Ion Exchange Safic Proprietary Limited
(Registration Number: 2002/009690/07)

Annual Financial Statements
For the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Water treatment, liquid waste treatment and recycle, pollution control, solid and hazardous waste management, generation of energy from waste and related matters
Directors	FC Platt G Chakravorty DM Cutter MP Patni EW Platt R Sharma JP Pathare LRR Quinn NM Ranadive
Registered office	Accéntuate Business Park 32 Steele Street Steeledale Johannesburg 2197
Postal address	PO Box 1754 Alberton 1450
Ultimate holding company	Ion Exchange India Limited incorporated in Mumbai, India
Auditors	BDO South Africa Incorporated Registered Auditors
Secretary	Sirkien Van Schalkwyk, Juba Statutory Services
Company registration number	2002/009690/07
Level of assurance	These financial statements have been audited in compliance with section 30(2)(b)(ii) of the Companies Act of South Africa
Preparer	The annual financial statements were prepared by Reporting Partners Proprietary Limited under the supervision of: Luke Quinn Associate Company Financial Director

Contents

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

Statement of Responsibility of the Board of Directors

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

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

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

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

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

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 40, which have been prepared on the going concern basis, were approved by the board of directors on 18 May 2022 and were signed on their behalf by:

G Chakravorty	**EW Platt**

Report of the Directors

The directors have pleasure in submitting their report on the annual financial statements of Ion Exchange Safic Proprietary Limited for the year ended 31 March 2022.

1. Nature of business

The principal activities of the company are water treatment, liquid waste treatment and recycle, pollution control, solid and hazardous waste management, generation of energy from waste and related matters.

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

2. Review of financial results and activities

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

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

3. Share capital

Ion Exchange India Limited (a company not within South Africa) is the ultimate holding company with 60% shareholding in Ion Exchange Safic Proprietary Limited.

SAFIC Proprietary Limited's (a company incorporated in South Africa) shareholding is 40% in Ion Exchange Safic Propriety Limited.

The company increased its authorised share capital from 1 000 ordinary shares of no par value to 50 000 ordinary shares of no par value during the current year. The company issued an additional 1 000 ordinary shares of no par value to its existing shareholders during the current year.

4. Dividends

No dividends were declared or paid to the shareholders (2021: R Nil).

5. Directorate

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

Directors	Designation	Nationality
FC Platt	Non-Executive	South African
G Chakravorty	Executive	Indian
DM Cutter	Executive	South African
MP Patni	Executive	Indian
EW Platt	Executive	South African
R Sharma	Executive	Indian
JP Pathare	Alternate	Indian
LRR Quinn	Alternate	South African
NM Ranadive	Alternate	Indian

There have been no changes to the directorate for the year under review.

6. Directors' interests in share capital of the company

The directors have no interest in the share capital of the company.

7. Directors' interests in contracts

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

Report of the Directors

8. Events after the reporting period

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

9. Going concern

As at 31 March 2022, the company had accumulated losses of R 8 457 491 and the company's total liabilities exceeded its assets by R 4 157 491.

Being aware that the company has an accumulated loss, its going concern is dependent on a number of factors. The most significant of those factors being:

- Shareholders continue to provide financial support for the foreseeable future, which is not less than 12 months, to ensure settlement of debts, as and when they are due.
- The subordination agreements mentioned in these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Over and above this, both shareholders; Ion Exchange India Limited and SAFIC Propriety Limited commit, as per the letters of support, to:

- Provide Ion Exchange Safic Propriety Limited with the financial means to meet its obligations of completing applicable fixed asset commitments and operational cash requirements, until cash break-even.
- Arrange for Ion Exchange Safic Propriety Limited commitments to its creditors, to be performed in a satisfactory way.
- Exert full influence over Ion Exchange Safic Propriety Limited as well as projects to repay all its creditors on maturity.

COVID-19

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity’s ability to continue as a going concern.

The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity’s ability to continue as a going concern.

10. Auditors

BDO South Africa Incorporated continued in office as company auditors in accordance with the Companies Act of South Africa for the financial year ended 31 March 2022.

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South Africa

Independent Auditor's Report

To the shareholders of

Ion Exchange Safic Proprietary Limited

Opinion

We have audited the financial statements of Ion Exchange Safic Proprietary Limited (the company) set out on pages 8 to 40, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ion Exchange Safic Proprietary Limited as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

TM Rahiman
Director
Registered Auditor

18 May 2022

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statement of Financial Position as at 31 March 2022

	Notes	2022 R	2021 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	44 844	37 955
Right-of-use assets	4	804 157	607 830
Deferred tax	5	671 659	598 248
		1 520 660	**1 244 033**
Current Assets			
Inventories	6	5 089 809	7 010 505
Trade and other receivables	7	4 002 935	2 104 037
Advance payments		92 471	-
Cash and cash equivalents	8	3 302 817	336 604
		12 488 032	**9 451 146**
Total Assets		**14 008 692**	**10 695 179**
Equity and Liabilities			
Equity			
Ordinary share capital and share premium	9	4 300 000	1 000 000
Accumulated loss		(8 457 491)	(11 089 443)
		(4 157 491)	**(10 089 443)**
Liabilities			
Non-Current Liabilities			
Loans payable	10	-	3 293 435
Lease liabilities	12	530 626	293 693
		530 626	**3 587 128**
Current Liabilities			
Short term portion of loan payable	10	-	301 295
Trade and other payables	11	12 334 019	11 508 579
Lease liabilities	12	301 538	387 620
Bank overdraft	8	5 000 000	5 000 000
		17 635 557	**17 197 494**
Total Liabilities		**18 166 183**	**20 784 622**
Total Equity and Liabilities		**14 008 692**	**10 695 179**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2022 R	2021 R
Revenue	13	28 112 144	19 941 557
Cost of sales		(18 349 271)	(11 973 543)
Gross profit		**9 762 873**	**7 968 014**
Other income	14	46 967	128 136
Gain on exchange rate and sale of assets		6 392	214 299
Other operating expenses		(6 532 019)	(6 925 143)
Operating profit	15	**3 284 213**	**1 385 306**
Finance income	16	10 698	23 145
Finance costs	17	(736 370)	(1 339 905)
Profit before taxation		**2 558 541**	**68 546**
Income tax expense	18	73 411	161 766
Total comprehensive income for the year		**2 631 952**	**230 312**

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
Balance at 01 April 2020	**1 000**	**999 000**	**1 000 000**	**(11 319 755)**	**(10 319 755)**
Profit for the year	-	-	-	230 312	230 312
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**230 312**	**230 312**
Balance at 01 April 2021	**1 000**	**999 000**	**1 000 000**	**(11 089 443)**	**(10 089 443)**
Profit for the year	-	-	-	2 631 952	2 631 952
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**2 631 952**	**2 631 952**
Issue of shares	1 000	3 299 000	3 300 000	-	3 300 000
Total contributions by and distributions to owners of company recognised directly in equity	**1 000**	**3 299 000**	**3 300 000**	**-**	**3 300 000**
Balance at 31 March 2022	**2 000**	**4 298 000**	**4 300 000**	**(8 457 491)**	**(4 157 491)**

Statement of Cash Flows

	Notes	2022 R	2021 R
Cash flows from operating activities			
Profit before taxation		2 558 541	68 546
Adjustments for:			
Depreciation and amortisation		174 463	418 502
Loss on disposals of assets		1 543	471
Loss on foreign exchange		-	859 025
Interest received		(10 698)	(23 145)
Finance costs		736 370	1 339 905
Changes in working capital:			
Inventories		1 920 696	(2 943 136)
Trade and other receivables		(1 898 898)	1 644 109
Advance payments		(92 471)	33 333
Trade and other payables		825 440	(809 670)
Cash generated from operations		**4 214 986**	**587 940**
Interest received		10 698	23 145
Finance costs		(560 547)	(875 613)
Net cash from operating activities		**3 665 137**	**(264 528)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(25 251)	(3 450)
Net cash from investing activities		**(25 251)**	**(3 450)**
Cash flows from financing activities			
Proceeds on share issue	9	1 980 000	-
Proceeds from loans payable		-	1 358 000
Repayment of loans payable		(2 459 826)	(1 678 475)
Repayment of lease liabilities		(193 847)	(475 688)
Net cash from financing activities		**(673 673)**	**(796 163)**
Total cash movement for the year		**2 966 213**	**(1 064 141)**
Cash at the beginning of the year		(4 663 396)	(3 599 255)
Total cash at end of the year	8	**(1 697 183)**	**(4 663 396)**

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except as indicated below and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Accounting Policies

1.3 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
IT equipment	Straight line	3 - 5 years
Computer software	Straight line	5 years
Leasehold improvements	Straight line	10 years
Branding	Straight line	1 - 3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

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

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

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

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Accounting Policies

1.4 Financial instruments (continued)

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

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment and estimated credit losses (ECL)

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding deposits, other receivables, VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Accounting Policies

1.4 Financial instruments (continued)

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

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

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Borrowings and loans from related parties

Classification

Loans payable (note 10) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables

Classification

Trade and other payables (note 11), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Accounting Policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These financial assets are classified as financial assets carried at amortised cost.

Bank overdrafts

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

Derecognition

Financial assets

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

Financial liabilities

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

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.5 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

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

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

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

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

Accounting Policies

1.6 Leases (continued)

Company as lessee

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

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

Details of leasing arrangements where the company is a lessee are presented in note 12 Lease liabilities (company as lessee).

Lease liability

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

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives; and
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

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

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

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

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

Accounting Policies

1.6 Leases (continued)

Right-of-use assets

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

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

Accounting Policies

1.8 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

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

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

1.11 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Accounting Policies

1.12 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Performance obligations and timing of revenue recognition

The majority of the company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.

However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the company still has physical possession only if:
- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- A Ion Exchange Safic (Pty) Ltd company does not have the ability to use the product to direct it to another customer.

The company has a small division which carries out consultancy-type services for clients, with revenue recognised as the services accrue. This is because some of the "plants" require further "consultancy/service to continue in a productive state, the alternative being that the contracts would require payment to be received for the time and effort spent by the company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the company's failure to perform its obligations under the contract. On partially complete design contracts, Ion Exchange Safic (Pty) Ltd recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input based method) or utilising a costing sheet with estimations of project lead time and stages of completion by percentage. This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours, material usage and services to complete the projects and therefore also represents the amount to which the company would be entitled based on its performance to date.

Determining the transaction price

Most of the company's revenue is derived from a fixed contract formula by market sector and product type, therefore the amount of revenue to be earned from each contract is determined by reference to those fixed percentage prices.

The selling price is derived by formulating the 'Cost price (Intercompany Transfer Price + Import Cost) + % Sales Margin = Sales Price
Chemicals –% Sales Margin - Pricing is quoted per Kg, Distributors are quoted at 35% of GP and customers at 55% of GP
Resin – % Sales Margin – Pricing is quoted per LT, Distributors are quoted at 30-40% of GP and customers at 45% of GP
Membranes - % Sales Margin – Pricing is quoted per Unit/EA, Distributors are quoted at 20% of GP and customers at 35% of GP

The Exceptions are:
- Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Accounting Policies

1.12 Revenue from contracts with customers (continued)

In order to win significant repeat business with key customers, the company might enter into contracts entitling them to discounts if it places repeat orders in the future. Such discounts constitute a 'material right' and result in some of the consideration received for the initial sale being deferred and recognised as revenue when subsequent sales are fulfilled or (if later) when the rights to receive a discount expire. The company estimates both the probability that the customer will take up its future discount offer and the value of future purchases that might be made in order to estimate the value of the rights granted. This has to be done on a contract–by-contract basis for each customer to whom material rights have been granted.

The directors do not consider past experience an appropriate basis for estimating the amount of total contract revenue to allocate to future discount rights for two reasons. Firstly, there is not a significant number of such contracts on which past experience can be extrapolated. And secondly, each customer has unique circumstances which will impact both the probability and value of additional orders being placed. Therefore, the estimates are made by reference to discussions had with the relevant customers as to the extent the discount options will be taken up when the original contracts were negotiated.

Costs of obtaining long-term contracts and costs of fulfilling contracts

Incremental commissions paid to sales staff for work in obtaining design contracts of periods longer than one year are recorded in prepayments and amortised based on the stage of completion of the contract, i.e. in the same pattern as revenue is recognised.

No judgement is needed to measure the amount of costs of obtaining contracts – it is the commission paid.

The costs of fulfilling contracts do not result in the recognition of a separate asset because:
-such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
-for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out.

Consequently, no asset for work in progress is recognised.

1.13 Cost of sales

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

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

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.15 Translation of foreign currencies

Foreign currency transactions

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

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

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	No impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	No impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	No impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	No impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	No impact

2.2 Standards and interpretations not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact

Notes to the Annual Financial Statements

	2022 R	2021 R

3. Property, plant and equipment

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	10 127	(7 426)	2 701	10 127	(6 414)	3 713
IT equipment	140 781	(106 286)	34 495	138 379	(106 473)	31 906
Computer software	18 352	(10 706)	7 646	10 996	(8 662)	2 334
Branding	31 657	(31 655)	2	31 657	(31 655)	2
Total	**200 917**	**(156 073)**	**44 844**	**191 159**	**(153 204)**	**37 955**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	3 713	-	-	(1 012)	2 701
IT equipment	31 906	17 895	(1 543)	(13 763)	34 495
Computer software	2 334	7 356	-	(2 044)	7 646
Branding	2	-	-	-	2
	37 955	**25 251**	**(1 543)**	**(16 819)**	**44 844**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4 726	-	-	(1 013)	3 713
IT equipment	41 592	3 450	-	(13 136)	31 906
Computer software	3 735	-	-	(1 401)	2 334
Leasehold improvements	472	-	(472)	-	-
Branding	2	-	-	-	2
	50 527	**3 450**	**(472)**	**(15 550)**	**37 955**

Notes to the Annual Financial Statements

	2022	2021
	R	R

4. Right-of-use assets

	2022			2021		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Land and buildings	1 028 646	(224 489)	804 157	1 030 824	(471 593)	559 231
Plant, machinery and motor vehicles	-	-	-	159 555	(110 956)	48 599
Total	**1 028 646**	**(224 489)**	**804 157**	**1 190 379**	**(582 549)**	**607 830**

Reconciliation of right-of-use assets - 2022

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Land and buildings	559 231	1 028 646	(626 076)	(157 644)	804 157
Plant, machinery and motor vehicles	48 599	-	(48 599)	-	-
	607 830	**1 028 646**	**(674 675)**	**(157 644)**	**804 157**

Reconciliation of right-of-use assets - 2021

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Land and buildings	690 335	196 861	-	(327 965)	559 231
Plant, machinery and motor vehicles	129 488	-	(5 902)	(74 987)	48 599
	819 823	**196 861**	**(5 902)**	**(402 952)**	**607 830**

Refer to note 12 for further details regarding the leases.

Notes to the Annual Financial Statements

	2022 R	2021 R
5. Deferred tax		
Deferred tax liability		
Prepayments	(26 038)	-
Deferred tax asset		
Provision for leave pay	58 244	66 533
Provision for obsolete stock	184 057	82 561
Amounts received in advance	413 331	263 071
Unrealised forex gain	2 142	60 136
Provision for bad debts	32 361	105 372
IFRS 16 right-of-use asset & lease liability	7 562	20 575
Deferred tax balance from temporary differences other than unused tax losses	697 697	598 248
Total deferred tax asset	**697 697**	**598 248**

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

Deferred tax liability	(26 038)	-
Deferred tax asset	697 697	598 248
Total net deferred tax asset	**671 659**	**598 248**

Deferred tax is calculated in full on temporary differences under the liability method using an applicable tax rate of 27%.

Reconciliation of deferred tax asset

Deferred tax balance at the beginning of the financial year	598 248	436 482
Taxable / (deductible) temporary difference movement	73 411	161 766
Deferred tax balance at the end of the financial year	**671 659**	**598 248**

Recognition of deferred tax asset

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where the company and its directors believe it is probable that these assets will be recovered.

Notes to the Annual Financial Statements

	2022 R	2021 R
6. Inventories		
Finished goods	5 771 503	7 305 367
	5 771 503	7 305 367
Provision for obsolete inventory	(681 694)	(294 862)
	5 089 809	**7 010 505**

7. Trade and other receivables

	2022 R	2021 R
Financial instruments:		
Trade receivables	4 067 170	2 504 928
Loss allowance	(159 805)	(501 769)
Trade receivables at amortised cost	3 907 365	2 003 159
Deposits	-	2 500
Staff loans	-	3 233
Non-financial instruments:		
VAT	95 570	95 145
Total trade and other receivables	**4 002 935**	**2 104 037**

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

	2022 R	2021 R
At amortised cost	3 907 365	2 008 892
Non-financial instruments	95 570	95 145
	4 002 935	**2 104 037**

Exposure to credit risk

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

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

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Annual Financial Statements

	2022 R	2021 R

7. Trade and other receivables (continued)

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

	2022	2022	2021	2021
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due: 0% (2021: 0%)	2 605 582	-	2 129 709	-
31 - 60 days past due: 0% (2021: 0%)	846 348	-	730 170	-
61 - 90 days past due: 0.59% (2021: 37.55%)	477 406	(2 803)	113 612	(42 665)
91 - 120 days past due: 100% (2021: 100%)	3 450	(3 450)	23 430	(23 430)
121 - 150 days past due: 100% (2021: 0%)	20 677	(20 677)	-	-
More than 150 days past due: 100% (2021: 100%)	132 875	(132 875)	435 034	(435 674)
Total	**4 086 338**	**(159 805)**	**3 431 955**	**(501 769)**

Reconciliation of loss allowances

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

	2022 R	2021 R
Opening balance in accordance with IFRS 9	**(501 769)**	**(420 822)**
Provision raised on new trade receivables	(159 805)	(80 947)
Provisions reversed on settled trade receivables	501 769	-
Closing balance	**(159 805)**	**(501 769)**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 R	2021 R
Cash on hand: Petty cash	192	192
Cash at Banks: FNB	3 302 625	336 412
Bank overdraft: ICICI	(5 000 000)	(5 000 000)
	(1 697 183)	**(4 663 396)**
Current assets	3 302 817	336 604
Current liabilities	(5 000 000)	(5 000 000)
	(1 697 183)	**(4 663 396)**

Cession of FirstRand Deposit / Credit Balances Unlimited Pledges / Notices / Withdrawal Cost R 255 000.

Notes to the Annual Financial Statements

	2022 R	2021 R

9. Ordinary share capital and share premium

	2022 R	2021 R
Authorised		
50 000 (2021: 1 000) ordinary shares of no par value	50 000	1 000
Issued		
2 000 (2021: 1 000) ordinary shares of no par value	2 000	1 000
Share premium	4 298 000	999 000
	4 300 000	**1 000 000**

10. Loans payable

	2022 R	2021 R
Held at amortised cost		
Loan from 60% Parent: Ion Exchange India Limited	-	1 976 502
Loan from 40% Owner/Associated Company: SAFIC Proprietary Limited	-	1 316 933
Loan Other- Short Term: SAFIC Proprietary Limited	-	301 295
	-	**3 594 730**

Split between non-current and current portions

	2022 R	2021 R
Non-current liabilities	-	3 293 435
Current liabilities	-	301 295
	-	**3 594 730**
Interest accrued on long term loans not yet paid: Ion Exchange India Limited	-	1 104 294
Interest accrued on long term loan not yet paid: SAFIC Proprietary Limited	-	764 642
	-	**1 868 936**

The loans were unsecured and carried interest of 11% (2021: 11%) p.a and had no set terms of repayment. The loans were repaid during the current year.

The loans were subordinated in favour of other creditors until such time as the assets of the company fairly valued exceeded the liabilities.

The SAFIC Short term loan was unsecured and carried interest at FNB prime plus 6.5% up to July 2020 and from 24 July 2020 at Standard Bank prime plus 3.5%, paid by the earliest day of the following month whenever SAFIC claimed.

11. Trade and other payables

	2022 R	2021 R
Financial instruments:		
Trade payables	11 745 997	10 808 751
Accrued leave pay and bonus	215 720	237 618
Payroll accruals	118 691	128 830
Accrued audit fees	174 108	166 960
Sundry accruals	79 503	166 420
	12 334 019	**11 508 579**

Included in trade payables are amounts due to the shareholders to the value of R 8 355 974 (2021: R 4 707 635) which have been subordinated in favour of the other creditors until such time as the assets fairly valued exceed the liabilities.

Notes to the Annual Financial Statements

	2022 R	2021 R

12. Lease liabilities

The lease balances below have been recognised from the sub-lease of office space and warehouse space from Safic Proprietary Limited with an option to renew, since Safic has the current primary contract with the lessor, the lease in respect of Safic has been calculated to the end of Safic's lease term which is September 2023 (2021: June 2023). In the prior year, Ion exchange Safic also sub-let warehouse space and a forklift from Floorworx Proprietary Limited, Floorworx had the primary contract that ended in September 2021.

2022	**Land and buildings**	**Plant, machinery and motor vehicles**	**Total**
Lease liabilities at the beginning of the year	636 109	45 204	681 313
Additions / (disposals)	392 537	(45 204)	347 333
Interest expense	49 918	-	49 918
Lease payments	(246 400)	-	(246 400)
Lease liabilities at the end of the year	**832 164**	**-**	**832 164**

2021	**Land and buildings**	**Plant, machinery and motor vehicles**	**Total**
Lease liabilities at the beginning of the year	715 786	134 109	849 895
Additions / (disposals)	191 656	-	191 656
Interest expense	110 755	4 695	115 450
Lease payments	(382 088)	(93 600)	(475 688)
Lease liabilities at the end of the year	**636 109**	**45 204**	**681 313**

	Leases up to 3 months	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Lease liability balances as at 31 March 2022	-	-	301 538	530 626	-
Lease liability balances as at 31 March 2021	-	-	387 620	293 693	-

Commitments

Operating leases – as lessee

Minimum lease payments due	2022 R	2021 R
- within one year	301 538	387 620
- in second to fifth year inclusive	530 626	293 693
	832 164	**681 313**

The lease payments represent rentals payable by the company for certain of its office properties, warehouse spaces.

Notes to the Annual Financial Statements

	2022 R	2021 R

13. Revenue

	2022 R	2021 R
Revenue from contracts with customers		
Sales	27 788 918	19 883 932
Technical fees received	376 356	110 945
Debtor discount allowed	(53 130)	(53 320)
	28 112 144	**19 941 557**

14. Other income

	2022 R	2021 R
Rental income	-	19 500
Bad debts recovered	-	460
CFC bank account revaluation gain	46 659	103 976
Other income	300	4 200
Discount received	8	-
	46 967	**128 136**

15. Operating profit

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

	2022 R	2021 R
Auditor's remuneration - external		
Audit fees	175 210	159 399

Employee costs

	2022 R	2021 R
Salaries, wages, bonuses and other benefits	3 897 062	3 936 385
M/V allowance salary	374 000	366 000
Company cost disability/death benefits	54 883	53 694
Medical contribution salary	300 700	290 337
Provident contribution salary	187 157	190 999
Total employee costs	**4 813 802**	**4 837 415**

Leases

	2022 R	2021 R
Operating lease charges		
Premises - short term / low value leases	227 775	147 555
Equipment	46 800	-
	274 575	**147 555**

	2022 R	2021 R
Depreciation and amortisation		
Amortisation of right-of-use assets	157 644	402 952
Depreciation of property, plant and equipment	16 819	15 550
Total depreciation and amortisation	**174 463**	**418 502**

	2022 R	2021 R
Other		
Accounting fees	425 751	331 209
Commission paid	-	6 383
Fuel and oil	173 748	118 026

Notes to the Annual Financial Statements

	2022 R	2021 R

16. Finance income

Interest income		
Bank	10 698	23 145

17. Finance costs

Interest paid - Intergroup	185 096	348 842
Interest on lease liabilities IFRS 16	43 281	115 450
Interest paid - Local bank account	394 512	409 442
Interest paid - Foreign bank account	112 781	462 611
Interest paid - Other	700	3 560
Total finance costs	**736 370**	**1 339 905**

18. Taxation

Major components of the tax recovery

Deferred tax recovery		
Originating and reversing temporary differences	(73 411)	(161 766)

Reconciliation of the tax recovery

Reconciliation between accounting profit and tax recovery.

Accounting profit	2 558 541	68 546
Tax at the applicable tax rate of 28% (2021: 28%)	716 391	19 193
Tax effect of adjustments on taxable income		
Non-deductible expenses	5 387	120
Assessed loss utilised	(790 777)	(181 079)
Change in tax rate	(4 412)	-
	(73 411)	**(161 766)**

No provision has been made for 2022 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 7 161 548 (2021: R 10 090 351).

19. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2022

	Opening balance	Non-cash movements	Cash flows	Closing balance
Loans payable	3 594 730	(1 134 904)	(2 459 826)	-
Lease liabilities	681 313	344 698	(193 847)	832 164
Total liabilities from financing activities	**4 276 043**	**(790 206)**	**(2 653 673)**	**832 164**

Notes to the Annual Financial Statements

	2022 R	2021 R

19. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - 2021

	Opening balance	Non-cash movements	Cash flows	Closing balance
Loans payable	3 567 061	348 144	(320 475)	3 594 730
Lease liabilities	849 895	307 106	(475 688)	681 313
Total liabilities from financing activities	**4 416 956**	**655 250**	**(796 163)**	**4 276 043**

20. Related parties

Relationships

Parent company	Ion Exchange India Limited
40% shareholder	Safic Proprietary Limited

Related party balances

	2022	2021
Loan accounts - Owing (to) by related parties		
Ion Exchange India Limited	-	(1 976 502)
Safic Proprietary Limited	-	(1 618 228)

The loans were unsecured and carried interest of 11% (2021: 11%) p.a and had no set terms of repayment. The loans were repaid during the current year.

The loans were subordinated in favour of other creditors until such time as the assets fairly valued exceeded the liabilities.

The SAFIC Short term loan was unsecured and carried interest at FNB prime plus 6.5% up to July 2020 and from 24 July 2020 at Standard Bank prime plus 3.5%, paid by the earliest day of the following month whenever SAFIC claimed.

	2022	2021
Amounts included in trade receivables regarding related party		
Safic Proprietary Limited	16 093	38 561
Amounts included in trade payables regarding related parties		
Ion Exchange India Limited	8 161 155	4 275 642
Safic Proprietary Limited	194 818	431 993

Related party transactions

	2022	2021
Sales to related party		
Safic Proprietary Limited	314 664	348 216
Purchases from related parties		
Ion Exchange India Limited	10 872 391	11 965 194
Safic Proprietary Limited	618 255	449 039
Rent paid to related party		
Safic Proprietary Limited	363 175	115 921
Admin and management fees paid to related party		
Safic Proprietary Limited	426 751	255 835
Interest paid to related parties		
Ion Exchange India Limited	122 253	195 864
Safic Proprietary Limited	63 020	152 978

Notes to the Annual Financial Statements

	2022 R	2021 R
20. Related parties (continued)		
Operational cost paid to related party		
Safic Proprietary Limited	522 373	441 959

21. Directors' emoluments

Executive

2022

Directors' emoluments	Emoluments	Annual bonus	Other emoluments	Total
Services as director				
G Chakravorty	1 224 996	25 521	342 272	1 592 789

No other executive or alternate director received any remuneration from the company during the current year.

2021

Directors' emoluments	Emoluments	Annual bonus	Other emoluments	Total
Services as director				
G Chakravorty	1 217 522	-	338 708	1 556 230

No other executive or alternate director received any remuneration from the company during the previous year.

Non-executive

2022

Directors' emoluments	Fees for services as director	Total
Services as director		
FC Platt	120 000	120 000

2021

Directors' emoluments	Fees for services as director	Total
Services as director		
FC Platt	70 000	70 000

Notes to the Annual Financial Statements

22. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2022

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	7	3 907 365	3 907 365	3 907 365
Cash and cash equivalents	8	3 302 817	3 302 817	3 302 817
		7 210 182	**7 210 182**	**7 210 182**

2021

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	7	2 008 892	2 008 892	2 008 892
Cash and cash equivalents	8	336 604	336 604	336 604
		2 345 496	**2 345 496**	**2 345 496**

Categories of financial liabilities

2022

	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	11	12 334 019	-	12 334 019	12 334 019
Lease liabilities	12	-	832 164	832 164	832 164
Bank overdraft	8	5 000 000	-	5 000 000	5 000 000
		17 334 019	**832 164**	**18 166 183**	**18 166 183**

2021

	Notes	Amortised cost	Leases	Total	Fair value
Loans payable	10	3 594 730	-	3 594 730	3 594 730
Trade and other payables	11	11 508 579	-	11 508 579	11 508 579
Lease liabilities	12	-	681 313	681 313	681 313
Bank overdraft	8	5 000 000	-	5 000 000	5 000 000
		20 103 309	**681 313**	**20 784 622**	**20 784 622**

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Financial risk management

Overview

The company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk

22. Financial instruments and risk management (continued)

Credit risk

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

The company is exposed to credit risk on loans receivable (at amortised cost), trade and other receivables and cash and cash equivalents.

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

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

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management applies the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default. When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

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

	2022			2021		
	Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	4 067 170	(159 805)	3 907 365	2 510 661	(501 769)	2 008 892
Cash and cash equivalents	3 302 817	-	3 302 817	336 604	-	336 604
	7 369 987	**(159 805)**	**7 210 182**	**2 847 265**	**(501 769)**	**2 345 496**

Notes to the Annual Financial Statements

22. Financial instruments and risk management (continued)

Liquidity risk

The company's risk to liquidity is a result of obligations associated with financial liabilities of the company and the availability of funds to meet those obligations. The company manages liquidity risk through an on-going review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances due equal their carrying balances.

2022

	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities				
Lease liabilities	-	530 626	530 626	530 626
Current liabilities				
Trade and other payables	12 334 019	-	12 334 019	12 334 019
Lease liabilities	301 538	-	301 538	301 538
Bank overdraft	5 000 000	-	5 000 000	5 000 000
	17 635 557	**530 626**	**18 166 183**	**18 166 183**

2021

	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities				
Loans payable	-	3 293 435	3 293 435	3 293 435
Lease liabilities	-	293 693	293 693	293 693
Current liabilities				
Short term portion of loan payable	301 295	-	301 295	301 295
Trade and other payables	11 508 579	-	11 508 579	11 508 579
Lease liabilities	387 620	-	387 620	387 620
Bank overdraft	5 000 000	-	5 000 000	5 000 000
	17 197 494	**3 587 128**	**20 784 622**	**20 784 622**

Notes to the Annual Financial Statements

	2022 R	2021 R

22. Financial instruments and risk management (continued)

Foreign currency risk

The company is exposed to foreign exchange risk arising primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions in foreign currencies. The company manages its foreign exchange risk using forward exchange contracts, transacted with financial institutions. Foreign exchange risk arises when commercial transactions are denominated in a currency that is not the entity's functional currency.

The company enters into forward exchange contracts (FECs) to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the company's exposure to fluctuations in foreign currency exchange rates on specific transactions. The company does not use forward exchange contracts for speculative purposes.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:

Current assets:		
Cash and cash equivalents	1 075 832	165
Liabilities:		
Contract	(8 463 299)	(9 263 600)
Net US Dollar exposure	**(7 387 467)**	**(9 263 435)**

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:

Current assets:		
Cash and cash equivalents	74 347	11
Liabilities:		
Contract	(584 866)	(621 297)
Net US Dollar exposure	**(510 519)**	**(621 286)**

Foreign currency sensitivity analysis

At 31 March 2022, if the Rand/dollar exchange rate had been 1% (2021: 1%) higher or lower during the year, with all other variables held constant, profit or loss for the year would have been R 73 875 (2021: R 92 634) higher or lower.

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Annual Financial Statements

23. Going concern

As at 31 March 2022, the company had accumulated losses of R 8 457 491 and the company's total liabilities exceeded its assets by R 4 157 491.

Being aware that the company has an accumulated loss, its going concern is dependent on a number of factors. The most significant of those factors being:

- Shareholders continue to provide financial support for the foreseeable future, which is not less than 12 months, to ensure settlement of debts, as and when they are due.
- The subordination agreements mentioned in these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Over and above this, both shareholders; Ion Exchange India Limited and SAFIC Propriety Limited commit, as per the letters of support, to:

- Provide Ion Exchange Safic Propriety Limited with the financial means to meet its obligations of completing applicable fixed asset commitments and operational cash requirements, until cash break-even.
- Arrange for Ion Exchange Safic Propriety Limited commitments to its creditors, to be performed in a satisfactory way.
- Exert full influence over Ion Exchange Safic Propriety Limited as well as projects to repay all its creditors on maturity.

COVID-19

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity’s ability to continue as a going concern.

The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity’s ability to continue as a going concern.

24. Events after the reporting period

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

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Notes	2022 R	2021 R
Revenue			
Sale of goods		27 788 918	19 883 932
Rendering of services		376 356	110 945
Discount allowed		(53 130)	(53 320)
	13	**28 112 144**	**19 941 557**
Cost of sales			
Opening stock		(7 305 367)	(4 423 249)
Purchases		(16 815 407)	(14 855 661)
Closing stock		5 771 503	7 305 367
		(18 349 271)	**(11 973 543)**
Gross profit		**9 762 873**	**7 968 014**
Other income			
Rental income		-	19 500
Bad debts recovered		-	460
CFC bank revaluation gain		46 659	103 976
Other income		300	4 200
Discount received		8	-
	14	**46 967**	**128 136**
Other operating gains (losses)			
Losses on disposal of assets		(1 543)	(471)
Foreign exchange gains		7 935	214 770
		6 392	**214 299**
Expenses (Refer to page 42)		**(6 532 019)**	**(6 925 143)**
Operating profit	15	**3 284 213**	**1 385 306**
Finance income	16	10 698	23 145
Finance costs	17	(736 370)	(1 339 905)
Profit before taxation		**2 558 541**	**68 546**
Income tax expense	18	73 411	161 766
Total comprehensive income for the year		**2 631 952**	**230 312**

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2022 R	2021 R
Other operating expenses			
Advertising		(5 402)	(9 766)
Auditors remuneration - external auditors		(175 210)	(159 399)
BBBEE Enterprise and social development		-	(35 090)
Bad debts		341 964	(39 773)
Bank charges including EXIM		(139 013)	(172 230)
Commission/agency fees		-	(6 383)
Computer expenses		(256 037)	(256 746)
Conference/training		(1 542)	-
Consulting and professional fees		(27 696)	(68 506)
Consumables		(521)	(250)
Courier		(3 359)	(1 778)
Debtor payment differences		(1)	-
Depreciation		(174 463)	(418 502)
Donations - Non tax deductible		(10 000)	(429)
Employee costs		(4 813 802)	(4 837 415)
Entertainment and meetings		(10 017)	(7 045)
Financial services		(426 751)	(331 209)
Fines and penalties		(9 238)	-
Insurance		(90 880)	(76 040)
Lease rentals on operating lease		(274 575)	(147 555)
M/V hire		-	(17 735)
Mobile and land lines		(94 982)	(87 756)
Motor vehicle expenses		(177 006)	(120 243)
Municipal expenses		(16 803)	(5 777)
Parking and toll fees		(17 001)	(10 070)
Payroll commission		(18 666)	(27 786)
Printing and stationery		(54 565)	(55 835)
Product testing		(16 323)	(1 783)
Protective clothing		(590)	(1 150)
Repairs and maintenance		(27 802)	-
Sales prizes and awards		(2 843)	-
Secretarial fees		(12 425)	(5 000)
Staff refreshments		(5 472)	(2 872)
Staff training		-	(10 369)
Staff welfare including staff accomodation		(23 405)	(3 608)
Stock FG adjustment write off		42 527	(13 687)
Stock impairment		-	36 104
Subscriptions and membership fees		(16 197)	(17 700)
Travel and accomodation		(13 923)	(11 760)
		(6 532 019)	**(6 925 143)**