Ion Exchange Safic Proprietary Limited
(Registration number 2002/009690/07)
Annual financial statements
for the year ended 31 March 2024

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	G Chakravorty DM Cutter JP Pathare MP Patni EW Platt FC Platt LRR Quinn NM Ranadive R Sharma
Registered office	Safic 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	PKF VGA 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:

The following supplementary information does not form part of the annual financial statements and is unaudited:

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 2025 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 39, which have been prepared on the going concern basis, were approved by the board of directors on 24 May 2024 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 2024.

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.

There have been no changes to the authorised share capital during the year under review. 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 (2023: R Nil).

5. Directorate

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

Directors	Designation	Nationality
G Chakravorty	Executive	Indian
DM Cutter	Executive	South African
JP Pathare	Alternate	Indian
MP Patni	Executive	Indian
EW Platt	Executive	South African
FC Platt	Non-Executive	South African
LRR Quinn	Alternate	South African
NM Ranadive	Alternate	Indian
R Sharma	Executive	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 2024, the company had accumulated losses of R 5 645 298 and the company's total assets exceeded its liabilities by R 3 654 702.

The cash flows of the company have been reviewed and considered by the directors in accordance with the preparation of the financial statements. The company has sufficient cash and other resources to pay its debts as they become due and continue its operations for the foreseeable future. The company has met all of its debt and interest payment obligations during the year and has no known external events or circumstances that could affect its ability to operate as a going concern.

10. Auditors

PKF VGA was appointed as the company's auditors in accordance with the Companies Act of South Africa for the financial year ended 31 March 2024.

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Independent Auditor's Report

To the Shareholder 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 39, which comprise the statement of financial position as at 31 March 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Information

The director is responsible for the other information. The other information comprises the information included in the document titled "ION Exchange safic Proprietary Limited financial statements for the year ended 31 March 2024", which includes the Director's Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 21 to 22. 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 Director for the Financial Statements

The director is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PKF(VGA)

PKF (VGA) Chartered Accountants
Partner:S Bensch
Chartered Accountants (SA)
23 May , 2024
Johannesburg

Statement of Financial Position as at 31 March 2024

	Notes	2024 R	2023 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	143 829	71 588
Right-of-use assets	4	5 905 650	398 545
Deferred tax	5	1 107 071	681 273
		7 156 550	**1 151 406**
Current Assets			
Inventories	6	7 646 481	12 416 660
Trade and other receivables	7	9 073 921	5 682 166
Cash and cash equivalents	8	4 229 704	2 637 384
		20 950 106	**20 736 210**
Total Assets		**28 106 656**	**21 887 616**
Equity and Liabilities			
Equity			
Ordinary share capital and share premium	9	9 300 000	4 300 000
Accumulated loss		(5 645 298)	(7 044 898)
		3 654 702	**(2 744 898)**
Liabilities			
Non-Current Liabilities			
Lease liabilities	10	5 248 051	-
Current Liabilities			
Trade and other payables	11	17 906 067	24 304 449
Current tax payable		145 608	-
Lease liabilities	10	1 152 228	328 065
		19 203 903	**24 632 514**
Total Liabilities		**24 451 954**	**24 632 514**
Total Equity and Liabilities		**28 106 656**	**21 887 616**

Ion Exchange Safic Proprietary Limited
(Registration number 2002/009690/07)
Annual Financial Statements for the year ended 31 March 2024

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 R	2023 R
Revenue	12	44 760 554	42 330 329
Cost of sales		(30 045 340)	(29 563 835)
Gross profit		**14 715 214**	**12 766 494**
Other income	13	438 607	836 246
Loss on exchange rate		(1 014 464)	(1 529 679)
Other operating expenses		(10 977 116)	(9 428 297)
Operating profit	14	**3 162 241**	**2 644 764**
Finance income	15	90 831	64 676
Finance costs	16	(2 133 663)	(1 306 461)
Profit before taxation		**1 119 409**	**1 402 979**
Income tax expense	17	280 191	9 614
Total comprehensive income for the year		**1 399 600**	**1 412 593**

Statement of Changes in Equity

	Share capital R	Share premium R	Total share capital R	Accumulated loss R	Total equity R
Balance at 01 April 2022	**2 000**	**4 298 000**	**4 300 000**	**(8 457 491)**	**(4 157 491)**
Profit for the year	-	-	-	1 412 593	1 412 593
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**1 412 593**	**1 412 593**
Balance at 01 April 2023	**2 000**	**4 298 000**	**4 300 000**	**(7 044 898)**	**(2 744 898)**
Profit for the year	-	-	-	1 399 600	1 399 600
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**1 399 600**	**1 399 600**
Issue of shares	1 000	4 999 000	5 000 000	-	5 000 000
Total contributions by and distributions to owners of company recognised directly in equity	**1 000**	**4 999 000**	**5 000 000**	**-**	**5 000 000**
Balance at 31 March 2024	**3 000**	**9 297 000**	**9 300 000**	**(5 645 298)**	**3 654 702**

Statement of Cash Flows

	Notes	2024 R	2023 R
Cash flows from operating activities			
Profit before taxation		1 119 409	1 402 979
Adjustments for:			
Depreciation and amortisation		1 512 640	503 466
Interest received		(90 831)	(64 676)
Finance costs		2 133 663	1 306 461
Changes in working capital:			
Inventories		4 770 179	(7 326 851)
Trade and other receivables		(3 391 755)	(1 679 231)
Advance payments		-	92 471
Trade and other payables		(6 398 381)	11 970 430
Non cash items		(898 428)	-
Cash (used in) generated from operations		**(1 243 504)**	**6 205 049**
Interest received		90 831	64 676
Finance costs		(490 938)	(1 306 461)
Net cash from operating activities		**(1 643 611)**	**4 963 264**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(108 469)	(50 877)
Net cash from investing activities		**(108 469)**	**(50 877)**
Cash flows from financing activities			
Proceeds on share issue	9	5 000 000	-
Repayment of lease liabilities		(1 655 600)	(577 820)
Net cash from financing activities		**3 344 400**	**(577 820)**
Total cash movement for the year		**1 592 320**	**4 334 567**
Cash at the beginning of the year		2 637 384	(1 697 183)
Total cash at end of the year	8	**4 229 704**	**2 637 384**

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 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).

Financial liabilities:

- Amortised cost.

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

Accounting Policies

1.4 Financial instruments (continued)

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.

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 14).

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.

Accounting Policies

1.4 Financial instruments (continued)

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.

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.

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 14) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Accounting Policies

1.6 Leases (continued)

Details of leasing arrangements where the company is a lessee are presented in note 10 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 16).

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.

Accounting Policies

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.

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.

Accounting Policies

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.

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
- An Ion Exchange Safic (Pty) Ltd company does not have the ability to use the product to direct it to another customer.

The company's small consultancy division provides services to clients, with revenue recognized as the services are provided. This is because some projects require ongoing services to maintain their productivity. If a client cancels a contract before completion, the company would still be entitled to payment for the work done. For projects in progress, revenue is recognized based on how much of the work is completed. This is determined either by comparing actual hours worked to total expected hours or by using a cost sheet with estimated project timelines and completion stages. This method accurately reflects the services provided and the company's entitlement to payment based on its work completed so far.

Accounting Policies

1.12 Revenue from contracts with customers (continued)

Determining the transaction price

The company earns most of its revenue from fixed contracts based on market sector and product type. The revenue from each contract is determined using fixed percentage prices. The selling price is calculated by adding a sales margin to the cost price, which includes intercompany transfer price and import cost. For different product categories like chemicals, resin, and membranes, different sales margins apply. These margins are set based on whether the customer is a distributor or end customer and are quoted per unit or kilogram.

There are exceptions to this rule when there's variable consideration like volume rebates. In these cases, the company estimates contract revenue while ensuring that future revenue won't need to be adjusted significantly when the volume rebates are finalized.

Allocating amounts to performance obligations

Contracts typically have fixed prices per product, with bulk order discounts available. Allocating the contract price per unit is straightforward: divide the total contract price by the number of units ordered. If a customer orders multiple product lines, the company splits the total contract price based on each product's standalone selling price. Discounts for future contracts, offered to secure repeat business, are treated as "material rights." This defers some initial revenue until subsequent sales occur or the discount rights expire. The company estimates the likelihood of future discounts being used and their value per customer, done on a contract-by-contract basis through discussions during original contract negotiations, as past experiences aren't sufficient for reliable predictions due to unique customer circumstances.

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

Commissions paid to sales staff for securing design contracts lasting longer than a year are recorded upfront as prepayments. These commissions are then gradually recognized as revenue is earned from the contract, aligning with the pattern of revenue recognition. The commission amount is the amount paid, no judgment is required to determine it.

For contracts involving the sale of goods, the costs of fulfilling contracts are included in the inventory's carrying amount. In service contracts, where revenue is recognised over time, based on the progress of the work, no separate asset recognition is needed. This is because control of the service is continuously transferred to the customer as the work progresses.

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 cost of sales 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.

Accounting Policies

1.14 Borrowing costs

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

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:
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	No impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	No impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	No impact
• IFRS 17 Insurance Contracts	01 January 2023	No impact
• International Tax Reform: Pillar Two Model Rules - Amendments to IAS 12	01 January 2023	No impact
• Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023	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 2024 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 2024	Unlikely there will be a material impact
• Amendments to IFRS 16: Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	Unlikely there will be a material impact
• Amendments to IAS 1: Non-current Liabilities with Covenants	01 January 2024	Unlikely there will be a material impact
• Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	01 January 2024	Unlikely there will be a material impact

Notes to the Annual Financial Statements

	2024 R	2023 R

3. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	10 127	(9 452)	675	10 127	(8 439)	1 688
IT equipment	245 440	(153 151)	92 289	168 307	(125 518)	42 789
Computer software	42 939	(18 239)	24 700	21 502	(13 583)	7 919
Leasehold improvements	30 100	(3 937)	26 163	20 200	(1 010)	19 190
Branding	31 657	(31 655)	2	31 657	(31 655)	2
Total	**360 263**	**(216 434)**	**143 829**	**251 793**	**(180 205)**	**71 588**

Reconciliation of property, plant and equipment - 2024

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	1 688	-	(1 013)	675
IT equipment	42 789	77 133	(27 633)	92 289
Computer software	7 919	21 436	(4 655)	24 700
Leasehold improvements	19 190	9 900	(2 927)	26 163
Branding	2	-	-	2
	71 588	**108 469**	**(36 228)**	**143 829**

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	2 701	-	(1 013)	1 688
IT equipment	34 495	27 527	(19 233)	42 789
Computer software	7 646	3 150	(2 877)	7 919
Leasehold improvements	-	20 200	(1 010)	19 190
Branding	2	-	-	2
	44 844	**50 877**	**(24 133)**	**71 588**

Notes to the Annual Financial Statements

	2024 R	2023 R

4. Right-of-use assets

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land and buildings	7 308 341	(1 402 691)	5 905 650	1 028 646	(657 261)	371 385
Plant, machinery and motor vehicles	73 721	(73 721)	-	73 721	(46 561)	27 160
Total	**7 382 062**	**(1 476 412)**	**5 905 650**	**1 102 367**	**(703 822)**	**398 545**

Reconciliation of right-of-use assets - 2024

	Opening balance	**Additions**	**Depreciation**	**Total**
Land and buildings	371 385	6 983 517	(1 449 252)	5 905 650
Plant, machinery and motor vehicles	27 160	-	(27 160)	-
	398 545	**6 983 517**	**(1 476 412)**	**5 905 650**

Reconciliation of right-of-use assets - 2023

	Opening balance	**Additions**	**Depreciation**	**Total**
Land and buildings	804 157	-	(432 772)	371 385
Plant, machinery and motor vehicles	-	73 721	(46 561)	27 160
	804 157	**73 721**	**(479 333)**	**398 545**

Refer to note 10 for further details regarding the leases.

Notes to the Annual Financial Statements

	2024 R	2023 R

5. Deferred tax

Deferred tax liability

Prepayments	-	(33 238)
IFRS 16 right-of-use asset & lease liability	-	(19 030)
Total deferred tax liability	**-**	**(52 268)**

Deferred tax asset

Provision for leave pay	86 741	74 240
Provision for obsolete stock	84 885	82 310
Amounts received in advance	524 718	214 127
Unrealised forex gain	273 905	317 337
Provision for bad debts	3 272	45 527
IFRS 16 right-of-use asset & lease liability	133 550	-
Deferred tax balance from temporary differences other than unused tax losses	1 107 071	733 541
Total deferred tax asset	**1 107 071**	**733 541**

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	-	(52 268)
Deferred tax asset	1 107 071	733 541
Total net deferred tax asset	**1 107 071**	**681 273**

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	681 273	671 659
Taxable / (deductible) temporary difference movement	425 798	9 614
Deferred tax balance at the end of the financial year	**1 107 071**	**681 273**

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

	2024 R	2023 R

6. Inventories

Finished goods	7 960 869	12 721 510
	7 960 869	12 721 510
Provision for obsolete inventory	(314 388)	(304 850)
	7 646 481	**12 416 660**

7. Trade and other receivables

Financial instruments:		
Trade receivables	9 064 757	5 798 453
Loss allowance	(16 158)	(224 825)
Trade receivables at amortised cost	9 048 599	5 573 628
Deposits	21 205	-
Staff loans	4 117	-
Non-financial instruments:		
VAT	-	21 282
Prepayments	-	87 256
Total trade and other receivables	**9 073 921**	**5 682 166**

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

At amortised cost	9 073 921	5 573 628
Non-financial instruments	-	108 538
	9 073 921	**5 682 166**

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

	2024 R	2023 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:

	2024	2024	2023	2023
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% (2023: 0.07%)	8 778 546	-	4 805 904	(3 134)
31 - 60 days past due: 0% (2023: 0%)	248 870	-	528 504	-
61 - 90 days past due: 0% (2023: 0%)	21 183	-	242 354	-
91 - 120 days past due: 0% (2023: 100%)	-	-	10 098	(10 098)
121 - 150 days past due: 0% (2023: 100%)	-	-	46 196	(46 196)
More than 150 days past due: 100% (2023: 100%)	16 158	(16 158)	165 397	(165 397)
Total	**9 064 757**	**(16 158)**	**5 798 453**	**(224 825)**

Reconciliation of loss allowances

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

	2024	2023
Opening balance	**(224 825)**	**(159 805)**
Provision raised on new trade receivables	-	(88 438)
Provisions reversed on settled trade receivables	208 667	23 418
Closing balance	**(16 158)**	**(224 825)**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand: Petty cash	391	367
Cash at Banks: FNB	4 229 313	2 637 017
	4 229 704	**2 637 384**

Cession of FirstRand Deposit / Credit Balances Unlimited Pledges / Notices / Withdrawal Cost R 55 000.

Refer to note 21 for further details regarding financial instruments and risk management.

Notes to the Annual Financial Statements

	2024 R	2023 R

9. Ordinary share capital and share premium

Authorised		
50 000 ordinary shares of no par value	50 000	50 000

Reconciliation of number of shares issued:		
Reported as at 01 April	2 000	2 000
Issue of shares – ordinary shares	1 000	-
	3 000	**2 000**

Issued		
3 000 (2023: 2 000) ordinary shares of no par value	3 000	2 000
Share premium	9 297 000	4 298 000
	9 300 000	**4 300 000**

10. Lease liabilities

The lease balances below have been recognised from the new lease of office space and warehouse space from Safic Facility Management Services Proprietary Limited until 31 March 2028, with an option to renew (2023: sub-lease of office space and warehouse space from Safic Proprietary Limited with an option to renew, since Safic had the prior primary lease contract with the lessor, the lease in respect of Safic had been calculated to the end of Safic's lease term which was September 2023). In the prior year, Ion Exchange Safic also sub-let a forklift from Safic, since Safic had the primary contract with the lessor, the lease in respect of Safic was calculated to the end of Safic's lease term which was September 2023.

2024	**Land and buildings**	**Plant, machinery and motor vehicles**	**Total**
Lease liabilities at the beginning of the year	301 539	26 526	328 065
Additions / (disposals)	6 983 517	-	6 983 517
Interest expense	818 107	1 244	819 351
Lease payments	(1 702 884)	(27 770)	(1 730 654)
Lease liabilities at the end of the year	**6 400 279**	**-**	**6 400 279**

2023	**Land and buildings**	**Plant, machinery and motor vehicles**	**Total**
Lease liabilities at the beginning of the year	832 164	-	832 164
Additions / (disposals)	-	73 721	73 721
Interest expense	71 955	6 375	78 330
Lease payments	(602 580)	(53 570)	(656 150)
Lease liabilities at the end of the year	**301 539**	**26 526**	**328 065**

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

Notes to the Annual Financial Statements

	2024 R	2023 R

11. Trade and other payables

	2024 R	2023 R
Financial instruments:		
Trade payables	16 286 142	22 695 658
Accrued leave pay and bonus	321 266	274 963
Payroll accruals	151 879	132 550
Accrued audit fees	181 150	206 175
Sundry accruals	707 161	228 365
Non-financial instruments:		
Amounts received in advance	-	766 738
VAT	258 469	-
	17 906 067	**24 304 449**

Included in trade payables are amounts due to the shareholders to the value of R 3 211 549 (2023: R 2 568 715).

12. Revenue

	2024 R	2023 R
Revenue from contracts with customers		
Sales	41 525 680	41 737 746
Technical fees received	3 246 483	602 902
Debtor discount allowed	(11 609)	(10 319)
	44 760 554	**42 330 329**

13. Other income

	2024 R	2023 R
Commission received	(34 092)	507 926
Bad debts recovered	65 876	4 948
Foreign currency bank account spot rate adjustment	406 223	323 239
Other income	600	-
Discount received	-	133
	438 607	**836 246**

Notes to the Annual Financial Statements

	2024 R	2023 R

14. Operating profit

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

	2024 R	2023 R
Auditor's remuneration - external		
Audit fees	188 717	213 317

Employee costs

	2024 R	2023 R
Salaries, wages, bonuses and other benefits	4 794 517	4 392 585
M/V allowance salary	398 469	384 000
Company cost disability/death benefits	80 149	73 193
Medical contribution salary	351 793	299 777
Provident contribution salary	193 111	187 427
Total employee costs	**5 818 039**	**5 336 982**

Leases

	2024 R	2023 R
Operating lease charges		
Premises - short term / low value leases	2 400	25 013

	2024 R	2023 R
Depreciation and amortisation		
Amortisation of right-of-use assets	1 476 412	479 332
Depreciation of property, plant and equipment	36 228	24 133
Total depreciation and amortisation	**1 512 640**	**503 465**

	2024 R	2023 R
Other		
Accounting fees	625 780	635 106
Fuel and oil	245 715	204 399

15. Finance income

	2024 R	2023 R
Interest income		
Bank	90 831	64 676

16. Finance costs

	2024 R	2023 R
Interest paid - Intergroup	-	228 877
Interest on lease liabilities IFRS 16	819 351	78 330
Interest paid - Local bank account	-	117 636
Interest paid - Foreign bank account	1 312 816	880 610
Interest paid - Other	1 496	1 008
Total finance costs	**2 133 663**	**1 306 461**

Notes to the Annual Financial Statements

	2024 R	2023 R
17. Taxation		
Major components of the tax recovery		
Current		
Local income tax - current period	145 608	-
Deferred		
Originating and reversing temporary differences	(425 799)	(9 614)
	(280 191)	**(9 614)**
Reconciliation of the tax recovery		
Reconciliation between accounting profit and tax recovery.		
Accounting profit	1 119 409	1 402 979
Tax at the applicable tax rate of 27% (2023: 27%)	302 240	378 804
Tax effect of adjustments on taxable income		
Non-deductible expenses	-	1 620
Assessed loss utilised	(582 431)	(390 038)
	(280 191)	**(9 614)**

No provision has been made for 2024 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 3 847 233 (2023: R 5 776 607).

18. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2024

	Opening balance	Non-cash movements	Cash flows	Closing balance
Lease liabilities	328 065	6 983 517	(911 303)	6 400 279
Total liabilities from financing activities	**328 065**	**6 983 517**	**(911 303)**	**6 400 279**

Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Non-cash movements	Cash flows	Closing balance
Lease liabilities	832 164	73 721	(577 820)	328 065
Total liabilities from financing activities	**832 164**	**73 721**	**(577 820)**	**328 065**

Notes to the Annual Financial Statements

	2024 R	2023 R

19. Related parties

Relationships

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

Related party balances

	2024 R	2023 R
Amounts included in trade receivables regarding related parties		
Ion Exchange India Limited	340 274	632 926
Safic Proprietary Limited	12 030	48 357
Amounts included in trade payables regarding related parties		
Ion Exchange India Limited	3 057 309	2 267 709
Safic Proprietary Limited	154 240	301 005

Related party transactions

	2024 R	2023 R
Sales to related party		
Safic Proprietary Limited	354 944	283 059
Purchases from related parties		
Ion Exchange India Limited	10 789 066	19 895 106
Safic Proprietary Limited	537 220	471 823
Rent paid to related party		
Safic Proprietary Limited	-	620 836
Admin and management fees paid to related party		
Safic Proprietary Limited	810 957	750 134
Interest paid to related parties		
Ion Exchange India Limited	-	215 343
Safic Proprietary Limited	43 618	13 534
Operational cost paid to related party		
Safic Proprietary Limited	822 491	1 063 980

Notes to the Annual Financial Statements

20. Directors' emoluments

Executive

2024

Directors' emoluments	Emoluments	Annual bonus	Other emoluments	Total
Services as director				
G Chakravorty	1 414 932	117 911	353 129	1 885 972

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

2023

Directors' emoluments	Emoluments	Annual bonus	Other emoluments	Total
Services as director				
G Chakravorty	1 344 996	112 083	450 945	1 908 024

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

Non-executive

2024

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

2023

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

Notes to the Annual Financial Statements

21. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Notes	Amortised cost	Total
Trade and other receivables	7	9 073 921	9 073 921
Cash and cash equivalents	8	4 229 704	4 229 704
		13 303 625	**13 303 625**

2023

	Notes	Amortised cost	Total
Trade and other receivables	7	5 573 628	5 573 628
Cash and cash equivalents	8	2 637 384	2 637 384
		8 211 012	**8 211 012**

Categories of financial liabilities

2024

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	17 647 598	-	17 647 598
Lease liabilities	10	-	6 400 279	6 400 279
		17 647 598	**6 400 279**	**24 047 877**

2023

	Notes	Amortised cost	Leases	Total
Trade and other payables	11	23 537 711	-	23 537 711
Lease liabilities	10	-	328 065	328 065
		23 537 711	**328 065**	**23 865 776**

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), credit risk and liquidity risk

Notes to the Annual Financial Statements

21. 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.

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 adopts 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:

	2024			2023		
	Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	9 090 079	(16 158)	9 073 921	5 798 453	(224 825)	5 573 628
Cash and cash equivalents	4 229 704	-	4 229 704	2 637 384	-	2 637 384
	13 319 783	**(16 158)**	**13 303 625**	**8 435 837**	**(224 825)**	**8 211 012**

Notes to the Annual Financial Statements

21. 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.

2024

	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities				
Lease liabilities	1 851 799	4 548 480	6 400 279	6 400 279
Current liabilities				
Trade and other payables	17 647 598	-	17 647 598	17 647 598
	19 499 397	**4 548 480**	**24 047 877**	**24 047 877**

2023

	Less than 1 year	2 to 5 years	Total	Carrying amount
Current liabilities				
Trade and other payables	23 537 711	-	23 537 711	23 537 711
Lease liabilities	328 065	-	328 065	328 065
	23 865 776	**-**	**23 865 776**	**23 865 776**

	2024 R	2023 R

21. 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 entered into forward exchange contracts (FECs) to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts were entered into to manage the company's exposure to fluctuations in foreign currency exchange rates on specific transactions. The company did 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:

	2024	2023
Current assets:		
Cash and cash equivalents	2 711 305	1 229 427
Liabilities:		
Trade payables / Contract	(13 567 703)	(19 904 888)
Net US Dollar exposure	**(10 856 398)**	**(18 675 461)**

Exposure in foreign currency amounts

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

US Dollar exposure:

	2024	2023
Current assets:		
Cash and cash equivalents	142 756	69 015
Liabilities:		
Trade payables / Contract	(680 827)	(1 117 380)
Net US Dollar exposure	**(538 071)**	**(1 048 365)**

Foreign currency sensitivity analysis

At 31 March 2024, if the Rand/dollar exchange rate had been 1% (2023: 1%) higher or lower during the year, with all other variables held constant, profit or loss for the year would have been R 108 564 (2023: R 186 755) 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

	2024	2023
	R	R

22. Going concern

As at 31 March 2024, the company had accumulated losses of R 5 645 298 and the company's total assets exceeded its liabilities by R 3 654 702.

The cash flows of the company have been reviewed and considered by the directors in accordance with the preparation of the financial statements. The company has sufficient cash and other resources to pay its debts as they become due and continue its operations for the foreseeable future. The company has met all of its debt and interest payment obligations during the year and has no known external events or circumstances that could affect its ability to operate as a going concern.

23. 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	2024 R	2023 R
Revenue			
Sale of goods		41 525 680	41 737 746
Rendering of services		3 246 483	602 902
Discount allowed		(11 609)	(10 319)
	12	**44 760 554**	**42 330 329**
Cost of sales			
Opening stock		(12 721 510)	(5 771 503)
Purchases		(25 284 699)	(36 513 842)
Closing stock		7 960 869	12 721 510
		(30 045 340)	**(29 563 835)**
Gross profit		**14 715 214**	**12 766 494**
Other income			
Commission received		(34 092)	507 926
Bad debts recovered		65 876	4 948
CFC bank revaluation gain		406 223	323 239
Other income		600	-
Discount received		-	133
	13	**438 607**	**836 246**
Other operating losses			
Foreign exchange losses		(1 014 464)	(1 529 679)
Expenses (Refer to page 41)		**(10 977 116)**	**(9 428 297)**
Operating profit	14	**3 162 241**	**2 644 764**
Finance income	15	90 831	64 676
Finance costs	16	(2 133 663)	(1 306 461)
Profit before taxation		**1 119 409**	**1 402 979**
Income tax expense	17	280 191	9 614
Total comprehensive income for the year		**1 399 600**	**1 412 593**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 R	2023 R
Other operating expenses			
Advertising		(22 444)	(45 813)
Auditors remuneration - external auditors		(188 717)	(213 317)
BBBEE Enterprise and social development		(95 774)	(87 000)
Bad debts		213 821	(65 019)
Bank charges including EXIM		(269 109)	(353 115)
Commission/agency fees		(447 141)	-
Computer expenses		(303 185)	(264 712)
Conference/training		(9 115)	(23 369)
Consulting and professional fees		(56 016)	(334 190)
Consumables		(11 537)	(7 121)
Courier		(819)	(7 878)
Debtor payment differences		(3)	4
Depreciation		(1 512 640)	(503 465)
Donations		-	(6 000)
Employee costs		(5 818 039)	(5 336 982)
Entertainment and meetings		(44 431)	(76 429)
Financial services		(625 780)	(635 106)
Insurance		(186 467)	(124 317)
Lease rentals on operating lease		65 054	(25 013)
Legal fees		(111 971)	-
Mobile and land lines		(89 962)	(86 359)
Motor vehicle expenses		(249 023)	(207 648)
Municipal expenses		(411 501)	(306 210)
Parking and toll fees		(22 805)	(19 163)
Payroll commission		(113 308)	(152 716)
Printing and stationery		(78 615)	(85 451)
Product testing		(61 282)	(55 415)
Protective clothing		(1 807)	(564)
Repairs and maintenance		(44 563)	(39 663)
Sales prizes and awards		(12 555)	(2 028)
Secretarial fees		(6 600)	(10 655)
Security		(179 092)	(98 885)
Staff refreshments		(26 432)	(18 632)
Staff training		-	(360)
Staff welfare including staff accomodation		(22 058)	(13 334)
Stock FG adjustment write off		11 441	(19 439)
Stock impairment		-	(24 284)
Subscriptions and membership fees		(54 614)	(14 932)
Tender Fees		(3 500)	-
Travel and accomodation		(186 527)	(163 717)
		(10 977 116)	**(9 428 297)**