements on pages 14 to 84 were compiled by GC Victor CA (SA) under supervision of GW Sim CA (SA) and approved by the Board of directors on 25 November 2020 and signed on their behalf by:



GM Steyn
Chairman



S Walsh
Chief Executive Officer

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.



RH Köstens

Company Secretary

25 November 2020

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

- > the effectiveness of internal control systems and risk management as well as of management information;
- > the internal auditor's audit plan, reports and recommendations;
- > the independence, conditions of appointment, audit plan and remuneration of the external auditors;
- > the effectiveness and reports of the external auditors;
- > the Group's conformance to corporate management rules, risk management and statutory requirements;
- > the appropriateness of accounting policies and any matters related to financial reporting;
- > the separate and consolidated annual financial statements, before these annual financial statements are approved by the board for release;
- > ensuring that the external auditor is independent of Kaap Agri Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements;
- > ensuring that the group chief financial officer, as well as the group finance function, has the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements.
- > 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 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 Committee, and the Audit 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 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 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 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 2020 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee has satisfied itself that PricewaterhouseCoopers Inc. and Mr A Hugo are suitable for reappointment as audit firm and appointment as individual auditor for the 2020 financial year, respectively, by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

ANNUAL REPORT

The committee has evaluated the annual report of the Company and Group for the year ended 30 September 2020, 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; and
- > 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 macroeconomic climate and in line with assumptions utilised by comparable third parties.

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

OPINION

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

- > the Group's internal control measures and risk management are sufficient;
- > the experience and expertise of the Financial Director and the finance function was appropriate;
- > appropriate financial reporting procedures are in place and are operating;
- > the audit was performed with the necessary independence and competence;
- > the Company and Group annual financial statements were prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and
- > there are no other matters which are to be revealed to shareholders which have not been covered in the annual financial statements.



CA Otto

Chairman: Audit and Risk committee

25 November 2020

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 2020, 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 (IFRS) 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 15 to 84 comprise:

- > the consolidated and company statements of financial position as at 30 September 2020;
- > 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; and
- > the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

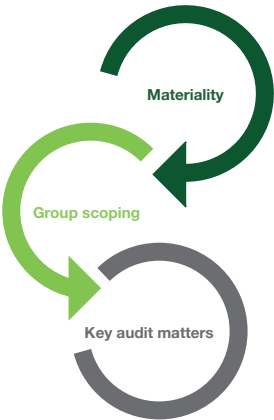
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach
Overview



Overall group materiality

- > Overall group materiality: R19 million, which represents 5% of consolidated profit before tax.

Group audit scope

- > Full scope audits were performed for all five individually significant components; and
- > Analytical procedures were performed over the remaining non-significant components.

Key audit matters

- > Acquisition of fuel sites;
- > Goodwill impairment assessment; and
- > Adoption of IFRS 16, Leases.

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	R19 million.
How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit orientated companies in this sector.

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 five components, which were either financially significant components, based on contribution to consolidated profit before tax, 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
<p>Acquisition of fuel sites</p> <p><i>(Refer to notes 43 (Business combinations) and note 4 of the accounting policies to the consolidated financial statements)</i></p> <p>During the current financial year, the Group acquired seven separate fuel sites and one Quick Service Restaurant for a total consideration of R257 million. The acquisition resulted in the recognition at fair value of total net assets amounting to R84 million and goodwill of R174 million. Total assets assumed at fair value consisted mainly of land and buildings, including the site licence, of R91 million. Management performed the purchase price allocation as required by IFRS 3, Business Combinations.</p> <p>We considered the accounting for the acquisition of fuel sites to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none">> the judgement and estimates involved in allocating the purchase price to the net assets identified in the business combinations; and> the valuation of the assets requiring specialist skills and knowledge.	<p>We obtained the purchase price allocation prepared by management. Based on discussions with management, reading the purchase agreements and applying our understanding of the business and industry, we critically assessed the process followed for the identification of the assets and liabilities acquired, including assessment of the completeness thereof.</p> <p>We made use of our understanding of the industry to assess whether the properties related to the fuel sites can operate without the required site licenses and found that it is not the case. Where applicable, we inspected the relevant site licenses to evaluate whether these have been obtained as required. We assessed the useful lives of site licenses based on our understanding of the industry and inspection of the relevant contractual agreements, and based on our work performed, we accepted management's conclusion that these licenses have indefinite useful lives. As these licenses were found to have similar useful lives as the land that it relates to (being indefinite) we accepted management's view that it is appropriate for the site licenses to be recognised together with the land that it relates to.</p> <p>Utilising our valuation expertise, we assessed the valuation performed by management in determining the fair value of the properties, including the site license. We tested the valuation of the buildings by independently agreeing the inputs used to external sources. Based on our work performed, we noted that the methodology followed is consistent with industry norms and accepted the inputs and assumptions used by management, taking into account the historical performance of the individual fuel sites.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p><i>(Refer to note 5 (Intangible assets) and note 4 of the accounting policies to the consolidated financial statements)</i></p> <p>The Group's net assets include goodwill amounting to R455 million as at 30 September 2020.</p> <p>Management performs annual impairment tests to assess the recoverability of the carrying value of goodwill. The assessment in the current year was performed using value-in-use calculations for the relevant fuel clusters and for Partridge Building Supplies cash generating unit (CGU).</p> <p>Management performed a sensitivity analysis on the goodwill balance by varying the key assumptions used (i.e. discount rates and growth rates) to assess the impact on the valuation and the available headroom.</p> <p>We considered the impairment assessment of goodwill to be a matter of most significance to our audit due to the following:</p> <ul style="list-style-type: none"> > The estimates and assumptions applied by management in their impairment assessment; > The magnitude of the goodwill balance. 	<p>We held discussions with management to obtain an understanding of the methodology applied in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of IAS 36: Impairment of assets.</p> <p>We tested management's calculation for each model by:</p> <ul style="list-style-type: none"> > Tested the mathematical accuracy of management's impairment calculations, and noted no exceptions. > Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and 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. <p>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.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Adoption of IFRS 16, Leases</p> <p><i>(Refer to note 4 (Leases), note 44 (Change in accounting policies) and note 20 of the accounting policies to the consolidated financial statements)</i></p> <p>The balance of the right-of-use assets as at 1 October 2019 is R163 million and the lease liability is R184 million.</p> <p>IFRS 16, Leases became effective in the current accounting period. The Group adopted IFRS 16 with effect from 1 October 2019 and elected not to restate its comparative information, as permitted by this standard. Accordingly, using the modified retrospective approach, the impact of IFRS 16 has been applied retrospectively with an adjustment to the Group's opening retained earnings on 1 October 2019.</p> <p>The adoption of IFRS 16 was performed based on a number of estimates and judgements, which primarily included determination of the appropriate discount rates (incremental borrowing rates) and the lease term for each lease. The Group's lease contracts may include extension options which are included in the lease term if it is reasonably certain that the Group will exercise the extension option.</p> <p>We considered the adoption of IFRS 16 to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> ➤ The level of estimation and judgement applied in the adopting the new standard; and ➤ The magnitude of the balances. 	<p>We performed the following audit procedures:</p> <p>Through discussions with management, we obtained an understanding of the judgements and assumptions used by management in the adoption of IFRS 16.</p> <p>We obtained an understanding of the method followed by management in determining the incremental borrowing rate used in the calculation. We compared the rate used by management to third party resources and noted no material differences.</p> <p>For a sample of leases, we tested the accuracy of the underlying lease data by agreeing the leases to original contracts or other underlying information. No material differences were noted.</p> <p>For a sample of leases, we evaluated the lease terms, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing management's judgements for the lease periods applied in the lease calculation with reference to historical store performance and management's future plans for the stores. We noted no aspects in this regard requiring further consideration.</p> <p>We tested the completeness of the lease data by reconciling the data available in the Group's prior year operating lease commitments schedule, as well as the lease expenses recognised in the current year, to the lease data underpinning the IFRS 16 calculations. We further inspected significant service contracts previously not considered to be leases, and noted that these contracts did not fall within the scope of IFRS 16.</p> <p>We recalculated the right-of-use asset and lease liability calculations for a sample of leases and tested the mathematical accuracy of the calculations. We compared our results to that of management, noting no material exceptions.</p> <p>We tested management's impairment calculation of the right-of-use asset on adoption by consideration of the value-in-use calculations performed by management. We assessed the cash flow forecasts used by management for reasonableness by comparing historical actuals to the budgeted forecasts. Based on our work performed, we accepted management's forecasts.</p> <p>Utilising our valuation expertise, we further tested the reasonableness of the discount rate used in the value-in-use calculations, by calculating a range of independent discount rates based on relevant market data at year end. We compared management's discount rate used to our range of discount rates determined and found that management's rate fell within our range.</p>

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 2020*", which includes the Directors' Report, the 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 "2020 – 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.

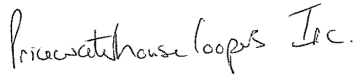
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 84 years.

A handwritten signature in black ink that reads "PricewaterhouseCoopers Inc." in a cursive, flowing script.

PricewaterhouseCoopers Inc.

Director: JA Hugo

Registered Auditor

Cape Town

25 November 2020

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 R279,2 million (2019: R281,3 million) while the gross assets increased to R5,273 billion (2019: R4,788 billion). The results of the Group are presented in detail in the financial statements.

The Board will continue to monitor the impact of the COVID-19 pandemic on the company's operations and its financial position. The impact of COVID-19 has been limited to certain areas of the business as mentioned above and while concerning, has not materially impacted the Group results. 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. Revenue has largely recovered and although footfall remains down, the business is performing in line with expectation. The balance sheet has remained strong throughout the various lockdown levels. 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 Group has delivered during a very 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 R37,1 million (2019: R66,7 million) has been approved and declared by the Board from income reserves, which represents 50,0 cents (2019: 90,0 cents) per share. The dividend is payable on 15 February 2021 to shareholders registered on 12 February 2021 (the record date) as shareholders of the company. The last date of trade *cum* dividend will be 10 February 2021.

The total dividend for the year amounts to R37,1 million (2019: R91,6 million), representing 50,0 cents (2019: 123,5 cents) per share.

SUBSIDIARIES AND JOINT VENTURE

The interests in subsidiaries and Joint Venture are presented in note 44 of the financial statements.

DIRECTORS

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

DIRECTORS' INTERESTS

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

EVENTS AFTER REPORTING DATE

The directors are not aware of 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. For further information, refer to note 49.

Consolidated statement of financial position

at 30 September

		GROUP	
	Notes	2020 R'000	2019 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	1 525 678	1 375 392
Right-of-use assets	4	236 302	–
Intangible assets	5	471 012	298 169
Investment in joint venture	6	6 542	8 901
Financial assets at fair value through other comprehensive income	7	5 580	5 580
Trade and other receivables	11	43 039	38 700
Loans	8	54 764	58 959
Deferred taxation	9	2 772	–
		2 345 689	1 785 701
Current assets			
Inventory	10	1 104 191	1 083 930
Trade and other receivables	11	1 782 355	1 869 860
Derivative financial instruments	12	1 385	1 882
Short-term portion of loans	8	5 026	–
Cash and cash equivalents	15	34 817	46 369
		2 927 774	3 002 041
Total assets		5 273 463	4 787 742
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	446 571	444 901
Other reserves	17	10 112	9 797
Retained profit		1 571 475	1 371 364
Equity attributable to shareholders of the holding company		2 028 158	1 826 062
Non-controlling interest		98 545	100 186
Total equity		2 126 703	1 926 248
Non-current liabilities			
Deferred taxation	9	100 271	72 778
Financial liability at fair value through profit or loss	13	76 600	79 100
Financial liability at amortised cost	14	14 213	14 800
Lease liabilities	4	220 642	–
Instalment sale agreements	19	79 975	23 694
Employee benefit obligations	20	15 380	15 924
Borrowings	22	418 750	–
		925 831	206 296
Current liabilities			
Trade and other payables	21	1 330 472	1 319 209
Short-term portion of instalment sale agreements	19	32 371	16 120
Short-term portion of Employee benefit obligations	20	2 223	2 028
Short-term portion of lease liabilities	4	14 499	–
Short-term borrowings	22	830 039	1 309 447
Income tax		11 325	8 394
		2 220 929	2 655 198
Total liabilities		3 146 760	2 861 494
Total equity and liabilities		5 273 463	4 787 742

Consolidated income statement

for the year ended 30 September

		GROUP	
	Notes	2020 R'000	Restated 2019 R'000
Revenue	27	8 574 668	8 451 520
Cost of sales		(7 263 775)	(7 199 183)
Gross profit		1 310 893	1 252 337
Other operating income	28	177 918	202 373
Selling and distribution costs	29	(93 005)	(110 384)
Administrative expenses	29	(644 703)	(607 612)
Movement on expected credit loss allowance	11	(6 406)	(2 805)
Other operating expenses	29	(236 261)	(240 727)
Operating profit		508 436	493 182
Finance costs	32	(124 563)	(111 014)
Share in loss of joint venture	6	(2 359)	(2 327)
Profit before tax		381 514	379 841
Income tax	33	(102 336)	(98 562)
		279 178	281 279
Profit attributable to shareholders of the holding company		275 081	277 320
Non-controlling interest		4 097	3 959
Earnings per share – basic (cents)	34	391,49	394,98
Earnings per share – diluted (cents)	34	391,49	393,48

Consolidated statement of comprehensive income

for the year ended 30 September

		GROUP	
		2020 R'000	2019 R'000
Profit for the year		279 178	281 279
Other comprehensive income/(loss):			
Cash flow hedges (can be classified to profit and loss)		(1 340)	1 462
Gross		(1 861)	2 031
Tax		521	(569)
		277 838	282 741
Total comprehensive income attributable to shareholders of the holding company		273 741	278 782
Non-controlling interest		4 097	3 959

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 2018								
		443 921	9 459	(287)	1 285 415	1 738 508	2 710	1 741 218
Gross shares issued		480 347						
Treasury shares		(36 426)						
Partial disposal of subsidiaries		–	–	–	5 471	5 471	–	5 471
Non-controlling interest on asset-for-share transaction		–	–	–	–	–	78 578	78 578
Non-controlling interest on acquisition of subsidiary		–	–	–	–	–	17 198	17 198
Redemption liability – part of business combination	13,14	–	–	–	(113 823)	(113 823)	–	(113 823)
Total comprehensive income								
		–	–	1 462	277 320	278 782	3 959	282 741
Share-based payments		980	(837)	–	–	143	–	143
Dividends paid		–	–	–	(83 019)	(83 019)	(2 259)	(85 278)
Balance 30 September 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)						

Consolidated statement of cash flows

for the year ended 30 September

		GROUP	
	Notes	2020 R'000	2019 R'000
Cash flow from operating activities		494 477	353 979
Net cash profit from operating activities	36	483 458	417 257
Interest received		126 956	118 991
Working capital changes	37	(20 415)	(97 768)
Income tax paid	38	(95 522)	(84 501)
Cash flow from investment activities		(310 892)	(437 378)
Purchase of property, plant and equipment		(138 845)	(241 473)
Proceeds on disposal of property, plant and equipment		7 996	1 666
Deposits made during the year	11	(4 500)	(106 419)
Acquisition of financial asset at fair value through other comprehensive income		–	(5 580)
Gross increase in loans	8	(5 931)	(34 821)
Acquisition of operations	43	(169 612)	(50 751)
Cash flow from financing activities		(195 137)	89 554
Increase/(decrease) in short-term borrowings	40	(425 445)	293 938
Increase in long-term borrowings	22	450 000	–
Repayment of instalment sale agreements	41	(22 063)	(14 277)
Lease payments	42	(11 149)	–
Interest paid		(123 231)	(107 088)
Dividends paid		(63 249)	(83 019)
Net increase/(decrease) in cash and cash equivalents		(11 552)	6 155
Cash and cash equivalents at the beginning of the year		46 369	40 214
Cash and cash equivalents at the end of the year		34 817	46 369
Comprising of:			
– Bank and cash on hand	15	34 817	46 369

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 70 to 84. These policies have been consistently applied to all the years presented, unless stated otherwise.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates

Properties

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

Loss allowance on trade receivables

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

Financial liabilities related to put options

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

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 licenses. 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 in the Group.

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. Refer to note 43 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.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Judgements (continued)

Extension periods with regards to lease contracts

The Group makes certain judgements relating to the extension periods of leases during the IFRS 16 right-of-use asset and lease liabilities calculations. If it is more likely than not that the lease will be extended based on all the available factors, the extension option is taken into account in determining the lease. Most of the rent paid is for Agrimark stores and based on the history of the relationship with lessors and the Group's strategies with the stores, the contracts will be extended. Most of the store leases are renewed based on the fact that the stores are at strategic locations and most have been there for some time. 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 2020, future cash outflows of R29,9 million are not included in the lease liability because it is not reasonably certain that it will be extended.

COVID-19 – considerations and potential impact

The COVID-19 ("Covid") outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. Except for, specifically, quick service restaurants ("QSR") and liquor sales, most of the remainder of the business of the Kaap Agri Group was categorised as a supplier of essential goods and services and remained open for trade, albeit under certain limitations during the lockdown. The move to levels 4, 3, 2 and 1 lockdown allowed the Group to gradually start trading in more retail product categories and opened all levels of offerings.

Fuel sales were significantly impacted by the lockdown-related reduction in travel and road transport, and despite restaurants reopening under level 3, QSR trade has been suppressed. Convenience store sales have been impacted by reduced footfall, as well as the inability to sell tobacco and related products. Fuel litre sales were down during the higher levels of lockdown. Management expects the recovery of the fuel business to continue with a gradual improvement in litres during the first quarter of the 2021 Financial Year. We expect normal levels to be achieved and maintained from February 2021.

The Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus, such as safety and health measures for our people and managing costs of the business. Refer to note 29 for COVID-19-related expenses disclosed.

Property, plant and equipment and right-of-use assets

The Group has assessed the impact of COVID-19 on the assumptions and significant judgements made in the valuation of items of property, plant and equipment and right-of-use assets. Kaap Agri has a robust Response Plan in place to mitigate the pandemic's effects on its people and businesses as far as practically possible to do so. In this context, management does not anticipate that the effects of COVID-19 will have a lasting impact on the productivity of the Group's property, plant and equipment. In assessing the potential future impact of COVID-19 on the value of the items of property, plant and equipment, the following factors were considered:

- most of the Group's different segments continued to provide goods and services to customers in essential services. Those businesses that were significantly impacted by restrictions on the movement of people and goods (namely Retail Fuel & Convenience) are resuming their activities as the restrictions ease. Given the anticipated benefits of optimisation initiatives undertaken and the expected return to normal trading in the medium term, no adverse effects on the present value of future cash flows of property, plant and equipment are foreseen, and
- the Group is a going concern and plans to continue using items of property, plant and equipment to support its revenue-generating activities. Owing to this planned use of the assets, therefore, there has been no significant negative impact on the planned productivity of the assets.

Management expects that any changes in the carrying amounts of items of property, plant and equipment and right-of-use assets will be immaterial in the medium term.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

COVID-19 – considerations and potential impact (continued)

Property, plant and equipment and right-of-use assets (continued)

Given the substantial capital investment into the business over the past three years, both into expansions and acquisitions, a decision was made in January 2020, prior to COVID-19, to limit the amount of capital being spent on projects and acquisitions in the process of completion as well as those that had been committed to. The Group has heightened its focus on driving the desired returns from capital already invested in the business. This decision was reinforced by the outbreak of COVID-19. The Group has also subsequently committed to reduced capital spend in the period till 30 September 2021.

Goodwill

Goodwill is tested for impairment by calculating the value-in-use of the CGU. The goodwill in the fuel division is monitored at a cluster level, refer to note 5 for more information regarding this.

Value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU or cluster and was based on key assumptions. The short-term and long-term impact of Covid, has been incorporated in the impairment assessment of goodwill by taking it into account in the forecasts and cash flows figures in the discounted cash-flow models.

For each of the sensitive inputs, management provided the possible impact of decreased profitability on the headroom by testing different scenarios in the impairment calculation of goodwill.

A significant change in the assumptions used to calculate the value-in-use is not likely to cause the recoverable amount to fall below the carrying value of the CGUs.

Trade receivables

The assessment for the specific loss allowance takes into account security held, reputation and expected payments in the future to determine the value of the specific loss allowance. Based on the information gathered regarding the debtors, no material impact of COVID-19 was identified as the majority of the debtors book relates to customers classified as essential services. The expected credit loss rate was adjusted for the possible COVID-19 effect and applied to the outstanding group of debtors not specifically provided for. To arrive at the amount provided for expected credit loss allowance steps and considerations were taken by management as part of the forward-looking assessment to determine if the expected credit loss was affected specifically by the impact of COVID-19.

Loans receivable

Based on the information gathered going through the assessment of the COVID-19 effect on the loans receivable, no material impact was identified as the counterparty was also classified as essential service. For the remaining balance of the loans receivable sufficient security is held and no concern identified.

Inventories

Inventories consist of merchandise, raw materials, packaging materials and other consumable goods.

The following considerations were taken by management as part of the forward-looking assessment to determine if inventories were affected specifically by the impact of COVID-19:

- the risk of inventory write-downs to net realisable value due to reduced movement in inventory or inventory obsolescence due to possible lower than expected sales were assessed, but not deemed to have a material effect on the business.

Going concern

The Board will continue to monitor the impact of the COVID-19 pandemic on the company's operations and its financial position. The impact of COVID-19 has been limited to certain areas of the business as mentioned above and while concerning, has not materially impacted the Group results. 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. Revenue has largely recovered and although footfall remains down, the business is performing in line with expectation. The balance sheet has remained strong throughout the various lockdown levels. 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 Group has delivered during a very challenging period.

3 PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	2020 R'000	2019 R'000
Cost		
Land and buildings	1 114 954	966 878
Grain silos	65 032	64 664
Machinery and equipment	320 028	192 171
Vehicles	103 277	94 235
Office furniture and equipment	218 785	198 862
Leasehold properties	–	36 574
Assets under construction	48 776	118 650
	1 870 852	1 672 034
Accumulated depreciation		
Land and buildings	(21 996)	(19 791)
Grain silos	(40 295)	(37 642)
Machinery and equipment	(108 464)	(89 943)
Vehicles	(58 949)	(48 063)
Office furniture and equipment	(115 470)	(95 579)
Leasehold properties	–	(5 624)
	(345 174)	(296 642)
Total carrying value	1 525 678	1 375 392
Depreciation has been allocated in the income statement as follows:		
Cost of sales	(8 735)	(5 727)
Other operating expenses	(50 640)	(53 727)
	(59 375)	(59 454)
Refer note 50 for reconciliation of movements in carrying value.		
Vehicles include the following amounts where the Group has instalment sale agreements:		
Cost	66 250	64 092
Accumulated depreciation	(30 173)	(25 114)
Total carrying value	36 077	38 978
Machinery and equipment include the following amounts where the Group has instalment sale agreements:		
Cost	107 548	–
Accumulated depreciation	(1 552)	–
Total carrying value	105 996	–

Properties to the value of R524.5 million serve as security for the first-ranking covering mortgage bonds. Refer to note 22.

The capitalisation rate used to determine the amount of borrowing costs capitalised is the Group's borrowing rate range: 7,9% – 8,4%.

The leasehold improvements fall under the scope of IAS 16, but for presentation purpose, from the current year onwards, these are being presented as part of right of use assets.

No impairment noted as a result of COVID-19 – refer to note 2 for more information.

4

RIGHT-OF-USE ASSETS AND LEASE LIABILITY**Amounts recognised in the statement of financial position****Right-of-use assets**

	GROUP	
	2020 R'000	2019 R'000
Buildings	235 095	–
Vehicles	1 207	–
	236 302	–
Reconciliation of movements in carrying value:		
Initial recognition of IFRS 16	166 395	–
Additions	60 051	–
Leasehold improvements reclassified to right-of-use assets	31 357	–
Modification of lease contracts	3 487	–
Cancellations of lease contracts	(848)	–
Depreciation charge of Right-of-use assets	(24 140)	–
Buildings	(23 522)	–
Vehicles	(618)	–
Carrying value at end of year	236 302	–
Lease liabilities		
Current	14 499	–
Non-current	220 642	–
	235 141	–
Interest expense (included in finance costs)	20 868	
Expense relating to short-term leases and low value assets (included in administrative expenses)	12 169	
Cash flow expense for leases and low-value and short-term leases	(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.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The leasehold improvements fall under the scope of IAS 16, but for presentation purpose, from the current year onwards, these are being presented as part of right of use assets.

5 INTANGIBLE ASSETS

	GROUP	
	2020 R'000	2019 R'000
Goodwill	455 532	281 337
Tradename	12 480	12 740
Cost	13 000	13 000
Accumulated amortisation	(520)	(260)
Customer relationships	3 000	4 092
Cost	5 556	8 619
Accumulated amortisation	(2 556)	(4 527)
	471 012	298 169
Reconciliation of movements in carrying value:		
Carrying value at beginning of year	298 169	168 165
Additions through business combinations	174 196	133 892
Goodwill written off	-	(2 250)
Amortisation recognised in profit and loss	(1 353)	(1 638)
	471 012	298 169

To assess for impairment of goodwill, a value-in-use calculation was done per cash-generating unit ("CGU"). Using the budget as base data, income was increased with between 6% and 9,5% (2019: 6%) and expenses were increased between 5% and 9% (2019: 5%) for five years and a pre-tax discount rate of 9% to 11% (2019: 12% to 15%) was used. The pre-tax discount rate is lower as a result of a lower cost of capital. The growth rate is higher compared to the previous year based on strategic plans in place to focus on the growth of the sites in the clusters as well as having a lower base as a starting point with the 2020 results of the clusters. The expenses were grown with a higher rate than in the prior year as a result of agreed regulatory costs increases, high increases in municipal tariffs, as well as consistent maintenance spend to maintain high standards of all facilities. No indicators were noted that the calculation is sensitive to a reasonable change in assumptions which would indicate impairment. The most significant clusters to which goodwill has been allocated include the Eastern Cape cluster (carrying value of goodwill: R42,4 million) (2019: R42,4 million) and the Northern Province cluster (carrying value of goodwill: R254,9 million) (2019: R199,5 million) and Northern Cape cluster (carrying value of goodwill: R133,7 million) (2019: R15,0 million) calculated with a terminal growth rate of 6% (2019: 6%). The remaining clusters were also assessed for goodwill impairment and sufficient headroom noted. If the pre-tax discount rate is increased with 6% (2019: 10%), a portion of goodwill will be impaired. Even if the terminal growth rate is zero, no impairment is identified. The TFC 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 goodwill raised through the business combination with Partridge Building Supplies was tested for impairment using a value-in-use calculation. Using the budget as base data, income was increased between 9% to 12% (2019: 7% to 9%) and expenses were increased at 6% (2019: 6%) for five years and a discount rate of 10% (2019: 23%) and terminal growth rate of 6% (2019: 6%) were used. The pre-tax discount rate is lower as a result of a lower cost of capital. The growth rate is higher compared to the previous year based on strategic plans in place to focus on the growth of the business as well as having lower base as starting point with the 2020 results. No impairment was noted. There is sufficient headroom and an impairment only becomes applicable when the discount rate is increased to 33%.

No impairment noted as a result of COVID-19 – refer to note 2 for more information.

6 INVESTMENT IN JOINT VENTURE

	GROUP	
	2020 R'000	2019 R'000
Beginning of the year	8 901	11 941
Share in total comprehensive income	(2 359)	(2 327)
Effect of adopting IFRS 9 – Financial instruments	–	(713)
End of the year	6 542	8 901
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: 500 (2019: 500)		
Shareholding: 50% (2019: 50%)		
250 (2019: 250) Shares at fair value at date of acquisition	15 156	15 156
Share in post-acquisition accumulated loss	(8 614)	(6 255)
	6 542	8 901
Summarised Statement of financial position as prepared under IFRS		
Non-current assets	94 748	65 242
Current assets	146 546	163 853
Cash and cash equivalents	5 016	2 389
Other current assets	141 530	161 464
Total assets	241 294	229 095
Non-current liabilities		
Loans and lease liabilities	86 436	63 107
Current liabilities	139 098	149 169
Short-term borrowings	42 988	59 631
Other current liabilities	96 110	89 538
Total liabilities	225 534	212 276
Net assets	15 760	16 819
Group's share in percentage	50%	50%
Group's share in Net assets of joint venture at fair value	7 880	8 410
Summarised Income statement		
Revenue	696 741	614 842
Depreciation	11 195	9 255
Interest income	6 746	5 787
Interest expense	14 271	13 319
Loss before taxation	(6 939)	(6 843)
Income tax	2 220	2 190
Loss attributable to ordinary shareholders	(4 719)	(4 653)
Guarantee for bank overdraft facility of subsidiary		
Kaap Agri (Namibia) (Pty) Ltd	42 200	42 200
The company provides a limited guarantee (limited to 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 Ltd	9 797	8 574
The company provides a limited guarantee (limited to R10 million) for the supply of fuel to Kaap Agri (Namibia) (Pty) Ltd		

	GROUP	
	2020 R'000	2019 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.		
8 LOANS		
Kaap Agri (Namibia) (Pty) Ltd	34 764	32 066
Opening balance	32 066	26 398
Increase in loan	2 698	5 668
Lionshare Holdings (Pty) Ltd	25 026	26 893
Opening balance	26 893	–
Increase in loan	3 233	29 152
Repayment through dividend – non-cash	(5 100)	(2 259)
	59 790	58 959
Short-term portion carried over to current assets	(5 026)	–
	54 764	58 959

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.

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	
	2020 R'000	2019 R'000
9 DEFERRED TAXATION		
Movement of deferred taxation		
Balance beginning of year	(72 778)	(40 671)
Balance through business combinations	(25 606)	(23 092)
Income statement debit	(3 883)	(7 303)
Initial recognition of IFRS 16	4 847	–
Credit against reserves	(79)	(1 712)
Balance end of year	(97 499)	(72 778)
Due to the following temporary differences:		
Property, plant and equipment	(141 821)	(91 757)
Intangible assets	353	(4 713)
Currency translation differences	64	(457)
Tax loss	13 427	53
IFRS 16 Right-of-use asset and liability	7 625	–
Provisions and accrued expenses	22 853	24 096
	(97 499)	(72 778)
Movements for the year		
Opening balance	(72 778)	(40 671)
Property, plant and equipment	(50 064)	(25 830)
Intangible assets	5 066	(4 582)
Currency translation differences	521	(568)
Tax loss	13 374	53
IFRS 16 Right-of-use asset and liability	7 625	–
Provisions and accrued expenses	(1 243)	(1 180)
	(97 499)	(72 778)
The tax loss for the year is R47,9 million and has no expiry date.		
For the purposes of the statement of financial position deferred taxation is presented as follows:		
Non-current assets	2 772	–
Non-current liabilities	(100 271)	(72 778)
	(97 499)	(72 778)
10 INVENTORY		
Merchandise	1 071 680	1 074 461
Raw materials	30 760	7 325
Consumable goods	1 751	2 144
	1 104 191	1 083 930
Inventory carried at lower of cost or net realisable value	49 071	52 800
Provision for slow-moving and obsolete stock included in inventory	34 279	30 947
Inventory written off during the year	5 396	5 062

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

No impairment noted as a result of COVID-19 – refer to note 2 for more information.

11 TRADE AND OTHER RECEIVABLES

	GROUP	
	2020 R'000	2019 R'000
Trade receivables	1 769 806	1 756 212
Expected credit loss allowance	(50 631)	(44 225)
	1 719 175	1 711 987
VAT	34 780	38 759
Deposits	4 500	106 419
Other debtors	66 939	51 395
	1 825 394	1 908 560
Trade and other receivables – current	1 782 355	1 869 860
Trade and other receivables – non-current	43 039	38 700
	1 825 394	1 908 560

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

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

No expected credit loss allowance recognised on the deposits as these will be deducted from the final payment, thus fully recoverable.

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 other receivables and no loss allowance identified. No history of defaults on the other debtors and none expected in future as these balances carry very low credit risk. The majority is deposits paid to a reputable institution, SAFEX, in the Grain Services segment.

No impairment noted as a result of COVID-19 – refer to note 2 for more information.

		GROUP	
		2020 R'000	2019 R'000
11	TRADE AND OTHER RECEIVABLES (CONTINUED)		
Movement in the expected credit loss allowance			
Opening balance		(44 225)	(39 909)
Adjustment to the expected credit loss allowance on adoption of IFRS 9		–	(815)
Movement in the expected credit loss allowance		(6 406)	(2 805)
Bad debts written off		2 829	5 050
Additional provision raised		(9 235)	(7 855)
Balance with acquisition of subsidiary		–	(696)
Balance at the end of the year calculated under IFRS 9		(50 631)	(44 225)
The loss allowance is made up of			
– specific loss allowance		(43 440)	(38 001)
– contingency loss allowance		(7 191)	(6 224)
Balance at the end of the year calculated under IFRS 9		(50 631)	(44 225)

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	
		2020 R'000	2019 R'000
12	DERIVATIVE FINANCIAL INSTRUMENTS		
The Group enters into back-to-back transactions whereby firm commitments on physical positions are hedged with derivative instruments. These hedges are classified as fair value hedges.			
The fair value derivative financial instruments on reporting date are:			
Derivative			
Firm commitment – Grain purchases			
Assets/(Liabilities)			
– Forward purchase contracts		1 411	(396)
– Options		(26)	2 278
		1 385	1 882

The forward purchase contracts 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.

13

Written Put Option

C-Max Investments (Pty) Ltd

Opening balance

Initial recognition at 1 October 2018

Remeasurement through profit or loss

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 forecasted profit after tax). In the current year valuation, a multiple of between 4 and 6 times (2019: 4 and 6 times) was used and a discount rate of 8% – 9% (2019: 10%).

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.

30

14 FINANCIAL LIABILITY AT AMORTISED COST

Written Put Option

Partridge Building Supplies (Pty) Ltd

Opening balance

Initial recognition at 1 October 2018

Interest (refer to note 32)

Remeasurement through profit or loss

	GROUP	
	2020 R'000	2019 R'000
Opening balance	(14 800)	–
Initial recognition at 1 October 2018	–	(43 623)
Interest (refer to note 32)	(1 332)	(3 926)
Remeasurement through profit or loss	1 919	32 749
	(14 213)	(14 800)

Through the acquisition of the 60% shareholding in Partridge Building Supplies (Pty) Ltd in the prior year, the Group entered into a once-off written put agreement over the remaining 40% interest in the afore-mentioned 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 60% and 65% (2019: 60% – 65%) was used and an EBITDA multiple of 6.5 times (2019: 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 fair value of the liability 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 R3,9 million (2019: R4,2 million).

At year end, the value of the Put Option Liability of Partridge Building Supplies (Pty) Ltd decreased as the revised forecast up to the date that the option becomes exercisable was lower at year end than initially anticipated. The goodwill raised through the business combination was tested for impairment and no impairment noted, refer to note 5 for more information.

15 CASH AND CASH EQUIVALENTS

	GROUP	
	2020 R'000	2019 R'000
Cash on hand	1 688	1 367
Bank balances	33 129	45 002
	34 817	46 369

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

ABSA Bank Limited – counterparty risk rated Baa3 by Moody's

FNB Limited – counterparty risk rated Baa3 by Moody's

Standard Bank – counterparty risk rated Baa3 by Moody's

Nedbank – counterparty risk rated Baa3 by Moody's

		GROUP	
		2020 R'000	2019 R'000
16	STATED CAPITAL		
Authorised: 1 000 000 000 (2019: 1 000 000 000) ordinary shares with no par value			
Issued: 74 170 277 (2019: 74 170 277) ordinary shares with no par value			
Ordinary shares		480 347	480 347
Treasury shares		(33 776)	(35 446)
		446 571	444 901
Total number of ordinary shares – issued		Number 74 170	Number 74 170
Treasury shares – issued		(3 888)	(3 933)
		70 282	70 237
		R'000	R'000
17	OTHER RESERVES		
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.		(165)	1 175
Share-based payment reserve The equity impact in relation to the management share incentive scheme is shown in the Share-based payment reserve.		10 277	8 622
		10 112	9 797

18 EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME

	2020		2019	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
Granted during the year	27,31	1 787 893	36,72	266 189

The expense recognised in profit and loss is R5 110 601 (2019: R3 848 343).

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 2020	Share options 2019
1 October 2016	1 October 2019	23,88	9,53	–	310 651
1 October 2016	1 October 2020	23,88	10,21	310 651	310 651
1 October 2016	1 October 2021	23,88	10,75	310 651	310 651
20 March 2018	1 October 2019	48,27	9,55	–	30 095
20 March 2018	1 October 2020	48,27	12,29	30 095	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	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	–
15 January 2020	1 October 2022	27,31	5,28	446 973	–
15 January 2020	1 October 2023	27,31	5,96	446 973	–
15 January 2020	1 October 2024	27,31	6,48	446 973	–

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. During the year, the second tranche of the 1 October 2016 and first tranche of the 20 March 2018 grants vested. No share options were forfeited.

18

EQUITY SETTLED MANAGEMENT SHARE INCENTIVE SCHEME (CONTINUED)

Model inputs:

	GROUP	
	2020 R'000	2019 R'000
Exercise price (rand)	27,31	36,72
Share price at grant date (rand)	27,31	36,72
Expected life of option (years)	2 to 5	2 to 5
Expected volatility (%)	36,3 – 55,3	36,3 – 55,3
Expected dividend yield (%)	4,00 – 5,00	2,55 – 3,65
Risk-free interest rate (%)	3,55 – 4,95	6,63 – 7,00

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 participants 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 participants 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 1 787 893 new grants were issued and 340 746 grants vested. 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.

19

INSTALMENT SALES AGREEMENTS

	GROUP	
	2020 R'000	2019 R'000
Instalment sales agreements liability	112 346	39 814
Short-term portion of Instalment sales agreements liabilities	(32 371)	(16 120)
	79 975	23 694
Commitments in relation to Instalment sales agreements payable are as follows:		
Within one year	38 124	19 357
Later than one year but not later than five years	87 992	25 890
Minimum instalment payments	126 116	45 247
Future finance charges	(13 770)	(5 433)
Recognised as liability	112 346	39 814
The present value of Instalment sales agreements liabilities is as follows:		
Within one year	32 371	16 120
Later than one year but not later than five years	79 975	23 694
Minimum instalment payments	112 346	39 814

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

20 EMPLOYEE BENEFIT OBLIGATIONS

	GROUP				
	2020 R'000	2019 R'000			
EMPLOYEE BENEFIT OBLIGATIONS					
Post-retirement medical benefits					
Balance beginning of year	17 952	18 281			
Interest costs recognised in the income statement	1 966	1 698			
Actuarial gain recognised in the income statement	(161)	–			
Employer contributions	(2 154)	(2 027)			
	17 603	17 952			
Short-term portion carried over to current liabilities	(2 223)	(2 028)			
	15 380	15 924			
Amounts recognised in the income statement are shown under other operating expenses.					
Existing provisions are based on the following important assumptions:					
Post-retirement medical benefits					
Cost of medical inflation (%)	7,00	7,75			
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	8,00			
Total expected contributions for the coming year (R'000)	2 084	2 145			
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			
	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Trend information:					
Present value of liabilities	17 603	17 952	18 281	19 474	19 642
Present value of obligations above plan assets	17 603	17 952	18 281	19 474	19 642
Experience adjustments					
Present value of liabilities	(947)	–	(174)	–	(1 387)
Actuarial loss before changes in assumptions	(947)	–	(174)	–	(1 387)

	GROUP	
	2020 R'000	2019 R'000
21 TRADE AND OTHER PAYABLES		
Trade creditors	1 218 752	1 235 009
Employee accruals	46 740	37 523
Other creditors	64 980	46 677
	1 330 472	1 319 209

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

22 BORROWINGS

Long-term bank borrowings	418 750	–
Borrowings	450 000	–
Short-term portion of long-term bank borrowings	(31 250)	–

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

This is new funding obtained in the current year to assist with the acquisitions in the Retail Fuel & Convenience segment.

The current bank facilities bear interest from 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.

Short-term bank borrowings	830 039	1 309 447
Overdraft facility	798 789	1 309 447
Short-term portion of long-term bank borrowings	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 1,75% to prime less 2,00%. The borrowings are repayable on demand.

Securities held:

The bank facilities of R1 753 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 R51 million for the facility of Partridge Building Supplies (Pty) Ltd.
- First-ranking covering mortgage bonds over certain immovable property of Kaap Agri Bedryf Limited.

23 RELATED PARTY TRANSACTIONS

	GROUP	
	2020 R'000	2019 R'000
Transactions with related parties and outstanding balances:		
Income		
Sales of goods – Capespan SA (Pty) Ltd	373	3 630
Interest received – Lionshare Holdings (Pty) Ltd	2 526	1 893
Expenses		
Purchases of goods – Capespan SA (Pty) Ltd	1 249	121
Purchases of goods – M Pupkewitz & Sons (Pty) Ltd	1 723	1 869
Services – PSG Capital (Pty) Ltd	526	341
Balances		
Trade debtors – Capespan SA (Pty) Ltd	33	1 491
Loan – Lionshare Holdings (Pty) Ltd	25 026	26 893
Transactions with directors and outstanding balances		
Sales	69 918	66 137
Purchases	539	–
Trade receivables	9 708	12 365
Transactions with joint venture and outstanding balances		
Income		
Services – Kaap Agri (Namibia) (Pty) Ltd	5 798	5 239
Sales of goods – Kaap Agri (Namibia) (Pty) Ltd	1 660	1 723
Interest received – Kaap Agri (Namibia) (Pty) Ltd	2 998	2 965
Expenses		
Purchases of goods – Kaap Agri (Namibia) (Pty) Ltd	113	101
Balances		
Trade debtors – Kaap Agri (Namibia) (Pty) Ltd	234	952
Trade creditors – Kaap Agri (Namibia) (Pty) Ltd	18	59
Loan – Kaap Agri (Namibia) (Pty) Ltd	34 764	32 066

Also refer to note 6 and 8.

The relationships between the various companies in the Group are disclosed in note 44.

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.

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 and 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 R34,8 million (2019: R38.8 million), statutory liabilities of R11,4 million (2019: R9,4 million) and liabilities in respect of employee benefits of R23,1 million (2019: R24,1 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 arises due to the translation of this foreign subsidiary.

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

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

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:

AT FLOATING RATES				
	Rate 2020 %	Amount 2020 R'000	Rate 2019 %	Amount 2019 R'000
Assets:				
Trade receivables	7,00 – 12,00	1 786 145	10,00 – 15,00	1 763 288
Loan Kaap Agri (Namibia) (Pty) Ltd	7,50	34 764	10,25	32 066
Lionshare Holdings (Pty) Ltd	8,50	25 026	11,50	26 893
Cash and cash equivalents	–	34 817	–	46 369
Liabilities:				
Short-term borrowings	5,00 – 5,25	830 039	8,00 – 8,25	1 309 447
Finance lease liabilities	5,00 – 8,02	112 346	8,00 – 11,00	39 814
Borrowings	6,01 – 6,06	418 750	–	–
AT NO RATES				
		Amount 2020 R'000		Amount 2019 R'000
Assets:				
Other receivables		66 970		51 301
Liabilities:				
Trade and other payables		1 295 942		1 278 152
GROUP				
		2020 R'000		2019 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		1 880 752		1 868 616
Interest bearing liabilities		(1 361 135)		(1 349 261)
Net interest bearing assets		519 617		519 355
Increase/(decrease) in profit before tax				
Half a percentage point increase in interest rates		1 871		1 870
Half a percentage point decrease in interest rates		(1 871)		(1 870)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

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. During the current year the investment was purchased at year end, thus the value paid is treated as the fair value of the investment. Refer to note 7 for the investment. A 10% difference in the share price could effect 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 counter party 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.

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).

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables (continued)

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.

	2020 R'000	2019 R'000
The total expected credit loss allowance is made up of		
– specific expected credit loss allowance	(43 440)	(38 001)
– contingency expected credit loss allowance	(7 191)	(6 224)
Balance at the end of the year calculated under IFRS 9	(50 631)	(44 225)

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 amount of 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	General
Security type – 2020	54%	9%	14%	19%	4%
Security type – 2019	53%	11%	15%	18%	3%

General securities include bank guarantees and credit guarantees.

The default rate of bad debt written off was 0.16% in 2020, 0.29% in 2019 and 0.10% in 2018.

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

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

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 Expected credit loss risk factor	495 872	634 855	384 098	186 139	1 700 965
	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)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Grain R'000	Fruit R'000	Other Agri R'000	Non- Agri R'000	Total R'000
30 September 2019					
Debtors within terms					
Balance	463 847	569 080	303 010	177 930	1 513 867
Debtors for which collateral are held	(354 698)	(314 886)	(169 352)	(11 014)	(849 950)
Exposure to credit risk	109 149	254 194	133 658	166 916	663 917
Debtors outside terms but not credit impaired					
Balance	27 869	85 350	64 849	6 384	184 452
Debtors for which collateral are held	(24 005)	(66 942)	(36 893)	–	(127 840)
Exposure to credit risk	3 864	18 408	27 956	6 384	56 612
Debtors which are credit impaired					
Balance	10 538	8 948	29 033	9 374	57 893
Debtors for which collateral are held	(850)	(204)	(3 000)	–	(4 054)
Exposure to credit risk	9 688	8 744	26 033	9 374	53 839

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 Expected credit loss risk factor	302 493 0,37%	491 476 0,52%	284 474 0,54%	225 358 0,44%	1 303 801 0,48%
Total contingency loss allowance as at 30 September	1 134	2 565	1 542	983	6 224
Total specific loss allowance as at 30 September	7 945	5 025	19 647	5 384	38 001
Total expected credit loss allowance	(9 079)	(7 590)	(21 189)	(6 367)	(44 225)
Balance beginning of year	(4 273)	(6 927)	(23 412)	(5 297)	(39 909)
Balance with acquisition of subsidiary	–	–	(696)	–	(696)
Effect of adopting IFRS 9 – Financial instruments	(93)	(151)	(510)	(61)	(815)
Provision written back/ (created)	(4 713)	(512)	3 429	(1 009)	(2 805)
Total balance	502 254	663 378	396 892	193 688	1 756 212
Total collateral held	(379 553)	(382 032)	(209 245)	(11 014)	(981 844)
Total loss allowance	(9 079)	(7 590)	(21 189)	(6 367)	(44 225)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 exceed projected peak borrowings.

	GROUP	
	2020 R'000	2019 R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	1 864 922	1 651 619
Interest bearing debt	(1 361 135)	(1 349 261)
	503 787	302 358

The contractual 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
30 September 2020				
Non-derivative financial liabilities				
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
Short-term borrowings	830 039	891 184	891 184	–
Borrowings	418 750	445 509	–	445 509
Lease liabilities	112 346	126 116	38 124	87 992
	2 747 900	2 873 161	2 225 250	647 901
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)	–
	–	–	–	–

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	13 to 60 months R'000
30 September 2019				
Trade and other payables	1 285 794	1 285 794	1 285 794	–
Financial liability at fair value through profit or loss	79 100	114 100	–	114 100
Financial liability at amortised cost	14 800	18 100	–	18 100
Short-term borrowings	1 309 447	1 435 794	1 435 794	–
Instalment sale agreements	39 814	45 737	19 845	25 892
	2 728 955	2 899 525	2 741 433	158 092
Derivative financial liabilities/(assets)				
Derivative financial instruments				
Outflow	1 882	250 454	250 454	–
Inflow	(1 882)	(250 454)	(250 454)	–
Forward exchange contracts				
Outflow	(2 031)	58 580	58 580	–
Inflow	2 031	(58 580)	(58 580)	–
	–	–	–	–

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 and loss comprising the redemption obligation for a written put option is recorded at fair value, refer to note 13 for the inputs used in determining the fair value.

	GROUP	
	2020 R'000	2019 R'000
Level 2 – Financial instruments for hedging:		
Financial instruments at fair value through profit or loss	1 385	1 882

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.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital maintenance

The company 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	
	2020	2019
Ratios		
Total shareholders' equity: Total assets employed	40,28%	42,10%
Net interest bearing debt: Total assets employed	26,16%	26,30%
EBITDA: Net assets	24,99%	26,12%
<i>Net interest bearing debt includes bank borrowings and cash balances.</i>		
<i>EBITDA is the headline earnings before interest, tax, depreciation and amortisation.</i>		
<i>Net assets are total assets less total liabilities.</i>		
Financial covenants		
Asset cover ratio (required to be above 1.25 times)	2,4	2,9
Interest cover ratio (required to be above 2.5 times)	5,0	5,0
	R'000	R'000

25 LOW VALUE AND SHORT TERM LEASE COMMITMENTS

The Group has entered into various lease agreements on premises and vehicles. On 1 October 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low value leases (refer to note 4 and note 46). The amounts disclosed in the current year is the low-value and short term leases left to be treated as low value and short term lease commitments.

Lease payments:		
Payable within one year*	3 802	29 624
Payable between one and five years*	3 508	75 847
Payable after five years	-	29 362
	7 310	117 888

* The prior year figures were restated to include Partridge Building Supplies (Pty) Ltd – refer to note 46.

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

		GROUP	
		2020 R'000	2019 R'000
26	CAPITAL COMMITMENTS		
Contracted		9 821	89 382
<p>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.</p>			
27	REVENUE FROM CONTRACTS WITH CUSTOMERS		
Sale of goods		8 362 714	8 244 792
– Trade		5 091 062	4 848 407
– Retail Fuel & Convenience		2 317 237	2 457 152
– Grain Services		759 681	754 906
– Manufacturing		194 734	184 327
Sale of services		109 593	101 238
– Trade		32 321	26 065
– Grain Services		77 272	75 173
Margin on direct transactions		102 361	105 490
– Trade		100 788	94 739
– Grain Services		1 573	10 751
		8 574 668	8 451 520
<p>Refer to the accounting policy and note 45 for details regarding the different revenue streams.</p>			
28	OTHER OPERATING INCOME		
Interest received		123 848	125 694
– Trade debtors that are not impaired		109 221	108 465
– Trade debtors that are impaired		2 814	4 732
– Other		11 813	12 497
Profit on sale of property, plant and equipment		2 874	354
Revaluation of Redemption liability		4 420	23 849
Foreign exchange differences		–	3
Transport income		6 162	8 328
Rent received		9 525	8 951
Bad debts recovered		16	62
Manufacturing income		3 111	6 093
Information technology income		5 798	5 239
AgriSETA and ETI income		3 750	2 220
Training income		324	688
Weighbridge income		836	880
Commission received		6 135	5 582
Management fees		4 496	4 929
Other income		6 623	9 501
		177 918	202 373

29 EXPENSES BY NATURE

	GROUP	
	2020 R'000	2019 R'000
Cost of products sold	7 163 920	7 108 723
Foreign exchange differences	91	–
Depreciation	83 515	59 454
Amortisation of intangible assets	1 353	1 638
Directors' emoluments	11 729	12 143
Staff costs	621 005	592 906
– Salaries, wages and bonuses	562 808	536 066
– Equity settled management share incentive scheme	5 111	3 848
– Employer's contribution to pension fund (defined contribution plan)	42 432	38 706
– Employer's contribution to medical benefits	2 154	2 028
– Increase/(decrease) in provision for post-retirement medical benefits	(349)	(329)
– Training expenses	8 849	12 587
Skills development levy	3 665	5 123
Auditor's remuneration	6 642	5 625
– For audit	5 919	4 623
– Other services	119	25
– Under provision previous year	604	977
Rent paid	12 169	42 842
– Buildings	53	31 680
– Vehicles	2 257	2 893
– Machinery and equipment	9 859	8 269
Other occupancy costs	97 663	81 108
Information technology expenses	51 185	41 641
Marketing costs	50 182	56 656
Transport/distribution	67 315	77 145
COVID-19 related expenses	3 465	–
Other administrative expenses	46 778	43 923
Acquisition related costs	6 432	5 202
Expected credit loss allowance raised	9 235	7 855
Goodwill written off	–	2 250
Other expenses	7 806	16 477
	8 244 150	8 160 711
	Number	Number
Number of employees in service at year-end	3 333	3 244

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
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							
BS du Toit					300	1	301
D du Toit					361	1	362
JH le Roux*					268	1	269
EA Messina					605	1	606
W Michaels					184	1	185
CA Otto					642	1	643
HM Smit					253	3	256
GM Steyn					654	1	655
JH van Niekerk					176	1	177
I Chalumbira					172	6	178
					3 615	17	3 632
Total							13 203
2019							
Executive directors							
GW Sim	2 886	138	955	314	–	14	4 307
S Walsh	4 548	212	2 088	342	–	50	7 240
	7 434	350	3 043	656	–	64	11 547
Non-executive directors							
BS du Toit					297	4	301
D du Toit					297	4	301
JH le Roux*					223	3	226
EA Messina					583	3	586
W Michaels					197	2	199
CA Otto					636	1	637
HM Smit					250	8	258
GM Steyn					647	1	648
JH van Niekerk					403	5	408
I Chalumbira					170	19	189
					3 703	50	3 753
Total							15 300

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 2020	Share options 2019
S Walsh	1 October 2016	1 October 2019	23,88	9,53	–	113 187
	1 October 2016	1 October 2020	23,88	10,21	113 187	113 187
	1 October 2016	1 October 2021	23,88	10,75	113 187	113 187
	20 March 2018	1 October 2019	48,27	9,55	–	3 360
	20 March 2018	1 October 2020	48,27	12,29	3 360	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	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	–
	15 January 2020	1 October 2022	27,31	5,28	194 232	–
	15 January 2020	1 October 2023	27,31	5,96	194 232	–
	15 January 2020	1 October 2024	27,31	6,48	194 232	–
GW Sim	1 October 2016	1 October 2019	23,88	9,53	–	51 775
	1 October 2016	1 October 2020	23,88	10,21	51 775	51 775
	1 October 2016	1 October 2021	23,88	10,75	51 775	51 775
	20 March 2018	1 October 2019	48,27	9,55	–	5 465
	20 March 2018	1 October 2020	48,27	12,29	5 465	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	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	–
	15 January 2020	1 October 2022	27,31	5,28	77 378	–
	15 January 2020	1 October 2023	27,31	5,96	77 378	–
	15 January 2020	1 October 2024	27,31	6,48	77 378	–

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

32 FINANCE COSTS

	GROUP	
	2020 R'000	2019 R'000
Banks and other	102 363	107 088
Lease liabilities	20 868	–
Redemption liabilities (refer to note 14)	1 332	3 926
	124 563	111 014

33 INCOME TAX

	GROUP	
	2020 R'000	2019 R'000
Tax expenditure:		
Current taxation – current year	98 785	91 259
Current taxation – previous year overprovided	(332)	–
Deferred taxation – current year	3 883	7 303
Taxation for the year	102 336	98 562
	%	%
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	0,19	0,17
Non-taxable Employment Tax Incentive income	(0,32)	(0,10)
Non-taxable revaluation of Put Option	(0,23)	(1,17)
Learnership allowances	(0,94)	(0,77)
Venture Capital Investment Sec 12(J)	–	(0,41)
Share in loss of joint venture	0,16	0,23
Effective rate	26,86	25,95

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	
	2020 R'000	2019 R'000
Net profit	279 178	281 279
Attributable to shareholders of the holding company	275 081	277 320
Non-controlling interest	4 097	3 959
Net profit on disposal of assets	(2 069)	(255)
Gross	(2 874)	(354)
Tax effect	805	99
Goodwill written off	–	2 250
Headline earnings	277 109	283 274
Attributable to shareholders of the holding company	273 012	279 332
Non-controlling interest	4 097	3 942
Non-recurring items	3 344	(14 721)
Non-recurring expenses	6 432	5 202
Revaluation of Put Options	(3 088)	(19 923)
Recurring headline earnings	280 453	268 553
Attributable to shareholders of the holding company	275 810	263 428
Non-controlling interest	4 643	5 125

	Number	
Weighted average number of ordinary shares ('000)	70 266	70 211
Weighted average number of diluted ordinary shares ('000)	70 266	70 479

	Cents	
Earnings per share	391,49	394,98
Diluted Earnings per share	391,49	393,48
Headline earnings per share	388,54	397,85
Diluted headline earnings per share	388,54	396,33
Recurring headline earnings per share	392,52	375,19

Headline earnings are calculated based on Circular 1/2019 issued by the South African Institute of Chartered Accountants.

Non-recurring expenses consists predominantly of costs associated with acquisitions of new businesses.

		GROUP	
		2020 R'000	2019 R'000
35	DIVIDEND PER SHARE		
Interim			
0,00 cents per share (2019: 33,50 cents per share)		–	23 338
Final			
50,00 cents per share (2019: 90,00 cents per share)		35 141	63 416
		35 141	86 754
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 2020 will be accounted for as an appropriation of retained profit in the year ended 30 September 2021.			
36	NET CASH PROFIT FROM OPERATING ACTIVITIES		
Operating profit per income statement		508 436	493 182
Adjusted for:			
– Interest received		(123 848)	(125 694)
– Depreciation		83 515	59 454
– Amortisation of intangible assets		1 353	1 638
– Profit on disposal of property, plant and equipment		(2 874)	(354)
– Revaluation of Put Options		(4 420)	(23 849)
– Increase in share based payment reserve		3 925	1 286
– Goodwill written off		–	2 250
– Decrease/(increase) in provisions		17 371	9 344
		483 458	417 257
37	WORKING CAPITAL CHANGES		
Increase in inventory		(12 485)	(134 867)
Increase in trade and other debtors		(9 016)	(146 942)
Increase in trade and other creditors		1 086	184 041
		(20 415)	(97 768)
38	INCOME TAX PAID		
Balance owing at the beginning of the year		8 394	1 636
Income tax expense in income statement		98 453	91 259
Balance owing at the end of the year		(11 325)	(8 394)
		95 522	84 501
39	ACQUISITION OF BUSINESSES		
Non-current assets		272 106	213 253
Current assets		11 252	85 062
Non-current liabilities		(25 606)	(33 074)
Current liabilities		–	(59 754)
Non-controlling interest		–	(17 198)
Purchase consideration		257 752	188 289
– paid in cash (current period)		169 612	50 751
– paid in cash (previous period)		88 140	53 489
– paid through issue of subsidiary shares		–	84 049

Refer note 43 for more information.

		GROUP	
		2020 R'000	2019 R'000
40	INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS		
Opening balance		1 309 447	1 000 907
Business combination short term loans (non-cash) opening balance		–	14 602
		1 309 447	1 015 509
New instalment sale agreement – asset purchased prior year*		(85 213)	–
Cash flow movements			
Purchases		10 280 780	8 723 212
Repayments		(10 788 407)	(8 519 127)
Interest		82 182	89 853
Closing balance		798 789	1 309 447
* 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		
Opening balance		39 814	25 944
New instalment sale agreements		94 595	18 165
Additions through business combinations		–	9 982
Net Repayment		(22 063)	(14 277)
Instalments		(25 346)	(18 473)
Interest		3 283	4 196
Closing balance		112 346	39 814
42	LEASE PAYMENTS		
Initial recognition of IFRS 16		183 601	–
New leases		60 051	–
Modifications and cancellations		2 638	–
Net repayment		(11 149)	–
Lease expense		(32 017)	–
Interest		20 868	–
Closing balance		235 141	–

43 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 business combinations under IFRS 3. Goodwill on acquisition was paid on these businesses which represent synergies within the Group and have future earnings potential.

- > 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 offering to preferred supply
- > 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

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.

A purchase price allocation as required by IFRS 3 – Business combinations was performed and no intangible assets were identified, other than fuel site operating licenses. The site licenses are considered to be identifiable due to arising from contractual/legal rights, with an indefinite useful life. The site license 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 licenses do not require any renewals or renewal payments and the Group expects to continue selling fuel products indefinitely from the businesses acquired. The licenses 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.

43 BUSINESS COMBINATIONS (CONTINUED)

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

Kathu QSR's – October 2019

Kimberley Ranch Motors service station – January 2020

Ventersdorp service station – February 2020

Elegant Kathu service station – June 2020

Engen Akasia Kathu service station – June 2020

Caltex Autostar Motors service station – July 2020

Caltex Gabros Motors service station – July 2020

Caltex Nova Motors – September 2020

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

	Total R'000	Kimberley Kathu QSR's R'000	Ranch Motors R'000	Venters dorp R'000	Elegant Kathu R'000	Engen Akasia Kathu R'000	Caltex Autostar R'000	Caltex Gabros R'000	Caltex Nova R'000
Carrying value									
Assets									
Land and buildings	82 600	–	–	14 000	32 600	22 000	14 000	–	–
Plant and Equipment	6 460	618	559	1 280	2 036	985	471	188	323
Inventory	11 252	274	2 011	1 557	1 917	3 040	874	489	1 090
	100 312	892	2 570	16 837	36 553	26 025	15 345	677	1 413
Fair value									
Assets									
Land and buildings	91 450	–	–	17 150	36 200	23 600	14 500	–	–
Plant and Equipment	6 460	618	559	1 280	2 036	985	471	188	323
Goodwill	174 196	9 382	37 441	17 872	35 900	36 023	11 089	12 812	13 677
Inventory	11 252	274	2 011	1 557	1 917	3 040	874	489	1 090
Liabilities									
Deferred taxation	(25 606)	–	–	(4 802)	(10 136)	(6 608)	(4 060)	–	–
Purchase consideration	257 752	10 274	40 011	33 057	65 917	57 040	22 874	13 489	15 090
– paid in cash (current period)	169 612	1 274	2 011	14 157	59 577	51 640	20 474	9 589	10 890
– paid in cash (previous period)	88 140	9 000	38 000	18 900	6 340	5 400	2 400	3 900	4 200

43 BUSINESS COMBINATIONS (CONTINUED)

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

Buildings at the value of R24,1 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 live of the buildings.

Acquisition-related costs are disclosed in note 29.

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

	Total R'000	Kathu QSR's R'000	Kimberley Ranch Motors R'000	Venters dorp R'000	Elegant Kathu R'000	Engen Akasia Kathu R'000	Caltex Autostar R'000	Caltex Gabros R'000	Caltex Nova R'000
Revenue									
– since acquisition date	250 073	13 302	68 300	39 353	47 585	50 226	10 748	13 902	6 657
– as if from the beginning of the year	662 502	13 302	100 348	66 907	143 799	151 847	45 522	56 575	84 202
Profit/(loss) before tax									
– since acquisition date	7 580	839	(913)	877	2 948	2 235	471	1 049	74
– as if from the beginning of the year	29 039	839	(178)	1 871	13 922	7 773	2 559	2 823	(570)

44

INTEREST IN RELATED ENTITIES

Name of subsidiary

Directly held:

Shares held by Kaap Agri Limited

Kaap Agri Bedryf Limited

Shares held by Kaap Agri Bedryf Limited

Kaap Agri (Aussenkehr) (Pty) Ltd

Agriplas (Pty) Ltd

TFC Properties (Pty) Ltd

TFC Operations (Pty) Ltd

Partridge Building Supplies (Pty) Ltd

Tego Plastics (Pty) Ltd

Indirectly held:

Shares held by Empowerment and Transformation Investments (Pty) Ltd

TFC Properties (Pty) Ltd

TFC Operations (Pty) Ltd

Name of joint venture

Shares held by Kaap Agri

Bedryf Limited

Kaap Agri (Namibia) (Pty) Ltd

NUMBER OF ISSUED SHARES		SHAREHOLDING (%)	
2020	2019	2020	2019
74 170 277	74 170 277	100,00	100,00
100	100	100,00	100,00
7 000	7 000	100,00	100,00
51 736	51 736	70,50	70,50
66 824 749	66 824 749	70,50	70,50
14 400	14 400	60,00	60,00
1 000	1 000	100,00	100,00
51 736	51 736	6,00	6,00
66 824 749	66 824 749	6,00	6,00
500	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 company.

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

	2020 R'000	2019 R'000
TFC Operations (Pty) Ltd		
Ownership held by NCI (%)	23,50	23,50
Accumulated NCI interest in statement of financial position	40 416	38 847
Profit allocated to NCI	1 191	3 079
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	801 369	211 089
Current assets	109 268	213 149
Non-current liabilities	(400 677)	-
Current liabilities	(363 106)	(245 826)
Revenue	2 317 237	2 398 837
Profit/(loss) for the year	(2 827)	13 104
Net cash inflow from operating activities	96 754	67 792
Net cash outflow from investing activities	(102 177)	(105 343)
Net cash inflow/(outflow) from financing activities	(3 665)	38 747
Net increase in cash and cash equivalents	(9 088)	1 196
Dividend paid	(2 701)	(2 259)

44 INTEREST IN RELATED ENTITIES (CONTINUED)

TFC Properties (Pty) Ltd

Ownership held by NCI (%)

Accumulated NCI interest in statement of financial position

Profit allocated to NCI

2020
R'000

2019
R'000

23,50

39 349

782

23,50

40 182

784

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

Current assets

Non-current liabilities

Current liabilities

546 982

1 189

(71 390)

(326 183)

362 866

6 916

(45 180)

(166 722)

Revenue

Profit/(loss) for the year

27 555

(716)

29 638

(13 106)

Net cash inflow from operating activities

Net cash outflow from investing activities

Net cash inflow/(outflow) from financing activities

Dividends paid

23 062

(152 110)

129 048

(2 399)

16 389

(13 680)

(2 709)

–

Partridge Building Supplies (Pty) Ltd

Ownership held by NCI (%)

Accumulated NCI interest in statement of financial position

Profit allocated to NCI

40%

18 780

1 487

40%

17 293

95

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

Current assets

Non-current liabilities

Current liabilities

37 702

126 507

(25 179)

(103 226)

18 072

89 819

7 141

69 569

Revenue

Profit/(loss) for the year

493 819

5 651

337 732

1 145

Net cash inflow/(outflow) from operating activities

Net cash outflow from investing activities

Net cash outflow from financing activities

Net decrease in cash and cash equivalents

2 929

(1 102)

(11 100)

(9 274)

(8 214)

(3 625)

(478)

(12 317)

45 INFORMATION ABOUT OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (whom are considered to be the Chief Operating Decision Maker (CODM)) that are used to make strategic decisions. 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, including 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.

	SEGMENT REVENUE		SEGMENT RESULTS	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Segment revenue and results				
Trade	5 312 682	4 969 211	287 475	248 098
Retail Fuel & Convenience	2 309 904	2 457 152	88 330	101 275
Grain Services	759 681	840 830	56 466	50 479
Manufacturing	192 401	184 327	14 402	26 118
Total for reportable segments	8 574 668	8 451 520	446 673	425 970
Corporate	-	-	(109 723)	(102 736)
Treasury	-	-	46 923	58 934
Share in loss/profit of joint venture	-	-	(2 359)	(2 327)
Total external revenue	8 574 668	8 451 520		
Profit before tax			381 514	379 841
Income tax			(102 336)	(98 562)
Profit after tax			279 178	281 279

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Segment assets and liabilities				
Trade	1 748 810	1 622 061	1 233 115	1 058 776
Retail Fuel & Convenience	1 214 656	900 710	194 875	152 759
Grain Services	96 842	105 100	41 692	47 660
Manufacturing	299 801	218 551	137 247	34 652
Total for reportable segments	3 360 109	2 846 422	1 606 929	1 293 847
Corporate	150 101	188 366	190 771	185 422
Trade debtors	1 719 175	1 711 987	-	-
Investment in joint venture	41 306	40 967	-	-
Short-term borrowings	-	-	830 039	1 309 447
Borrowings	-	-	418 750	-
Deferred taxation	2 772	-	100 271	72 778
	5 273 463	4 787 742	3 146 760	2 861 494

45 INFORMATION ABOUT OPERATING SEGMENTS (CONTINUED)

	CAPITAL EXPENSES		DEPRECIATION	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Other segment information				
Trade	21 329	94 725	47 924	27 751
Retail Fuel & Convenience	168 069	77 781	7 947	4 359
Grain Services	1 568	8 876	6 005	5 325
Manufacturing	36 265	128 405	7 967	5 953
Total for reportable segments	227 231	309 787	69 843	43 388
Corporate	18 907	29 212	13 672	16 066
	246 138	338 999	83 515	59 454

The loan receivable from Kaap Agri (Namibia) (Pty) Ltd is part of the Investment in Joint Venture.

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

Geographical revenue for the Group are as follows:

	2020 R'000	2019 R'000
South Africa	8 542 670	8 420 938
Namibia	31 998	30 582
Total	8 574 668	8 451 520
Non-current assets (excluding deferred taxation) are located in the following countries:		
South Africa	2 332 046	1 784 275
Namibia	10 871	1 426
Total	2 342 917	1 785 701

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

The Group adopted IFRS 16 retrospectively from 1 October 2019, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 October 2019. The new accounting policies are disclosed in note 21 of the accounting policies.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 October 2019 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. 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 makes adjustments to the rate relating to the specific lease based on the term and security and nature of the asset. This was applied per asset to determine the value of the right-of-use asset and lease liability. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 were as follows and applied to assets of similar nature:

Range of rates used based on type of asset 8,75% to 9,35%

The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 October 2019. The right-of-use asset, for all leases, is measured using the IBR at the date of initial application, retrospectively as if IFRS 16 had always been applied with an adjustment to retained earnings.

46 CHANGES IN ACCOUNTING POLICIES

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 October 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

	1 October 2019 R'000
Measurement of lease liabilities (as at 1 October 2019)	
Operating lease commitments disclosed as at 30 September 2019	134 833
– As per Kaap Agri Group financials – Operating lease commitments as at 30 September 2019	117 888
– As per Partridge Building Supplies financials – Operating lease commitments as at 30 September 2019*	16 945
Discounted using the lessee's incremental borrowing rate of at the date of initial application	72 129
Adjustments as a result of different treatment of extension periods	122 689
(Less): short-term and low-value leases recognised on a straight-line basis as expense	(11 217)
Lease liability recognised as at 1 October 2019	183 601
Non-current lease liability	161 237
Current lease liability	22 364
Measurement of right-of-use assets (as at 1 October 2019)	
Right-of-use assets were measured fully retrospectively as if IFRS 16 has always been applied	
The recognised right-of-use assets relate to the following type of assets:	
Buildings	164 198
Vehicles	2 198
	166 395

Adjustments recognised in the statement of financial position on 1 October 2019:

Right-of-use assets	166 395
Deferred tax assets	4 847
Lease liabilities	(183 601)
Impact on retained earnings	(12 359)

* The operating lease commitments for Partridge Building Supplies were omitted in the prior year disclosure. The reconciliation was incorrectly disclosed in the unaudited condensed consolidated interim financial statements. The variance is due to a change in interpretation in applying the extension periods of lease values as well as. The updated discounted cash flows indicated that no impairment of the right-of-use assets is required. The incorrect transition method was also mentioned in the interim financial statements, but correctly applied namely that right-of-use assets were measured fully retrospectively as if IFRS 16 has always been applied.

47 RESTATEMENT OF COMPARATIVE AMOUNTS

Reclassification between operating expenses and cost of sales

Internal distribution costs incurred by the distribution centre, included under operating, administration, selling and distribution expenses instead of cost of sales in the prior year have been reclassified to cost of sales to better reflect the nature of these expenses. The classification error had no impact on the profit for the prior year or on the costing of inventory as these costs were correctly included in the build up of inventory.

The effect on the income statement for 2019 is set out below:

	Original balance R'000	Restatement R'000	Restated balance R'000
Effect on Statement of comprehensive income			
Cost of sales	(7 142 281)	(56 902)	(7 199 183)
Selling and distribution costs	(119 582)	9 198	(110 384)
Administrative expenses	(641 415)	33 803	(607 612)
Other operating expenses	(254 628)	13 901	(240 727)
Profit before tax	379 841	–	379 841

48 GOING CONCERN

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

Refer to note 2 for the impact of COVID-19.

49 EVENTS AFTER REPORTING DATE

A gross final dividend of 50,00 cents per share (2019: 90,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2020.

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 Group or the results of those activities.

RECONCILIATION OF MOVEMENTS IN CARRYING VALUE

30 September 2020

	Total R'000	Land and buildings R'000	Grain silos R'000	Machinery and equipment R'000
Carrying value 1 October 2019	1 375 392	947 087	27 022	102 228
Additions	148 227	34 503	369	29 132
Additions through business combinations	97 911	91 450	-	3 864
Transfers	-	25 864	-	96 537
Disposals	(5 122)	(3 742)	-	(400)
Depreciation	(59 372)	(2 204)	(2 654)	(19 797)
Reclassification to Right-of-use asset	(31 358)	-	-	-
Carrying value 30 September 2020	1 525 678	1 092 958	24 737	211 564

30 September 2019

Carrying value 1 October 2018	1 097 159	807 595	21 636	95 877
Additions	259 638	63 270	2 795	21 011
Additions through business combinations	79 361	59 901	-	1 101
Transfers	-	17 935	5 016	2 785
Disposals	(1 312)	(85)	-	(104)
Depreciation	(59 454)	(1 529)	(2 425)	(18 442)
Carrying value 30 September 2019	1 375 392	947 087	27 022	102 228

	Vehicles R'000	Office furniture and equipment R'000	Leasehold properties R'000	Assets under construction R'000
30 September 2020				
Carrying value 1 October 2019	46 172	103 283	30 950	118 650
Additions	10 228	9 047	408	64 540
Additions through business combinations	141	2 456	-	-
Transfers	-	12 013	-	(134 414)
Disposals	(255)	(725)	-	-
Depreciation	(11 958)	(22 759)	-	-
Reclassification to Right-of-use asset	-	-	(31 358)	-
Carrying value 30 September 2020	44 328	103 315	-	48 776
30 September 2019				
Carrying value 1 October 2018	28 915	87 116	22 568	33 452
Additions	15 376	16 748	10 264	130 174
Additions through business combinations	15 121	2 716	522	-
Transfers	19	18 324	897	(44 976)
Disposals	(968)	(155)	-	-
Depreciation	(12 291)	(21 466)	(3 301)	-
Carrying value 30 September 2019	46 172	103 283	30 950	118 650

Kaap Agri Limited

Statement of financial position

at 30 September

	Notes	COMPANY	
		2020 R'000	2019 R'000
ASSETS			
Non-current assets			
Investment in subsidiary company	2	634 708	634 708
Current assets			
Loan to subsidiary company	4	–	1 820
Total assets		634 708	636 528
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	3	456 643	456 643
Retained profit		178 058	179 885
Total equity		634 701	636 528
Current liabilities			
Loan to subsidiary company	4	7	–
Total equity and liabilities		634 708	636 528

Statement of comprehensive income

for the year ended 30 September

	COMPANY	
	2020 R'000	2019 R'000
Revenue	61 929	82 797
Other operating expenses	(7)	(4)
Profit before taxation	61 922	82 793
Income tax	–	–
Net profit for the year	61 922	82 793

Statement of changes in equity

for the year ended 30 September

	COMPANY	
	Stated capital R'000	Retained profit R'000
Balance 1 October 2018	456 643	180 816
Net profit for the year	–	82 793
Dividends declared	–	(83 724)
Balance 30 September 2019	456 643	179 885
Net profit for the year	–	61 922
Dividends declared	–	(63 749)
Balance 30 September 2020	456 643	178 058

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	
	2020 R'000	2019 R'000
Cash flow from operating activities		
Net cash profit from operating activities	61 922	82 793
Operating profit per income statement	61 922	82 793
Cash flow from financing activities		
Decrease in loan to subsidiary receivable	1 820	931
Decrease in loan to subsidiary payable	7	–
Dividend paid	(63 749)	(83 724)
	(61 922)	(82 793)
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 70 to 84, 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	
	2020 R'000	2019 R'000
2 INVESTMENT IN SUBSIDIARY COMPANY		
Unlisted:		
Kaap Agri Bedryf Limited		
Number of issued shares		
74 170 277 (2019: 74 170 277)		
Shareholding: 100% (2019: 100%)		
Shares at cost	634 708	634 708
3 STATED CAPITAL		
Authorised:		
100 000 000 (2019: 100 000 000) ordinary shares with no par value		
Issued :		
74 170 277 (2019: 74 170 277) ordinary shares with no par value	456 643	456 643
4 LOAN TO SUBSIDIARY COMPANY		
Kaap Agri Bedryf Limited	(7)	1 820

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 expected credit loss allowance was assessed based on the exposure and probability of default. The general model is followed in terms of IFRS 9. As the counter party generates significant cash flows, there is no indication that the loan will not be recoverable in the future. A 12-month expected credit loss was considered, and no loss allowance was identified. 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:

	AT NO RATE			
	Rate 2020 %	Amount 2020 R'000	Rate 2019 %	Amount 2019 R'000
Assets:				
Loan: Kaap Agri Bedryf Limited	–	(7)	–	1 820
Fair value estimation:				
Capital maintenance:				

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

	COMPANY	
	2020 R'000	2019 R'000
Dividends received	61 929	80 973
Dividends forfeited	–	1 824
	61 929	82 797

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).

8 INCOME TAX

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 50,00 cents per share (2019: 90,00 cents) has been approved and declared by the Board from income reserves, for the period ended 30 September 2020.

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, with the exception of the adoption of the IFRS 16: Leases. The impact of the implementation of these standards is disclosed in note 46. 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 2019:

Amendments to Standards

> **Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019)**

How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

> **IFRS 16 – Leases (effective 1 January 2019 – earlier application permitted if IFRS 15 is also applied)**

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Amendments to Standards (continued)

> Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement (effective 1 January 2019)

Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.

> Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures (effective 1 January 2019)

The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.

> Annual improvements cycle 2015 – 2017 (effective 1 January 2019)

These amendments include minor changes to:

IFRS 3, 'Business combination' – a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11, 'Joint arrangements' – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12, 'Income taxes' – The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

> IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019)

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12.

Other than for the adoption of IFRS 16, 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. For an analysis of the impact on adoption of IFRS 16, refer to note 46 of the Group financial statements.

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

> 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.

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

Amendments to Standards (continued)

> 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 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.

Management assessed the change in IFRS 3 and expects no material change as the type of acquisitions currently entered into will still be treated as a business in the amended standard.

> Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure – Interest rate benchmark reform' (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.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 September 2020 but not yet effective on that date.

During this financial year, the group considered the significant accounting policies, including the implementation of IFRS 16. Please refer to note 4 and note 46 in the group financial statements.

4 BASIS OF CONSOLIDATION

Subsidiaries

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

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

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

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

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

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

4 BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

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.

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. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4 BASIS OF CONSOLIDATION (CONTINUED)

Consolidation of Special Purpose Entities

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

Goodwill

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

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

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

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.

Tradenames

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.

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

7 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.

8 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 and 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.

8 FINANCIAL ASSETS (CONTINUED)

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.

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 ECLs. 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 takes into account 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 taking into account the specific loss allowance) into different categories with risk factors applied to each category. The categories are based on different type of produce commodities mostly in the agricultural sector (grain, fruit, other agri and non-agri). The percentage expected credit loss applied to each category depends on the forward looking risk of default and expectations on macro-economic factors including; market share, competitor strength, industry risk, profitability, price volatility risks and climate changes.

8 FINANCIAL ASSETS (CONTINUED)

Other financial assets

Loss allowances relating to loans receivable and cash and cash equivalents and 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 and at the end of the reporting period was not material for other financial assets.

9 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.

10 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.

11 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

Fair value hedge

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

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

Cash flow hedge

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

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.

12 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.

13 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.

14 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.

15 EMPLOYEE BENEFITS

Pension scheme arrangements

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

Post-retirement medical benefits

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

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

Profit sharing and bonus plans

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

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

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

Equity settled management share incentive scheme

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

16 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.

17 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.

18 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 clients 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.

18 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, the Group does not recognise the inventory in their books.

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

All the indicators according to the standard indicate that the Group is acting as an agent, rather than a principal, thus the nett 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).

19 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.

20 LEASES (ACCOUNTING POLICY APPLIED UNTIL 30 SEPTEMBER 2019)

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Where assets are acquired under finance lease agreements that substantially transfer all the risks and rewards of ownership to the lessee, the finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the future minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

21 LEASES (ACCOUNTING POLICY APPLIED FROM 1 OCTOBER 2019)

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

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

- Fixed payments
- Lease payments to be made under reasonably certain extension options.

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

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

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;

21 LEASES (ACCOUNTING POLICY APPLIED FROM 1 OCTOBER 2019) (CONTINUED)

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 makes adjustments to 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.

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, and
- > 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 earnings 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)

CW Sim (Financial Director)

BS du Toit*#

D du Toit*#

JH le Roux*

EA Messina*#

WC Michaels*#

CA Otto*#

HM Smit*#

JH van Niekerk®

I Chalumbira*

* *Non-executive*

Independent

® *Retired as a member of the Board effective
13 February 2020*

Company Secretary

RH Köstens

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

KAAP  AGRI



www.kaapagri.co.za