TRELLIDOR HOLDINGS LIMITED

(REGISTRATION NUMBER 1970/015401/06)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Strength. Quality. Variety.

Trellidor is a proudly South African company.

THE TRELLIDOR GROUP

The core values of the Group are built on the three pillars of
Innovation, Quality and Service.

With these pillars as our base we have successfully built a reputation for delivering **trusted high-quality products and exceptional service.**

TRELLIDOR® THE ULTIMATE CRIME BARRIER

TAYLOR BLINDS & SHUTTERS Est.1959

nmc DESIGN ELEMENTS

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment holding company whose subsidiaries are engaged in manufacturing activities and the selling and installation of products.
Directors	TM Dennison MC Olivier JB Winship RB Patmore DJR Judge
Registered office	20 Aberdare Drive Phoenix Industrial Park Durban 4001
Business address	20 Aberdare Drive Phoenix Industrial Park Durban 4001
Postal address	PO Box 20173 Durban North 4016
Bankers	First National Bank, a division of FirstRand Bank Limited ('FNB')
Auditor	Mazars Registered Auditor
Secretary	P Nel
Company registration number	1970/015401/06
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by Nexia Levitt Kirson under the supervision of: JA Hotz CA(SA)

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The reports and statements set out below include the consolidated and separate annual financial statements ('annual financial statements') presented to the shareholders:

Audit, Risk and Compliance Committee Report

The information below constitutes the report of the Audit, Risk and Compliance Committee ('committee') in respect of the year under review, as required by the Companies Act of South Africa, for the Trellidor Holdings Limited group.

The committee is an independent statutory committee and, in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, also assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, the external and internal audit functions, information and technology governance, as well as the statutory and regulatory compliance of the company.

Terms of reference/charter

The committee has adopted a formal charter which has been approved by the board and has been incorporated in the Board charter.

The charter sets out the committee's responsibilities and it is reviewed annually to confirm compliance with King IV™ and the Companies Act and to ensure the incorporation of further best practice developments.

**King IV™ (Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved).*

1. Membership

The committee comprises three independent non-executive directors who have served on the committee throughout the period. The CEO, CFO and representatives from the external and internal auditors attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the committee.
At the date of this report, the committee comprised the following directors:

Name	Period served
RB Patmore (Chairman)	28 October 2015 - current
JB Winship	28 October 2015 - current
MC Olivier	28 October 2015 - current

The nomination committee and the board are satisfied that these members have the requisite knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011. They have also considered and are comfortable with the committee composition. On the recommendation of the nomination committee re-appointment of committee members will be a matter for consideration by shareholders at the forthcoming Annual General Meeting. The company secretary is the secretary of this committee.

Ralph Patmore, representing the committee, attends the Annual General Meeting to answer any questions relating to matters within the committee's ambit.

2. Meetings

The committee performs the duties required of it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

Four scheduled meetings of the committee were held during the financial year, this being in accordance with its charter, King IV and the Companies Act.

The committee meets with external audit and the Chairman with internal audit and external audit without the presence of management at least once per annum.

A formal evaluation of the committee is completed every two years by the board whilst an assessment of its effectiveness is completed every year by the committee itself. Both the evaluation and the assessment were completed this year and the committee was found to be effective and to have duly completed and discharged all its responsibilities in accordance with its written terms of reference.

3. Responsibilities

In the execution of its statutory duties relating to the financial year under review, the committee:

- Reviewed the principles, policies and practices adopted in the preparation of the financial statements of the group to ensure that the financial statements of the group and any other formal announcements relating to the financial performance complied with all statutory and regulatory requirements as was required;
- Ensured that both the consolidated interim and consolidated final financial statements of the group, in respect of the first six-month period and the full financial period respectively, complied with all statutory and regulatory requirements;
- Nominated and recommended the appointment of the external auditors Mazars to the shareholders at the Annual General Meeting, under section 90 of the Companies Act; a registered auditor who, in the opinion of the committee, is independent;
- Determined the auditor's terms of engagement, and approved their fees;
- Ensured that the appointment of the auditor complied with the provision of the Companies Act, and any other legislation relating to the appointment of auditors;
- Reviewed the group's compliance with applicable legislation and requirements of regulatory authorities;
- Reviewed the reports of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls;
- Determined the nature and extent of any non-audit services performed by the external auditors and ensured that these were kept to a minimum;
- Pre-approved any proposed agreement with the auditors for the provision of non-audit services to the company or group;
- Received and dealt appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, in relation to the matters as set out in the Companies Act;
- Performed duties that are attributed to it by its mandate from the board, the Companies Act, the JSE Limited and regulatory requirements;
- Considered the JSE's proactive monitoring report as issued in February 2020 and the possible impact on the annual financial statements;
- Approved materiality for the group consolidated financial statements in terms of IFRS Practice Statement 2 - Making Materiality Judgements;
- Evaluated and concluded it is satisfied with the accounting treatment and disclosures of the contingent liability arising from the labour court dispute;
- Considered proposed changes to the Companies Act, JSE Listings Requirements and King IV.

In addition to its statutory duties, the committee also performed the following duties:

- Reviewed and approved the group's Internal Audit Charter;
- Reviewed the scope and report provided by the internal auditors;
- Reviewed the effectiveness of the internal financial controls;
- Reviewed the expertise and experience of the CFO, and the finance function;
- Reviewed the group's going concern status.
- Discussed and addressed the company and group's tax matters.

The committee is satisfied that the internal controls are effective.

4. Risk management

The committee, is responsible for monitoring that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

The committee has performed the following duties:

- Overseen risk management by reviewing and approving the key risks facing the group;
- Reviewed the management of risk and monitored compliance effectiveness within the group
- Assisted the board in its review of the group's risk management and compliance policies
- Monitored compliance with the JSE Listings Requirements.

The committee is satisfied that the appropriate risk management processes and policies are in place.

5. External auditor

In the execution of its statutory duties relating to the financial year under review, the committee has:

- Nominated and recommended Mazars for re-election as the independent external auditor of the company under section 94(8) of the Companies Act and Tertius Erasmus as the designated audit partner, who is a registered independent auditor, for the 2021 audit. The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession;
- Taken into consideration such factors as the timing of the audit, the extent of the work required and the scope and in consultation with executive management agreed the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 30 June 2021. The committee considered the fee to be fair and appropriate;
- Considered and approved the external audit fee;
- Satisfied itself that the external auditor is suitable for reappointment by considering, inter alia the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- Ensured that the appointment of the auditors complied with the provision of the Companies Act, and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of any non-audit services that the auditors may provide to the company or group and pre-approved any proposed agreement with the auditors for the provision of non-audit services to the company or group; so as to ensure the independence of the external auditor is maintained. Information relating to non-audit services provided by the appointed external auditor of the company has been disclosed in the notes to the annual financial statements. Separate disclosures have been made of the amounts paid to the appointed external auditors for non-audit services as opposed to audit services;
- Prepared a report, which has been included in the annual financial statements of the company for the financial year under review; received and dealt appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, in relation to the matters as set out in the Companies Act; and
- Made submissions to the board on any matter concerning the company’s accounting policies, financial control, records and reporting.

Based on processes followed by the committee and assurances received from the external auditor, nothing has come to our attention with regard to the independence of the external auditors.

Significant matters identified as areas of focus by the external auditors in planning for the external audit included the valuation of goodwill and going concern as a result of the possible ongoing impact of Covid-19. The committee is satisfied that all significant matters have been appropriately considered and disclosed in the financial statements.

The committee has requested that they be provided with any decision letters/explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by the audit firm. There were no matters pertaining to the group that were raised by IRBA or any other regulator.

The external auditors presented the committee with their audit findings, with no significant matters having been identified. The committee follows a comprehensive process to discuss and assess all audit findings.

6. Internal audit

Due to the size of the group, the board does not consider it to be cost-effective to maintain a full-time internal audit function and therefore outsources the internal audit function to PKF Durban and PKF Cape Town. The group’s situation and needs in terms of an internal audit function are reassessed on an annual basis.

7. Annual Financial Statements

The committee has reviewed the consolidated and separate financial statements of the group for the financial year ended 30 June 2021, and is satisfied that they comply, in all material aspects, with the requirements of the Companies Act, International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listing Requirements of the JSE Limited.

These financial statements, have been reviewed and recommended by the committee to the board for approval. The board subsequently approved the annual financial statements and they will be open for discussion at the forthcoming Annual General Meeting.

Audit, Risk and Compliance Committee Report

8. Chief Financial Officer and finance function

The external auditor has expressed an unqualified opinion on the financial statements for the year ended 30 June 2021.

The committee on an annual basis obtains feedback from the external auditors and considers and satisfies itself as to the appropriateness of the expertise and experience of the CFO and must confirm this by reporting to shareholders in its annual report that the committee has executed this responsibility.

In this regard, the committee is satisfied that after assessing the competence and performance of the CFO, they believe he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is also satisfied with the expertise of the financial staff and the adequacy of resources within the finance function. The committee in making these assessments has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements.

Based on the processes and assurances obtained the committee is of the view that the accounting practices are effective and that appropriate financial reporting procedures exist and are working.

9. Regulatory compliance

The committee has complied with all the applicable regulatory and legal responsibilities.

10. Going concern

The committee through its review of the 2022 budget, cash flows, and discussions with executive management reported to the board that it supports management's view that the group will continue to operate as a going concern for the foreseeable future. Consideration has also been given to the continuing impact of Covid-19 and its impact on the going concern status of the business, and the committee is comfortable that although there has been a negative impact it has not impacted the going concern status of the business. The annual financial statements have been prepared on the going concern basis.

11. Integrated Annual Report

The committee has reviewed and commented on the financial information and the disclosure of sustainability issues included in this integrated annual report to ensure that they are reliable and do not conflict with the financial information disclosed in the annual financial statements. It has recommended the approval of the integrated annual report, to the board, which report the board has formally approved.

12. Subsequent events

The committee has considered the events that have occurred between the date of the financial statements and the date of this report, as disclosed in the subsequent events note to the financial statements. The committee has reviewed this note as well as management's assessment of events and where appropriate provided its input thereto.

RB Patmore
Audit, Risk and Compliance Committee Chairman
Durban
6 September 2021

Directors' Responsibilities and Approval

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 group and 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 annual 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set 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 group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 group and company’s cash flow forecast for the year to 30 June 2022, which has adequately considered the possible impact of the Covid-19 pandemic, and in light of this review and the current financial position, they are satisfied that the group and company has or will have 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 group and company's annual financial statements. The annual financial statements have been examined by the group and company's external auditors and their report is presented on pages 9 to 14.

The annual financial statements set out on pages 16 to 78, which have been prepared on the going concern basis, were approved by the board of directors on 02 September 2021 and were signed on their behalf by:

In compliance with paragraph 3.84(k) of the JSE Listing requirements

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

- the annual financial statements set out on pages 31 to 83, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in the design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

TM Dennison

DJR Judge

Group Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the group and company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

P Nel
Company Secretary
2 September 2021

Nexia Levitt Kirson
CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

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Derby Downs Office Park
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Practitioner's Compilation Report

To the shareholders of Trellidor Holdings Limited

We have compiled the annual financial statements of Trellidor Holdings Limited, as set out on pages 20 to 80, based on the information you have provided. These annual financial statements comprise the statement of financial position of Trellidor Holdings Limited as at 30 June 2021, 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 a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements International Financial Reporting Standards. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are the directors' responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information the director's provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared International Financial Reporting Standards.

Nexia Levitt Kirson

Nexia Levitt Kirson
JA Hotz CA(SA)
Registered Auditor
01 September 2021
Durban

mazars

Mazars, Ridgeside Office Park
21 Richefond Circle, Umhlanga Ridge,
Durban, 4319

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Email: dbn@mazars.co.za
www.mazars.co.za

Independent Auditor's Report

30 June 2021

To the Shareholders of Trellidor Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Trellidor Holdings Limited (the group and company) set out on pages 20 to 80, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trellidor Holdings Limited as at 30 June 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group and 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.

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Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of goodwill and intangible assets (notes 6 & 7).

Goodwill and Intangible assets comprise 24% of total assets at year-end in the statement of financial position.

As required by the applicable standards, management conduct an annual impairment test to assess the recoverability of the carrying amount of goodwill and intangible assets with an indefinite useful life. Impairment tests on intangible assets with a definite useful life are assessed where indicators of impairment are identified.

Management's assessment process is complex, highly judgemental and is based on assumptions which are affected by future market expectations and economic conditions.

The impairment tests include:
• Goodwill - a discounted cash flow model to determine the value in use for each appropriate cash generating unit;
• Taylor Blinds and Shutters Brand Name - the Relief from Royalty Method;

These impairment tests incorporate a number of assumptions including:
• growth rates; and
• discount rates applied to the projected cash flows.

The growth rates have differing degrees of predictability. The current economic climate and impact of COVID-19 also increases the complexity of the forecasting.

The impairment tests performed on goodwill and the intangible assets is considered to be a key audit matter due the extent of judgement and estimation involved.</td><td>Our procedures included the following:

We assessed, with the assistance of an auditor's expert, the appropriateness of the models used in terms of the financial reporting framework, determining the value in use of the cash generating units and the discount and growth rates used.

A sensitivity analysis was performed around the key assumptions used in the valuation models.

We assessed the future projections used in the models for reasonability by:
• comparing forecasted information to approved budgets and other relevant market and economic information;
• assessing the reliability of the budgeting process by comparing the actual results for 2021 to adjusted budgets taking into account the impact of COVID-19;
• assessing the assumptions and estimates used by management in the valuations against supporting documentation; and
• testing the underlying calculations.

We assessed whether reliance could be placed on the work performed by the auditor's expert by assessing the qualifications, experience and objectivity of the expert.</td></tr>
<tr><td colspan="2">Having performed our audit procedures and evaluated the outcomes we found that the possibility of any material adjustment due to impairment of goodwill and intangible assets is low.</td></tr>
</table>

Key Audit Matter	How our audit addressed the key audit matter
The ongoing impact of COVID-19 on Trellidor Holding Limited Financial statements (note 37) There is continued economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies. This has an impact on the level of business activity around the world, and possibly the ability of companies to operate as a going concern. The unknown future impact of the COVID-19 pandemic, together with the various protocols available to government, has created an unpredictable business environment. It is therefore difficult to obtain an accurate assessment of the future impact this will have on the group and its markets going forward. The directors' are required to consider the impact of this on the financial statements and disclose this in the Director's Report and going concern assessment as disclosed in the note 37 to the financial statements. The judgement and level of estimation involved in performing the cash flow forecasts, budgets and other elements of the going concern assessment, particularly in light of COVID-19, result in this being considered to be a key audit matter.	Management's going concern assessment was obtained in order to obtain an understanding of their assessment and the impact of COVID-19. Key features of our audit approach to obtain assurance over the assessment included: • assessing the reasonability of the cash flow forecasts used in the assessment based on our knowledge of the business obtained through our other audit work; • assessing the reasonability of management's assessment of the impact of the future financial effects of the COVID-19 pandemic on each of the significant items on the Group's financial position , performance and risk management; including the recalculation of key ratio's and covenants; • reviewing the forecasts and making enquiries to understand the period of assessment and the completeness of adjustments considered and the implication of those when assessing the "most likely" scenario on the Group's future performance; and • evaluating the cash balances available at year end. We have also assessed the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks and uncertainties, post balance sheet events and going concern.
Based on our procedures we are satisfied with management's conclusion regarding the appropriateness of the going concern basis of preparation and the adequacy of the group's disclosure in respect of management's assessment of going concern.	

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Trellidor Holdings Limited Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the Shareholder Analysis which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

mazars

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Trellidor Holdings Limited for 15 years.

Mazars

Mazars
Partner: T Erasmus
Registered Auditor
6 September 2021
Durban

Nexia Levitt Kirson
CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

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Practitioner's Compilation Report

To the shareholders of Trellidor Holdings Limited

We have compiled the annual financial statements of Trellidor Holdings Limited, as set out on pages 20 to 80, based on the information you have provided. These annual financial statements comprise the statement of financial position of Trellidor Holdings Limited as at 30 June 2021, 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 a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements International Financial Reporting Standards. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are the directors' responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information the director's provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared International Financial Reporting Standards.

Nexia Levitt Kirson

Nexia Levitt Kirson
JA Hotz CA(SA)
Registered Auditor
01 September 2021
Durban

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Trellidor Holdings Limited and the group for the year ended 30 June 2021.

1. Nature of business

Trellidor Holdings Limited is an investment entity incorporated in South Africa.The company's subsidiaries are engaged in the manufacture and sale of custom-made barrier security products, blinds, decorative and security shutters and the importing and selling of cornicing/skirting products.

The group operates principally in South Africa, United Kingdom and Ghana.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the International Financial Reporting Interpretation Committee ('IFRIC') interpretations, the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited, 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 group and company are set out in these annual financial statements. During the year under review both manufacturing plants were fully operational following the closure in May 2020 as a result of the national lockdown, with the demand for products returning to pre-Covid levels. The impact of Covid on the global shipping and logistics environment did not have a material impact on the performance during the year, although there have been disruptions which have been managed through overtime being worked.

3. Stated capital

Refer to note 16 of the annual financial statements for detail of the movement in authorised and issued share capital.

4. Shareholder analysis

Refer to page 79 of this report for the shareholder analysis.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Dividends already declared and paid of 18.0 cents (2020:11.10 cents) to the shareholders during the year, after the appropriate approval was granted by the board, are R 17 688 122 (2020: R11 687 956). This includes the postponed interim dividend which was declared on 09 March 2020 but only paid on 19 October 2020 as a result of Covid-19.

Final dividend of 11.00 cents (2020: nil cents) per ordinary share was approved by the board of directors on 02 September 2021 in respect of the year ended 30 June 2021, which brings the total interim and final dividend declared for the year to 21.00 cents (2020: 8.00 cents) per ordinary share.

The local dividends tax rate is 20%.

6. Directorate

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

Directors	Office	Designation
TM Dennison	Chief Executive Officer	Executive
DJR Judge	Chief Financial Officer	Executive
MC Olivier	Chairman	Non-executive Independent
JB Winship	Director	Non-executive Independent
RB Patmore	Director	Non-executive Independent

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

Directors' Report

7. Directors' interests in shares

As at 30 June 2021, the directors of the company held direct and indirect beneficial interests in its issued ordinary shares, as set out below:

Interest in shares

	2021		2020	
	Direct	**Indirect**	**Direct**	**Indirect**
Directors				
TM Dennison	8,819,342	-	8,819,342	-
MC Olivier	-	1,884,333	-	1,884,333
JB Winship	-	1,642,039	1,642,039	-
DJR Judge	405,785	5,300	-	5,300
	9,225,127	**3,531,672**	**10,461,381**	**1,889,633**

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

8. Directors' interests in contracts

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

9. Directors' emoluments and service contracts

The executive directors have service contracts with the company which include a three-month notice period. The non-executive directors enter a formal letter of appointment on acceptance of their board position.

During the year loans were advanced to two directors of the group for the purchase of shares in the company.

Loans advanced to directors and the directors’ emoluments are disclosed in note 40 of the annual financial statements.

10. Interests in subsidiaries

Details of the group's interest in subsidiaries are presented in note 9.

11. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However, all borrowings by the group are subject to board approval.

12. Events after the reporting period

The group was deeply saddened and concerned about the unrest that broke out in South Africa in July 2021. Although the Durban factory was closed for 5 days as a precautionary measure, there was no damage incurred and the backlog of orders was caught up.

Subsequent to year-end the group completed the acquisition of the Trellidor Johannesburg North and Midrand franchises as part of its main centre franchise repurchase strategy. These franchises were acquired for an estimated net asset value of R4,000,000.

No other matters or circumstances have arisen since the reporting date that may significantly affect the operations of the group and company, the results of these operations, or the state of affairs in future financial years.

13. Litigation statement

The group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

A claim has been instituted by former employees of the group who were dismissed. Refer to note 35 for further details.

Directors' Report

14. Insurance

The group has appropriate insurance cover against crime risks as well as professional indemnity.

15. Promotion of Access to Information Act

There were no requests for information lodged with the company in terms of the Promotion of Access to Information Act, No 2 of 2000.

16. Auditors

Mazars continued in office as auditors for the company and its subsidiaries for 2021 in terms of section 90 of the Companies Act.

At the AGM, the shareholders will be requested to reappoint Mazars as the independent external auditors of the group and company and to confirm Mr T Erasmus as the designated lead audit partner for the 2022 financial year.

17. Governance

The board remains aligned with the King IV recommendations and continues to explore the six capitals (financial, manufactured, human, intellectual, natural, and social and relationship) and link them appropriately into the strategy.

18. Secretary

The company secretary is P Nel.

- Postal address: 71 Cotswold Drive
Westville
3629
- Business address: 71 Cotswold Drive
Westville
3629

19. Date of authorisation for issue of financial statements

The consolidated annual financial statements have been authorised for issue by the directors on 02 September 2021. No authority was given to anyone to amend the annual financial statements after the date of issue.

20. Going concern

The directors are of the opinion that the group and company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group’s financial statements.

The directors have satisfied themselves that the group and company are in a sound financial position, has adequately considered the possible impacts of Covid-19 on future performance and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors have also performed the liquidity and solvency tests required by the Companies Act and are satisfied that the group is sufficiently liquid and solvent.

21. Special resolutions

No additional special resolutions were passed during the 2021 financial year other than those passed at the company’s Annual General Meeting.

Statement of Financial Position as at 30 June 2021

		Group		Company	
	Notes	2021 R	2020 R	2021 R	2020 R
Assets					
Non-Current Assets					
Property, plant and equipment	4	57,591,032	56,829,473	41,558	28,352
Right-of-use assets	5	15,356,253	19,617,690	-	-
Goodwill	6	46,772,645	39,244,279	-	-
Intangible assets	7	41,695,052	43,421,739	707,215	1,030,087
Investments in subsidiaries	9	-	-	51,047,851	51,045,798
Loans to group companies	10	-	-	56,586,650	60,390,286
Loans receivable	11	4,806,856	3,280,707	-	-
Deferred tax	12	7,576,913	3,100,939	884,600	598,640
		173,798,751	**165,494,827**	**109,267,874**	**113,093,163**
Current Assets					
Loans to group companies	10	-	-	19,302,015	14,112,802
Loans receivable	11	4,000,806	3,538,312	-	-
Inventories	13	107,606,698	93,079,184	-	-
Trade and other receivables	14	61,458,731	52,971,904	3,441,215	6,267,090
Current tax receivable		1,528,606	3,637,892	77,181	-
Cash and cash equivalents	15	17,758,566	23,410,616	4,002,869	6,863,982
		192,353,407	**176,637,908**	**26,823,280**	**27,243,874**
Total Assets		**366,152,158**	**342,132,735**	**136,091,154**	**140,337,037**
Equity and Liabilities					
Equity					
Stated capital	16	401,010	12,142,997	401,010	12,142,997
Reserves		5,844,561	6,776,394	7,676,715	7,676,715
Retained income		169,927,831	139,844,926	81,233,662	58,325,887
		176,173,402	158,764,317	89,311,387	78,145,599
Non-controlling interest		2,934,681	2,432,083	-	-
		179,108,083	**161,196,400**	**89,311,387**	**78,145,599**
Liabilities					
Non-Current Liabilities					
Lease liabilities	5	7,361,227	9,246,787	-	-
Other financial liabilities	20	63,653,592	81,529,097	33,205,872	42,832,896
Deferred tax	12	394,741	260,228	-	-
		71,409,560	**91,036,112**	**33,205,872**	**42,832,896**
Current Liabilities					
Lease liabilities	5	7,559,852	12,081,366	-	-
Bank overdraft	15	12,580,015	7,339,964	-	-
Other financial liabilities	20	22,623,058	17,452,874	10,679,964	9,960,715
Trade and other payables	21	70,876,186	42,631,514	2,893,931	1,176,263
Current tax payable		1,447,122	1,833,774	-	205,276
Provisions		548,282	544,443	-	-
Dividend accrual	31	-	8,016,288	-	8,016,288
		115,634,515	**89,900,223**	**13,573,895**	**19,358,542**
Total Liabilities		**187,044,075**	**180,936,335**	**46,779,767**	**62,191,438**
Total Equity and Liabilities		**366,152,158**	**342,132,735**	**136,091,154**	**140,337,037**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2021 R	2020 R
Group			
Revenue	23	518,386,431	421,547,698
Cost of sales	24	(298,972,179)	(246,032,656)
Gross profit		**219,414,252**	**175,515,042**
Other operating income		6,389,085	10,005,244
Movement in credit loss allowances	25	1,433,758	(2,160,084)
Other operating expenses		(164,707,441)	(191,830,403)
Operating profit (loss)	25	**62,529,654**	**(8,470,201)**
Investment income	27	1,392,010	1,414,504
Finance costs	28	(8,023,773)	(10,453,874)
Profit before taxation		**55,897,891**	**(17,509,571)**
Taxation	29	(15,568,853)	(7,029,718)
Profit (loss) for the year		**40,329,038**	**(24,539,289)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(1,003,534)	(380,896)
Other comprehensive income for the year net of taxation		**(1,003,534)**	**(380,896)**
Total comprehensive income (loss) for the year		**39,325,504**	**(24,920,185)**
Profit (loss) attributable to:			
Owners of the parent		39,754,738	(21,270,266)
Non-controlling interest		574,300	(3,269,023)
		40,329,038	**(24,539,289)**
Total comprehensive income (loss) attributable to:			
Owners of the parent		38,822,906	(21,594,028)
Non-controlling interest		502,598	(3,326,157)
		39,325,504	**(24,920,185)**
Basic earnings per share for profit attributable to the owners of the parent during the period			
Earnings and diluted earnings per share (cents)	34	40.70	(20.80)

Statement of Profit or loss and Other Comprehensive Income

	Notes	2021 R	2020* R
Company			
Management fees		12,817,696	11,749,740
Interest received		4,544,738	4,401,541
Dividends received		32,000,000	31,475,708
Revenue	23	**49,362,434**	**47,626,989**
Other operating expenses			
Administration and management fees		(25,818)	(29,882)
Auditors remuneration	25	(687,986)	(555,530)
Consulting and professional fees		(1,628,546)	(1,339,286)
Depreciation		(14,184)	(10,313)
Employee costs		(9,146,422)	(7,466,858)
Other operating expenses		(1,930,889)	(2,974,915)
Share based payments		-	(309,002)
Movement on ECL allowance		543,641	861,036
		(12,890,204)	**(11,824,750)**
Operating profit	25	**36,472,230**	**35,802,239**
Investment income	27	292,999	378,584
Finance costs	28	(3,215,582)	(3,691,535)
Profit before taxation		**33,549,647**	**32,489,288**
Taxation	29	(970,039)	(1,003,621)
Profit for the year		**32,579,608**	**31,485,667**

Statement of Changes in Equity

	Stated capital	Foreign currency translation reserve	Share-based payment reserve	Total reserves	Retained income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R	R	R	R	R	R	R	R
Group								
Balance at 01 July 2019	**34,056,299**	**323,441**	**5,703,754**	**6,027,195**	**180,819,436**	**220,902,930**	**5,758,240**	**226,661,170**
Loss for the year	-	-	-	-	(21,270,266)	(21,270,266)	(3,269,023)	(24,539,289)
Other comprehensive income	-	(323,762)	-	(323,762)	-	(323,762)	(57,134)	(380,896)
Total comprehensive Loss for the year	**-**	**(323,762)**	**-**	**(323,762)**	**(21,270,266)**	**(21,594,028)**	**(3,326,157)**	**(24,920,185)**
Buy-back of shares	(21,913,302)	-	-	-	-	(21,913,302)	-	(21,913,302)
Employees share option	-	-	1,072,961	1,072,961	-	1,072,961	-	1,072,961
Dividends	-	-	-	-	(19,704,244)	(19,704,244)	-	(19,704,244)
Balance at 01 July 2020	**12,142,997**	**(321)**	**6,776,715**	**6,776,394**	**139,844,926**	**158,764,317**	**2,432,083**	**161,196,400**
Profit for the year	-	-	-	-	39,754,738	39,754,738	574,300	40,329,038
Other comprehensive income	-	(931,833)	-	(931,833)	-	(931,833)	(71,701)	(1,003,534)
Total comprehensive income for the year	**-**	**(931,833)**	**-**	**(931,833)**	**39,754,738**	**38,822,905**	**502,599**	**39,325,504**
Buy-back of shares	(11,741,987)	-	-	-	-	(11,741,987)	-	(11,741,987)
Dividends	-	-	-	-	(9,671,833)	(9,671,833)	-	(9,671,833)
Balance at 30 June 2021	**401,010**	**(932,154)**	**6,776,715**	**5,844,561**	**169,927,831**	**176,173,402**	**2,934,681**	**179,108,083**
Notes	16	17	19					

Statement of Changes in Equity

	Stated capital	Share-based payment reserve	Other reserves	Retained income	Total equity
	R	R	R	R	R
Company					
Balance at 01 July 2019	**34,056,299**	**5,703,754**	**900,000**	**46,544,464**	**87,204,517**
Profit for the year	-	-	-	31,485,667	31,485,667
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**31,485,667**	**31,485,667**
Buy-back of shares	(21,913,302)	-	-	-	(21,913,302)
Employees share option	-	1,072,961	-	-	1,072,961
Dividends	-	-	-	(19,704,244)	(19,704,244)
Balance at 01 July 2020	**12,142,997**	**6,776,715**	**900,000**	**58,325,887**	**78,145,599**
Profit for the year	-	-	-	32,579,608	32,579,608
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**32,579,608**	**32,579,608**
Buy-back of shares	(11,741,987)	-	-	-	(11,741,987)
Dividends	-	-	-	(9,671,833)	(9,671,833)
Balance at 30 June 2021	**401,010**	**6,776,715**	**900,000**	**81,233,662**	**89,311,387**
Notes	16	19	18		

Statement of Cash Flows

	Notes	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Cash flows from operating activities					
Cash generated from operations	30	96,350,360	54,972,401	36,485,217	27,535,269
Interest income		1,392,010	1,414,504	4,595,640	4,780,125
Finance costs		(7,938,267)	(10,612,529)	(3,273,648)	(3,667,294)
Tax paid	31	(19,328,319)	(8,807,094)	(1,538,456)	(552,033)
Net cash from operating activities		**70,475,784**	**36,967,282**	**36,268,753**	**28,096,067**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(7,080,213)	(5,764,681)	(27,390)	-
Sale of property, plant and equipment	4	144,506	687,051	-	-
Purchase of other intangible assets	7	(2,322,594)	(2,760,948)	(476,331)	(322,872)
Proceeds on sale of intangible assets	7	-	-	799,203	-
Business combinations	8	(11,534,983)	(8,285,359)	-	-
Acquisition of subsidiary		-	-	(2,053)	-
Loans to group companies repaid		-	-	12,302,770	24,681,113
Loans advanced to group companies		-	-	(13,446,250)	(33,253,455)
Receipts from loans receivable at amortised cost		-	342,194	-	-
Proceeds from other financial assets		3,311,211	-	-	-
Advance of other financial assets		(3,400,000)	-	-	-
Net cash from investing activities		**(20,882,073)**	**(15,781,743)**	**(850,051)**	**(8,895,214)**
Cash flows from financing activities					
Buy-back of shares	16	(11,741,987)	(21,913,302)	(11,741,987)	(21,913,302)
Proceeds from other financial liabilities	33	-	40,617,125	-	28,640,167
Repayment of other financial liabilities	33	(17,844,606)	(13,755,822)	(8,849,707)	(9,459,898)
Repayment of loans from minority	33	(866,900)	(2,016,204)	-	-
Proceeds from loans from minority	33	-	1,821,500	-	-
Repayment of lease liabilities	33	(12,299,069)	(8,101,134)	-	-
Advance of lease liabilities	33	-	1,482,813	-	-
Dividends paid	32	(17,688,121)	(11,687,956)	(17,688,121)	(11,687,956)
Net cash from financing activities		**(60,440,683)**	**(13,552,980)**	**(38,279,815)**	**(14,420,989)**
Total cash movement for the year		**(10,846,972)**	**7,632,559**	**(2,861,113)**	**4,779,864**
Cash at the beginning of the year		16,070,652	8,420,684	6,863,982	2,084,118
Effect of exchange rate movement on cash balances		(45,129)	17,409	-	-
Total cash at end of the year	15	**5,178,551**	**16,070,652**	**4,002,869**	**6,863,982**

Accounting Policies

1. Significant accounting policies

1.1 Basis of preparation

The group annual financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations, the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

The group annual financial statements have been prepared on the historical cost basis, except as indicated, and incorporate the following principal accounting policies, which have been consistently applied in all material respects.

The annual financial statements have been prepared on the going concern basis, which assumes that the group will continue in operation for the foreseeable future. The following amendment to standards and interpretations were adopted:

- Those not having an effect on the financial statements are as follows:
  - IAS 1 - Presentation of Financial Statements (effective 01 January 2020)
  - IAS 8 - Accounting policies: Changes in Accounting Estimates and Errors (effective 01 January 2020)
  - IFRS 3 - Business Combinations (effective 01 January 2020)

All amounts in the annual financial statements, reports and supporting schedules are stated in South African Rands and is the presentation currency of the group.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of subsidiaries are identified and recognised separately from the group's interest therein, within equity.

Accounting Policies

1.3 Significant judgements and estimates

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgements include:

Materiality statement

The need for materiality judgements is pervasive in the preparation of financial statements. Materiality judgement is required when making decisions about presentation, disclosure, recognition and measurement. IFRS requires information only to be disclosed when it is material. Therefore management is required to determine who is the primary users and their information needs.

Leases

In establishing whether or not it is reasonably certain that an extension or termination option of a property lease contract will be exercised, the group considers the nature of the activities being carried out in the specific premises. In cases where the activities are considered movable and can be carried out in various locations, the option to either extend or terminate is considered equally possible. In cases where the nature of the activities are considered immovable, the option to extend is considered probable.

In determining the incremental borrowing rate applied to lease liabilities, the group applies the current borrowing rates it is charged for similar assets or the applicable in-country borrowing rates from financial institutions in cases where the group has no current related borrowings. Refer to note 5 for further details.

Taxation

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Management applies judgement to determine whether sufficient future taxable profit will be available after considering historical profits and board approved forecasts.

Contingencies

Judgement is required in determining whether or not a present obligation exists based on the probability of an outflow of resources as a result of pending or ongoing legal disputes. In making its assessment, the group consults with independent legal counsel in determining the probability of the outflow of resources.

Significant estimates include:

Impairment of non-financial assets

The group assesses annually whether there is any indication that non-financial assets may be impaired. If any such indication exists, the group estimates the recoverable amount of the non-financial asset.

Determining whether non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which they have been allocated. The value in use calculation requires the group to estimate expected pre-tax cashflows, market related growth for a forseeable period (3-5 years) and a discount rate suitable to the small-cap industrial market in order to determine the present value.

If there is any indication that a non-financial 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. Indications of possible impairment includes, among others, a decrease in revenue and cash generation of the applicable business unit from the prior period.

Refer to notes 6 and 7 for further details.

Accounting Policies

1.3 Significant judgements and estimates (continued)

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions, selecting the inputs, and applying either the general approach or simplified method to the impairment calculation at each reporting period.

In applying the general approach, the loss allowance for financial assets is calculated based on historic credit losses, historic repayment trends, existing market conditions, forward looking estimated forecasts and budgets and the time-value of money. For details of the key assumptions and inputs used for this approach refer to notes 10, 11 and 22.

In applying the simplified method, the loss allowance for financial assets is calculated based on the life-time expected losses. The loss allowance is updated at each reporting date based on changes in the credit risk since initial recognition. If an asset is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, as the average debtors days for the group ranges between 30 and 90 days based on agreed payment terms, an asset that is more than 30 days past due is assumed to have a significant increase in its credit risk since initial recognition.

Evidence of impairment and default includes, among others, the failure of a debtor to engage in a repayment plan with the group or a failure to make contractual payments for a period of greater than 90 days past due.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For details of the key assumptions and inputs used for this approach refer to notes 14 and 22.

Useful lives and residual values of assets

The useful lives of assets within each asset category are determined based on group replacement policies for the various assets or the best estimate of the period the group expects to use it. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The useful lives and where applicable residual values are assessed annually based on factors including wear and tear, technological obsolescence, usage requirements and market information.

Management consideration

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors including future growth plans, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Refer to notes 4 and 7 for further details.

Franchise rights

In determining the value of a Trellidor franchise right intangible asset, the average historic revenue and gross profit achieved by a franchise in its defined franchise region is assessed. A valuation % is applied to the average gross profit in determining the franchise right value and is adjusted for the remaining contractual period of the franchise right. The valuation % ranges from 30% to 60% depending on the performance trend and geographical location of the franchise.

Refer to note 7 for further details.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

New standards or revisions to current standards have been issued with effective dates applicable to future statements of the group. Only those standards not yet adopted and that could be expected to be applicable to the group are set out below, i.e. those applicable to unrelated industries or economies are not dealt with herein.

	Effective date	Details of amendment and managements' impact assessment
IFRS 3 Business Combinations	01 January 2022	Adds a requirement that transactions and other events within the scope of IAS 37 or IFRIC 21 must be accounted for per IAS 37 and IFRIC 21 to identify the liabilities assumed in a business combination, and adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The impact of the amendment on the annual financial statements in unknown as this stage as the application thereof depends of the occurrence of future transactions.
IFRS 16 Leases	01 April 2021	This amendment applies to lessees only and is specific to the Covid-19 - Extension of practical Expedient. Relief will now extend to 30 June 2022. No expected change as the company has not had to apply Covid-19 relief as a lessee.
IFRS 9 Financial Instruments	01 January 2022	Clarifies which fees must be applied in the application of the ‘10 per cent’ test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other’s behalf. The impact of the amendment on the annual financial statements is not expected to have a material impact on the results of the company or the disclosures.
IAS 1 Presentation of Financial Statements	01 January 2023	Classification of liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. No expected change as the company considers both the nature and magnitude of the information, in terms of the company's materiality statement. Accounting policies to be disclosed where the information is material, by nature or amount. Explains when accounting policy information is considered material. Clarifies that when an entity chooses to disclose an immaterial accounting policy, it must not obscure or affect other material or required disclosures. No expected change as the company considers both the nature and magnitude of the information, in terms of the company's materiality statement.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023	The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The impact of the amendment on the annual financial statements in unknown as this stage as the application thereof depends of the occurrence of future transactions.
IAS 12 Income Taxes	01 January 2023 (Early application permitted)	Narrows the scope of the exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences. Clarifies that deferred tax must be recognised on initial recognition of IFRS 16 leases and similar types of transactions that give rise to the recognition of an asset and a liability, such as decommissioning, restoration and similar liabilities with corresponding amounts recognised as part of the related asset. The certain transactions referred to are not expected to have a material impact on the company’s results and the deferred tax clarity is currently being applied.

2. New Standards and Interpretations (continued)

IAS 16 Property, plant and equipment	01 January 2023	Amendment prohibits the deduction of proceeds from selling items produced while brings an asset into use from the cost of that asset. The entity must recognise the proceeds from sale, and the cost of producing those items, in profit or loss. The amendment is applied retrospectively to the earliest comparative. No expected change as the company considers both the nature and magnitude of the information, in terms of the company's materiality statement.
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	01 January 2022	Specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The impact of the amendment on the annual financial statements in unknown as this stage as the application thereof depends of the occurrence of future transactions.

3. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

The group has three reportable segments that are used by the Chief Executive Officer to assess for resource allocation and to make key operating decisions and assess performance. These operating segments are differentiated and identified by the products they manufacture, the services they provide and the markets they operate in. These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable Segment	Products and services
Trellidor	Manufacture and distribution of custom-made barrier security products
Taylor	Manufacture and distribution of custom-made blinds, decorative and security shutters and distribute cornicing/skirting products
Holdings	Management of the group treasury function and receives management fee income.

Notes to the Annual Financial Statements

3. Segmental information (continued)

Segmental revenue

The performance of the operating segments is based on the measure of operating profit. This measure excludes the effects of ad-hoc and non-operational expenditure from the operating segments such as acquisition costs, intangible amortisation and fair value adjustments. The segment information provided to the Chief Executive Officer is presented below. The information presented includes a reconciliation of the group's EBITDA to net profit before tax.

			2021		
	Trellidor	**Taylor**	**Holdings**	**Internal**	**Consolidated**
Revenue by location of customer					
South Africa	244,302,881	198,214,918	49,362,434	(50,586,494)	441,293,739
Rest of Africa	47,883,464	6,124,771	-	-	54,008,235
Rest of World	23,084,457	-	-	-	23,084,457
	315,270,802	**204,339,689**	**49,362,434**	**(50,586,494)**	**518,386,431**
Revenue by source					
Security products	312,025,408	-	-	-	312,025,408
Decorative products	1,931,571	204,339,689	-	(1,224,060)	205,047,200
Management fee	-	-	12,817,696	(12,817,696)	-
Royalty income	1,313,823	-	-	-	1,313,823
Dividends	-	-	32,000,000	(32,000,000)	-
Interest	-	-	4,544,738	(4,544,738)	-
	315,270,802	**204,339,689**	**49,362,434**	**(50,586,494)**	**518,386,431**

			2020		
	Trellidor	**Taylor**	**Holdings**	**Internal**	**Consolidated**
Revenue by location of customer					
South Africa	194,028,481	161,171,967	47,626,989	(47,905,689)	354,921,748
Rest of Africa	53,620,788	3,886,749	-	-	57,507,537
Rest of World	9,118,413	-	-	-	9,118,413
	256,767,682	**165,058,716**	**47,626,989**	**(47,905,689)**	**421,547,698**
Revenue by source					
Security products	254,779,668	-	-	(58,502)	254,721,166
Decorative products	757,534	165,058,716	-	(220,198)	165,596,052
Management fee	-	-	11,749,740	(11,749,740)	-
Royalty income	1,230,480	-	-	-	1,230,480
Dividends	-	-	31,475,708	(31,475,708)	-
Interest	-	-	4,401,541	(4,401,541)	-
	256,767,682	**165,058,716**	**47,626,989**	**(47,905,689)**	**421,547,698**

3. Segmental information (continued)

Segment results and assets and liabilities:

The amounts presented with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Deferred tax, cash and cash equivalents and other financial liabilities are not considered to be segment assets or liabilities and are not allocated to segments. The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities, as per the statement of financial position:

			2021		
	Trellidor	**Taylor**	**Holdings**	**Internal**	**Consolidated**
EBITDA	60,185,337	25,899,773	36,485,146	(37,312,914)	85,257,342
Profit (Loss) before tax	47,495,309	7,372,458	33,548,380	(32,518,256)	55,897,891
Investment income	1,084,851	80,024	292,999	(65,804)	1,392,070
Finance cost	(4,066,960)	(5,319,245)	(3,215,581)	4,578,013	(8,023,773)
Depreciation	(6,198,423)	(1,489,236)	(14,184)	-	(7,701,843)
Depreciation of RoU asset	(3,250,174)	(6,839,337)	-	182,509	(9,907,002)
Amortisation	(259,323)	(4,959,522)	-	-	(5,218,845)
Movement in ECL allowance	1,214,114	219,644	543,641	(543,641)	1,433,758
Employee costs	(80,039,323)	(43,473,468)	(9,146,423)	-	(132,659,214)
Advertising	(18,009,963)	(6,554,851)	-	-	(24,564,814)
Segment assets	204,221,060	157,577,559	136,091,153	(131,737,614)	366,152,158
Segment liabilities	(110,908,512)	(109,945,055)	(46,779,763)	80,589,539	(187,043,791)
Cash and cash equivalents	11,935,509	1,815,525	4,007,532	-	17,758,566
Bank overdraft	(2,781,843)	(9,798,172)	-	-	(12,580,015)
Capital expenditure - assets	9,367,587	2,976,077	503,720	-	12,847,384
Capital expenditure - RoU assets	4,907,795	2,394,315	-	(912,545)	6,389,565

			2020		
	Trellidor	**Taylor**	**Holdings**	**Internal**	**Consolidated**
EBITDA	42,193,845	(26,441,744)	35,812,432	(39,992,100)	11,572,433
Profit (Loss) before tax	32,177,556	(46,585,857)	32,489,289	(35,590,559)	(17,509,571)
Investment income	773,328	262,472	378,704	-	1,414,504
Finance cost	(4,032,215)	(7,131,665)	(3,691,535)	4,401,541	(10,453,874)
Depreciation	(4,286,637)	(1,642,422)	(10,313)	-	(5,939,372)
Depreciation of RoU asset	(2,075,019)	(6,741,298)	-	-	(8,816,317)
Amortisation	(395,746)	(4,891,200)	-	-	(5,286,946)
Impairment	(1,332,159)	(37,422,000)	-	-	(38,754,159)
Movement in ECL allowance	(1,943,826)	(216,258)	861,036	(861,036)	(2,160,084)
Employee costs	(69,911,275)	(41,081,256)	(7,775,860)	-	(118,768,391)
Advertising	(11,606,803)	(8,404,450)	-	-	(20,011,253)
Segment assets	178,358,167	155,130,432	140,337,037	(131,692,901)	342,132,735
Segment liabilities	(86,900,181)	(112,570,814)	(62,191,438)	80,718,030	(180,944,403)
Cash and cash equivalents	14,911,162	1,629,540	6,869,913	-	23,410,615
Bank overdraft	-	(7,339,964)	-	-	(7,339,964)
Capital expenditure - assets	4,892,680	2,319,883	322,872	-	7,535,435
Capital expenditure - RoU assets	4,028,554	230,337	-	-	4,258,891

Notes to the Annual Financial Statements

4. Property, plant and equipment

Property, plant and equipment is initially measured at cost which includes all expenditure directly attributable to the acquisition or construction of the asset.

Measurable expenditure incurred subsequently for major services, additions to or replacements of significant parts of property, plant and equipment are capitalised if it is probable that future economic benefits will flow to the group and company. Day-to-day repair and maintenance costs are included in profit or loss in the year they are incurred. Assets acquired, constructed or refurbished are added to assets under construction, once the construction is complete the costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation, except for land which is stated at cost.

An item of property, plant and equipment is derecognised upon 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.

Depreciation of an asset commences when the asset is available for its intended use. The assets carrying amount is depreciated down to residual value over its estimated useful life.The charge is recognised in profit or loss. The useful lives of items of property, plant and equipment have been assessed as follows:

Categories	Depreciation method	Average useful life
Land and buildings		
• Land		Indefinite
• Buildings	Straight line basis	50 years
• Buildings improvements	Straight line basis	10 years
Furniture, fittings and equipment	Straight line basis	2-6 years
Plant and machinery	Straight line basis	3-10 years
Motor vehicles	Straight line basis	4-5 years
IT Equipment	Straight line basis	4 years
Assets under construction	Straight line basis	Depreciated when available for use

Assets under construction

All costs associated with the design, construction, supervision and management of capital projects are held in the assets under construction account.Once the project is complete, costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use. Management assess whether there is an indication of impairment with reference to the detailed forecasts of the cash flows expected to be generated from the use of the asset.

4. Property, plant and equipment (continued)

	2021 Cost	2021 Accumulated depreciation	2021 Carrying value	2020 Cost	2020 Accumulated depreciation	2020 Carrying value
Group						
Land	5,625,481	-	5,625,481	5,625,481	-	5,625,481
Buildings	31,026,608	(6,525,302)	24,501,306	32,090,829	(6,980,395)	25,110,434
Building improvements	7,270,712	(3,897,967)	3,372,745	6,428,530	(3,444,233)	2,984,297
Plant and machinery	58,820,493	(42,701,896)	16,118,597	55,946,742	(38,872,098)	17,074,644
Furniture, fixtures and equipment	5,287,049	(3,437,270)	1,849,779	4,323,689	(2,884,204)	1,439,485
Motor vehicles	4,876,915	(2,087,219)	2,789,696	3,845,213	(1,580,304)	2,264,909
IT equipment	6,349,104	(4,242,921)	2,106,183	5,090,922	(3,307,966)	1,782,956
Assets under construction	1,227,245	-	1,227,245	547,267	-	547,267
Total	**120,483,607**	**(62,892,575)**	**57,591,032**	**113,898,673**	**(57,069,200)**	**56,829,473**
Company						
Furniture, fixtures and equipment	27,389	(3,870)	23,519	-	-	-
IT equipment	41,252	(23,213)	18,039	41,252	(12,900)	28,352
Total	**68,641**	**(27,083)**	**41,558**	**41,252**	**(12,900)**	**28,352**

Reconciliation of property, plant and equipment

Group	2021 Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Foreign exchange movements	Depreciation	Total
Land	5,625,481	-	-	-	-	-	-	5,625,481
Buildings	25,110,434	-	-	-	-	-	(609,128)	24,501,306
Building improvements	2,984,297	771,899	198,865	(36,384)	-	(15,477)	(530,455)	3,372,745
Plant and machinery	17,074,644	2,056,938	1,077,604	(39,085)	119,985	(116,120)	(4,055,369)	16,118,597
Furniture, fixtures and equipment	1,439,485	879,327	142,522	(5,816)	-	(17,505)	(588,234)	1,849,779
Motor vehicles	2,264,910	1,266,805	355,826	(218,643)	-	(19,856)	(859,346)	2,789,696
IT equipment	1,782,956	1,134,301	336,731	(66,249)	-	(22,245)	(1,059,311)	2,106,183
Assets under construction	547,267	1,133,994	-	(343,992)	(119,985)	9,961	-	1,227,245
	56,829,474	**7,243,264**	**2,111,548**	**(710,169)**	**-**	**(181,242)**	**(7,701,843)**	**57,591,032**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

Group	2020 Opening balance	Additions	Disposals	Transfer to RoU asset	Transfers	Foreign exchange movements	Depreciation	Total
Land	5,625,481	-	-	-	-	-	-	5,625,481
Buildings	25,802,939	-	-	-	-	-	(692,505)	25,110,434
Building improvements	2,702,914	718,767	(19)	-	-	1,432	(438,797)	2,984,297
Plant and machinery	24,702,941	1,563,331	(988)	(6,225,763)	-	41,241	(3,006,118)	17,074,644
Furniture, fixtures and equipment	1,593,143	420,889	(80,239)	-	-	9,401	(503,709)	1,439,485
Motor vehicles	2,380,248	1,064,874	(398,700)	(275,153)	-	65,021	(571,381)	2,264,909
IT equipment	1,925,853	459,360	(30,516)	-	122,783	32,338	(726,862)	1,782,956
Assets under construction	122,783	547,267	-	-	(122,783)	-	-	547,267
	64,856,302	**4,774,488**	**(510,462)**	**(6,500,916)**	**-**	**149,433**	**(5,939,372)**	**56,829,473**

Reconciliation of property, plant and equipment

Company	2021 Opening balance	Additions	Depreciation	Total
Furniture, fixtures and equipment	-	27,390	(3,871)	23,519
IT equipment	28,352	-	(10,313)	18,039
	28,352	**27,390**	**(14,184)**	**41,558**

Reconciliation of property, plant and equipment

Company	2020 Opening balance	Depreciation	Total
IT equipment	38,665	(10,313)	28,352

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings as referred to in note 20:

	Group 2021	Group 2020	Company 2021	Company 2020
Land and buildings	30,126,787	30,735,915	-	-

Notes to the Annual Financial Statements

5. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- The amount of the initial measurement of lease liability;

Right-of-use assets are depreciated on a straight-line basis over the lease term. Rental contracts are typically made for fixed periods of 3 years to 5 years, with an average initial term of 3 years, but may have extension options included.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in note 1.3.

ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- Fixed payments (including in-substance fixed payments);

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Annual Financial Statements

5. Leases (continued)

iii) Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

In determining low-value assets, the group first assess whether or not the value of the underlying assets when it is (or was) new is greater than R100,000. In addition, the group assesses whether or not the use of the underlying asset is readily available to the group and is highly dependent or interrelated with other assets. Should the asset value be below R100,000, is readily available and not highly dependent or interrelated to other assets, it is considered low-value.

The group's leasing activities and how these are accounted for:

The group leases various production facilities, office buildings and motor vehicles. Rental contracts are made for fixed periods but may have extension options as described below. Leases are negotiated on an individual basis and contain different terms and conditions. All leased assets are managed through written contracts to reduce the risk of uncertainty in regards to the conditions or existence of a lease.

In assessing the lease period of the various production and office facilities, management considers the nature of the production and office equipment to be movable and adaptable to variety of facilities and as a result the likelihood of extending the lease term or terminating are both possible. The agreed lease period is therefore used in determining the lease payment until such time as the likelihood of extending or terminating the lease becomes probable.

The lease payments are discounted using the weighted average incremental borrowing rate which ranges between 5% to 20%.

It is company policy to lease certain assets under an instalment sale agreements (ISA).The ISA is repayable in average monthly instalments of R246,126 (2020: R 226,078), secured by plant, machinery and motor vehicles with a carrying value of R 6,601,542 (2020: R6,167,530), bearing interest at prime less 2%.

	Property	Motor vehicles	Plant and equipment	Total
Reconciliation of RoU assets				
As at 01 July 2020	13,126,553	803,593	5,687,544	19,617,690
Recognised subsequent to 01 July 2020	2,369,104	1,617,344	-	3,986,448
Business combinations	2,403,116	-	-	2,403,116
Depreciation expense	(8,626,711)	(530,055)	(750,234)	(9,907,000)
Lease cancelled	(122,868)	-	-	(122,868)
Translation reserve	(592,843)	(28,290)	-	(621,133)
As at 30 June 2021	**8,556,351**	**1,862,592**	**4,937,310**	**15,356,253**
Reconciliation of carrying amount of lease liability:				
As at 01 July 2020	14,542,073	860,512	5,925,568	21,328,153
Recognised subsequent to 01 July 2020	2,369,104	1,855,148	-	4,224,252
Business combinations	2,432,573	-	-	2,432,573
Interest expense	1,213,799	119,452	376,596	1,709,847
Payments	(10,830,845)	(881,595)	(2,296,477)	(14,008,917)
Translation reserve	(603,256)	(29,173)	-	(632,429)
Lease liability terminated - lease cancelled	(132,400)	-	-	(132,400)
As at 30 June 2021	**8,991,048**	**1,924,344**	**4,005,687**	**14,921,079**

Notes to the Annual Financial Statements

5. Leases (continued)

	2021 R	2020 R
Split for lease liabilities:		
Non-current liabilities	7,361,227	9,246,787
Current liabilities	7,559,852	12,081,366
	14,921,079	**21,328,153**

The maturity analysis of lease liabilities at year-end has been disclosed below:

	Undiscounted cash flows 2021	Undiscounted cash flows 2020
Period		
2021	-	12,647,767
2022	8,381,833	6,660,190
2023	4,368,839	2,758,676
2024	2,290,681	1,239,427
2025	1,231,122	731,010
2026	69,864	108,999

	2021 R	2020 R
Amounts recognised in profit and loss:		
Depreciation expense on RoU asset	9,907,000	8,816,317
Impairment expense on RoU asset	-	1,332,158
Interest expense on lease liability	1,709,847	2,274,600
Total amount recognised in profit and loss	**11,616,847**	**12,423,075**

Although the group's operations were adversely affected by the National Lockdown in 2020 as a result of the Covid-19 pandemic, there were no amendments to existing lease contracts in response to these events.

The cash outflow from leases during the year was R12,299,069 (2020: R8,101,134).

6. Goodwill

Goodwill is initially measured at cost, being the excess of the business combination consideration over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment, with the impairment included in operating expenses as incurred.

Goodwill is, from the date of the business combination, allocated to each of the cash-generating units, that are expected to benefit from the synergies of the combination is tested annually for impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, on impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

	2021			2020		
Group	**Cost**	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	84,194,645	(37,422,000)	46,772,645	76,666,279	(37,422,000)	39,244,279

Reconciliation of goodwill

	2021			
Group	**Opening balance**	**Additions through business combinations**	**Foreign exchange movements**	**Total**
Goodwill	39,244,279	8,018,086	(489,720)	46,772,645

Reconciliation of goodwill

	2020			
Group	**Opening balance**	**Additions through business combinations**	**Impairment loss**	**Total**
Goodwill	74,796,923	1,869,356	(37,422,000)	39,244,279

The goodwill relates to the Rollerstyle and Clearguard product ranges, the aqcuisition of local and international Trellidor franchises and the acquisition of the Taylor Segment (Taylor Blinds and Shutters and NMC) from Odyssey House Proprietary Limited. The Rollerstyle and Clearguard related goodwill is not material and therefore no further disclosure is required.

The 2021 addition specifically relates to the acquisition of the Trellidor UK franchise, the details of which have been disclosed in note 8.

When testing for impairment during the year and assessing future income, management has considered the assumptions relating to the sustainable growth. In assessing sustainable growth, management has taken into consideration the on going economic uncertainty as a result of the Covid-19 pandemic, has had on the current year performance of the various CGU and the probable impact it will have on performance over the next 24 months. The estimation of pre-tax cash flows is sensitive to the periods for which forecasts are available and to assumptions regarding the long-term sustainable cash flows.

Management, in assessing sustainable cash flows, has considered the impact anticipated conservative consumer spending capacity could have on demand and as a result future cash flow forecasts have not only accounted for reduced income but has also factored increased operating costs in line with board approved budgets and strategies over the next 12 months and to manage working capital requirements in line with demand.

6. Goodwill (continued)

The 2021 addition specifically relates to the acquisition of the Trellidor UK franchise the details of which have been disclosed in note 8.

In terms of the Trellidor UK goodwill, which has a carrying value of R8,018,086, an impairment of R nil was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in the UK. A pre-tax weighted-average cost-of-capital (WACC) rate of 8.95% was used. The average growth rate applied for the periods beyond 2022 was 5% given the economic conditions and consumer spending power in the UK, which has been unlocked following reduced Covid-19 restrictions.

With regards to the Taylor and NMC acquisition goodwill, which has a recoverable carrying value of R 34,175,276 (2020: R34,175,276), an impairment of R nil (2020: R37,422,000) was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years (2020: 3 years) and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 15.8% to 18.8% (2020: 14.07% to 16.07%) was used. As result of increasing the external risk factor given the current market conditions, the WACC rate has increased from prior year which is driven mainly by the increase in the capital market rates year-on-year.

The average growth rate applied for the periods beyond 2022 was 2% (2021: 10.2%) . It is important to note that this remains a very conservative assumption given that revenue declined 18% to 2020 as a result of the national lockdown. The cost escalation rate applied for the periods beyond 2021 is linked to CPI at year-end. When assessing the average growth rate in 2020, management anticipated returning to pre-Covid levels in 2022. These levels were however reached in 2021 and as result, the average growth beyond 2021 has reduced to more conservative levels for the purpose assessing Goodwill. In terms of the Trellidor Retail goodwill, which has a recoverable carrying value of R2,265,008 (2020: R2,265,008), an impairment of R nil was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 15.8% was used. The average growth rate applied for the periods beyond 2022 was 2% which is considered conservative given the uncertain economic conditions which remain in SA. To emphasise the conservative nature of the growth rate, the average annual price increase is 5%.

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7. Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and impairment, with the amortisation and any impairment included in operating expenses as incurred.

No amortisation is provided for intangible assets which have been assessed as having indefinite useful lives, but they are tested for impairment annually at the same time every period and wherever there is an indication that the asset may be impaired by comparing its carrying amount with its value-in-use.

Amortisation is provided to write down the intangible assets as follows:

	Amortisation method	Average useful life
Patents and trademarks	Straight line basis	10-20 years
Brand names		Indefinite
Computer software	Straight line basis	3 years
Product design	Straight line basis	10 years
Customer base	Straight line basis	5 years
Franchise rights		Remaining contractual period
Assets under development	Straight line basis	Amortised when available for use

Assets under development

All costs associated with the development and management of intangible assets are held in the assets under development account. Once the project is complete, costs are transferred to the appropriate category of intangible asset and amortised when the asset becomes available for use. Management assess whether there is an indication of impairment with reference to the detailed forecasts of the cash flows expected to be generated from the use of the asset.

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Group						
Patents and trademarks	1,585,382	(1,189,402)	395,980	1,770,480	(1,401,645)	368,835
Brand names	25,939,082	(58,329)	25,880,753	25,893,988	(58,329)	25,835,659
Computer software	1,666,167	(103,132)	1,563,035	611,334	(38,885)	572,449
Product design	2,058,152	(849,095)	1,209,057	1,648,488	(380,830)	1,267,658
Customer base	24,456,000	(24,456,000)	-	24,456,000	(19,564,800)	4,891,200
Franchise rights	10,445,851	-	10,445,851	9,595,851	(140,000)	9,455,851
Assets under development	2,200,376	-	2,200,376	1,030,087	-	1,030,087
Total	**68,351,010**	**(26,655,958)**	**41,695,052**	**65,006,228**	**(21,584,489)**	**43,421,739**
Company						
Assets under development	707,215	-	707,215	1,030,087	-	1,030,087

Reconciliation of intangible assets

2021	Opening balance	Additions	Additions through business combinations	Transfers	Foreign exchange movements	Amortisation	Total
Group							
Patents and trademarks	368,834	104,000	-	68,158	-	(145,012)	395,980
Brand names	25,835,659	45,094	-	-	-	-	25,880,753
Computer software	572,449	1,062,481	-	-	(412)	(71,483)	1,563,035
Product design	1,267,659	120,706	-	(68,158)	-	(111,150)	1,209,057
Customer base	4,891,200	-	-	-	-	(4,891,200)	-
Franchise rights	9,455,851	990,000	-	-	-	-	10,445,851
Assets under development	1,030,087	1,170,289	-	-	-	-	2,200,376
	43,421,739	**3,492,570**	**-**	**-**	**(412)**	**(5,218,845)**	**41,695,052**

7. Intangible assets (continued)

Reconciliation of intangible assets

	Opening balance	Additions	Additions through business combinations	2020 Transfers	Foreign exchange movements	Amortisation	Total
Group							
Patents and trademarks	462,225	-	-	-	-	(93,390)	368,835
Brand names	25,719,000	174,988	-	-	-	(58,329)	25,835,659
Computer software	719,542	891,747	-	(1,030,087)	1,446	(10,199)	572,449
Product design	807,086	554,399	-	-	-	(93,827)	1,267,658
Customer base	9,782,400	-	-	-	-	(4,891,200)	4,891,200
Franchise rights	1,203,363	1,139,813	7,252,675	-	-	(140,000)	9,455,851
Assets under development	-	-	-	1,030,087	-	-	1,030,087
	38,693,616	**2,760,947**	**7,252,675**	**-**	**1,446**	**(5,286,945)**	**43,421,739**

Details of intangible assets

The Taylor brand name acquired in the acquisition has been tested by management for impairment at year end due to the possible indicators of impairment being present. The recoverable amount of the brand name is based on value-in-use calculations which utilise a deemed royalty income of between 1% and 3% (2020: between 1% and 3% based on the actual 2020 revenue), growth for the further 4 years, (2020: 3 years) and a reasonable growth rate applied thereafter, based on current market conditions.

In assessing future income, management has considered the assumptions relating to the sustainable growth. In assessing sustainable growth, management has taken into consideration the significant economic uncertainty, as a result of the Covid-19 pandemic, has had on the current year performance of the CGU and the probable impact it will have on performance over the next 24 months.

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 15.5% to 18.8% (2020: 14.07% to 16.07%) was used. As result of increasing the risk factor given the current market conditions, the WACC rate has increased from prior year which is driven mainly by the increase in the capital market rates year-on-year.

The average growth rate applied for the periods beyond 2022 was 2% (2021: 10.2%). It is important to note that this is a very conservative assumption given that revenue declined 18% in 2020 as a result of the national lockdown. When assessing the average growth rate in 2020, management anticipated returning to pre-Covid levels in 2022. These levels were however reached in 2021 and as result, the average growth beyond 2021 has reduced to more conservative levels for the purpose assessing Goodwill.

The recoverable amount of the Franchise rights acquired through the purchase of Trellidor Franchises have been tested for impairment using a value-in-use calculation which is based on a 4 year (2020: 5 year) cashflow forecast assuming inflation linked growth. A growth range of between 0% to 5% was used.

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate that ranges between 15.8% to 18.8% (2020: 14% to 16%) was used. Based on the results of the impairment test performed which considers the possible impact of Covid-19, no impairment has been identified.

Remaining useful life of the customer base intangible is nil (2020: 1 year):

	2021	2020
Customer base	-	1 year

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8. Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements whose classification remains as per their inception date.

Goodwill is determined as the consideration paid less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

UK acquisition

On 2 November 2020 the group acquired 100% of the share capital of Really Secure Company UK Limited trading as Trellidor UK. This UK franchise operation, based in the Birmingham area, forms an integral part of the Trellidor international network. This franchise will be managed as an owned Trellidor branch, with the expectation of improving service delivery in the region, increasing our customer base and improving efficiency to the end user. Goodwill of R8,018,085 arising from the acquisition consist largely of market awareness of the brand that has been created by the previous franchise owner. Goodwill is not deductible for Income tax purposes.

8. Business combinations (continued)

	2021 R
Fair value of assets acquired and liabilities assumed:	
Property, plant and equipment	2,111,548
Right-of-use assets	2,403,116
Deferred tax	62,417
Trade and other receivables	10,058,711
Inventories	2,224,181
Bank balances	15,544,606
Trade and other payables	(3,786,314)
Lease liabilities	(2,432,573)
Current tax payable	(1,203,508)
Goodwill	8,018,085
	33,000,269

Acquisition date fair value of consideration paid

Cash	21,053,909
Contingent cash consideration payable 31 March 2021	6,025,680
Contingent cash consideration payable 30 September 2021	5,920,680
	33,000,269

Net cash outflow on acquisition

Consideration paid	(21,053,909)
Contingent consideration payable 31 March 2021	(6,025,680)
Cash acquired	15,544,606
	(11,534,983)

The consideration payable for the acquisition is payable in 3 months, being on acquisition date (GBP 969 991), 31 March 2021 (GBP 300 000), and 30 September 2021 (maximum amount payable GBP 300 000). The second tranche was contingent on the completion of a successful due dilligence process being completed. This was done and the full amount was paid. The third tranche is capped at a maximum amount of GBP 300 000 and will be adjusted in relation to annual sales targets achieved for the year-ended 30 June 2021. The minimum amount payable is GBP 0. At acquisition, the expected value of this contingent consideration was based on the budgeted revenue forecasts for the year as indicated in the business valuation being achieved. Based on the results as at 30 June 2021 89% of the target has been achieved and therefore 84% the full amount is due and payable.

Acquisition costs of R577,237 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income. The acquisition of the UK franchise during the period increased the revenue of the group by R15,048,371 and a profit before tax of R1,912,635 which was for the period 02 November 2020 to 30 June 2021.

The fair value and gross amount of receivables acquired of R10,058,711 and the full contractual amounts are expected to be collected.

If the acquisition had occurred on 1 July 2020, it is estimated that Group revenue would have increased by approximately 5% to R528,423,213 million and group profit before tax for the period would have increased by approximately 9% to R59,489,182.

9. Investment in subsidiary

In the company's annual financial statements, investments in subsidiaries are carried at cost.

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Trellidor Proprietary Limited	100.00 %	100.00 %	100	100
Trellidor Innovations Proprietary Limited	92.50 %	92.50 %	50,000,000	50,000,000
Trellicor Proprietary Limited	100.00 %	100.00 %	1,045,698	1,045,698
Trellidor UK Limited	100.00 %	- %	2,053	-
Trellidor Ghana Limited	85.00 %	85.00 %	-	-
Trellidor Retail Proprietary Limited	100.00 %	100.00 %	-	-
			51,047,851	51,045,798

Principal place of business

Trellidor Ghana Limited and Trellidor Retail Proprietary Limited are subsidiaries of Trellicor Proprietary Limited and is thus indirectly owned by the group. All the entities are domiciled and operate in South Africa except for Trellidor Ghana Limited which is domiciled and operates in Ghana and Trellidor UK Limited which is domiciled and operates in the UK.

The percentage shareholding is equal to the voting rights attached to each share.

Impairment of Investments

The carrying value of Trellidor Innovations Proprietary Limited as at 30 June 2021 has been assessed and the value still exceeds the investment value and therefore no impairment of the subsidiary has been identified.

10. Loans to group companies

These include loans to subsidiaries and are subsequently measured at amortised cost using the effective interest rate method, less any expected impairment loss allowance recognised to reflect irrecoverable amounts. The general approach is used in determining the expected credit losses. Under this approach the current economic conditions, forward-looking estimated forecasts and the time-value of money is used in the determination of expected credit losses.

For loans receivable with fixed terms of repayment, should the assessment of these factors indicate an inability of the subsidiary to meet its repayment obligation in the immediate future (default), this would result in an increase in the credit risk profile of the subsidiary and the loan being classified as underperforming. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered non-performing, uncollectable and written-off. In determining whether or not a debt is uncollectable the executive management will review all steps that have been taken to recover the debt before approving the write-off.

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demand at the reporting date, the probability of default is usually low and the expected credit loss is immaterial.

If the borrower could not repay the loan if demanded at the reporting date, the group classifies this loan as non-performing and considers the expected manner of recovery to measure expected credit losses. This includes a ‘repay over time’ strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan’s effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

10. Loans to group companies (continued)

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Trellidor Innovations Proprietary Limited - Loan 1	-	-	43,226,386	51,528,556
Trellidor Innovations Proprietary Limited - Loan 2	-	-	9,981,143	12,080,901
Trellidor Retail Proprietary Limited - Loan 3	-	-	8,994,843	10,893,631
Trellidor UK Limited - Loan 4	-	-	13,686,293	-
	-	**-**	**75,888,665**	**74,503,088**

Loans 1 and 3 are unsecured, bear interest at prime plus 0.5% and are repayable over five years.

Loan 2 is unsecured, interest free and has no fixed terms of repayment.

Loans 1 and 3 are subordinated in favour of FNB as these loans have been financed through FNB by the Holding company as part of its group treasury function.

Loan 4 is unsecured, bears interest at the prime UK interest rate and is repayable over five years. The loan arose to assist with the acquisition of Really Secure Company UK Limited.

Split between non-current and current portions				
Non-current assets	-	-	56,586,650	60,390,286
Current assets	-	-	19,302,015	14,112,802
	-	**-**	**75,888,665**	**74,503,088**

Exposure to credit risk

Loans to group companies inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due. Loans to group companies are subject to the impairment provision which requires a loss allowance to be recognised for all exposures to credit risk.

A credit loss allowance is monitored at the end of each reporting period. Executive management is responsible for the management of credit risk and is held accountable for any defaults in loans to group companies and does so through on going credit evaluations which include monthly reviews by the executive committee and quarterly reviews by the Trellidor Holdings board. Any change in the credit quality is considered from the date credit was granted up to the reporting date. Credit quality is assessed by taking into account the financial position of the group company, cashflow forecasts, overall financial performance and other qualitative factors. Based on this assessment the current credit loss is considered adequate.

Credit loss allowances

In applying the general approach to Loans 1, 3 and 4 and taking into account historic repayment trends and the board approved financial budgets for the forth coming period, there is no indication of a significant impairment and as a result no impairment has been recognised for this loans. This assessment has specifically considered the continued impact of the Covid-19 pandemic. Including the subordination of loan 1, 3 and 4, the group company's assets still exceeds its liabilities and there are sufficient liquid assets to settle liabilities and as a result the loan is still deemed recoverable.

In respect to Loan 2, which has no fixed terms of repayment, the impairment assessment has been based on the payments received during the period under review and the counterparties ability to repay the loan over a reasonable period based on board approved financial budgets and cash flow forecasts. This assessment has specifically considered the continued impact of the Covid-19 pandemic. Based on this assessment the expected credit loss has been determined assuming the loan is repaid within a five year period.

10. Loans to group companies (continued)

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable:

	2021			
	Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Instrument				
Loan 1 - performing	12 month ECL	43,226,386	-	43,226,386
Loan 2 - underperforming	Lifetime ECL	11,054,252	(1,073,109)	9,981,143
Loan 3 - performing	12 month ECL	8,994,843	-	8,994,843
Loan 4 - performing	12 month ECL	13,686,293	-	13,686,293
		76,961,774	**(1,073,109)**	**75,888,665**

	2020			
	Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries				
Loan 1 - performing	12 month ECL	51,528,556	-	51,528,556
Loan 2 - underperforming	Lifetime ECL	13,697,651	(1,616,750)	12,080,901
Loan 3 - performing	12 month ECL	10,893,631	-	10,893,631
		76,119,838	**(1,616,750)**	**74,503,088**

Reconciliation of loss allowance

	Company	
	2021	2020
Opening balance	**1,616,750**	**2,477,786**
Changes due to investments recognised at the beginning of the reporting period:		
Remeasurement of Loan 2	(543,641)	(861,036)
Closing balance	**1,073,109**	**1,616,750**

11. Loans receivable

Other loans and receivables, which includes loans to third parties, are subsequently carried at amortised cost less any expected impairment loss allowance. The general approach is used in determining the expected credit losses. Under this approach the current economic conditions, forward-looking estimated forecasts and the time-value of money is used in the determination of expected credit losses.

Should the assessment of these factors indicate an inability of the third party to meet its repayment obligation in the immediate or near future (default), this would result in an increase in the credit risk profile of the third party and the loan being classified as underperforming. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered non-performing, uncollectable and written-off. In determining whether or not a debt is uncollectable the executive management will review all steps that have been taken to recover the debt before approving the write-off.

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demand at the reporting date, the probability of default is usually low and the expected credit loss is immaterial.

If the borrower could not repay the loan if demanded at the reporting date, the group classifies this loan as non-performing and considers the expected manner of recovery to measure expected credit losses. This includes a ‘repay over time’ strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan’s effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Loans to franchisees - performing	6,094,763	6,069,019	-	-
Various loans were issued to franchisees, attracting interest at approximately prime plus 3%, secured by franchise rights. The monthly repayments are linked to sales via a reduced trade discount on a monthly basis, and /or monthly repayments.				
Loans receivable - D Judge - performing	972,661	-	-	-
Loans receivable - C Meekers - performing	990,238	-	-	-
The above loans to the directors were advanced for the purchase of shares in Trellidor Holdings Limited and are secured by these shares, bear interest at prime less 0.5% and is repayable in full by 31 December 2025.				
Skyat Investments Proprietary Limited - performing	750,000	750,000	-	-
The above loan is unsecured, interest free and repayable on demand after 31 July 2020.				
	8,807,662	**6,819,019**	**-**	**-**

Split between non-current and current portions

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Non-current assets	4,806,856	3,280,707	-	-
Current assets	4,000,806	3,538,312	-	-
	8,807,662	**6,819,019**	**-**	**-**

11. Loans receivable (continued)

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due. Loans receivable are subject to impairment provisions, which requires a loss allowance to be recognised for all exposures to credit risk.

A credit loss allowance is measured by applying the general approach and is monitored at the end of each reporting period. Executive management is responsible for the management of credit risk and is held accountable for any defaults in loans receivable and does so through ongoing credit evaluations which include monthly reviews by the executive committee and quarterly reviews by the Trellidor Holdings board. Any change in the credit quality is considered from the date credit was granted up to the reporting date. Credit quality is assessed by taking into account the financial position of the counterparty, cashflow forecasts, franchise rights valuation, overall financial performance and other qualitative factors. Based on this assessment the current credit loss is considered adequate.

Impairment of loans receivable - Credit loss allowance

The directors in considering the carrying amounts of the loans receivable, have applied the general approach in determining possible impairment and the expected credit losses. In applying this approach to the interest bearing loans and taking into account historic repayment trends and executive approved financial budgets for the forth coming period, there is no indication of a possible change to the credit risk and as a result no credit loss has been recognised. Regarding the non-interest bearing loan, which has no fixed terms of repayment, the credit loss assessment has been based on the counterparties ability to repay the loan over a reasonable period based on executive approved financial budgets and cashflow forecasts. As part of this assessment, management has considered the performance of the franchises through the Covid-19 pandemic. Given that turnover increased from 2020 to 2021 through Covid-19 and there was no damage sustained to any of the Trellidor operations subsequent to year-end, no impairment impact has been identified and no expected credit loss has been recognised.

Reconciliation of loss allowances

The following table set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable.

Instrument	2021 Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Franchisees - performing	12 month ECL	6,094,763	-	6,094,763
D Judge - performing	12 month ECL	972,661	-	972,661
C Meekers - performing	12 month ECL	990,238	-	990,238
Skyat Investments - performing	12 month ECL	750,000	-	750,000
		8,807,662	**-**	**8,807,662**

Instrument	2020 Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Franchisees - performing	12 month ECL	6,094,763	-	6,094,763
Skyat Investments - performing	12 month ECL	750,000	-	750,000
		6,844,763	**-**	**6,844,763**

	Group		Company	
	2021	2020	2021	2020
	R	R	R	R

12. Deferred tax

A deferred tax liability/(asset) is recognised for all taxable/(deductible) 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.

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.

Property plant and equipment	(2,300,999)	(2,396,166)	986	(1,117)
Client database	19,130	(1,369,536)	-	-
Prepaid expenses	(140,922)	(569,211)	(23,678)	(53,435)
Expected credit loss allowance	(126,882)	(89,747)	-	-
Section 24C allowance	(2,476,327)	(1,887,208)	-	-
Unrealised profit in inventory	965,783	1,102,941	-	-
Provisions	5,831,945	4,327,197	907,292	653,192
Income received in advance	4,005,582	3,053,359	-	-
RoU asset	(11,863,945)	(2,917,203)	-	-
Lease liability	12,964,746	3,261,126	-	-
Assessed loss	304,061	325,159	-	-
Total deferred tax liability	**7,182,172**	**2,840,711**	**884,600**	**598,640**

Deferred tax asset

Deferred tax liability	(394,741)	(260,228)	(23,678)	-
Deferred tax asset	7,576,913	3,100,939	908,278	598,640
Total net deferred tax asset	**7,182,172**	**2,840,711**	**884,600**	**598,640**

Utilisation of deferred tax asset

Management has utilised financial budgets approved by management and the strategic plan, which has been approved by the executive committee and the board of directors, to determine the recoverability of the deferred tax asset balance.

Notes to the Annual Financial Statements

13. Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. The group believes the use of the weighted average cost basis better matches current costs with revenues earned.

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.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in cost of sales 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.

	Group		Company	
	2021 R	2020 R	2021 R	2020 R
Raw materials	99,402,540	91,448,284	-	-
Work in progress	1,561,026	2,244,608	-	-
Finished goods	4,443,308	2,115,535	-	-
Goods in transit	7,270,330	2,877,183	-	-
	112,677,204	98,685,610	-	-
Provision for obsolence of raw materials	(5,070,506)	(5,606,426)	-	-
	107,606,698	**93,079,184**	**-**	**-**

The provision for obsolescence is calculated by identifying inventory items that have not moved in the previous 12 to 24 months and are not expected to move in the next 12 months. This assessment takes into consideration the possible continued impact of Covid-19 and no additional impairments were identified.

Inventory, with a carrying value of R107,606,698 (2020: R93,079,184) have been encumbered as security for the second long-term borrowings as referred to in note 20.

14. Trade and other receivables

Trade and other receivables excluding non-financial assets listed below are initially measured at the transaction price received or receivable and subsequently measured at amortised cost using the effective interest rate method. The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss within operating expenses. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of profit or loss.

The group considers that a trade and other receivable has no reasonable expectation of recoverability when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered entered into bankruptcy proceedings.

14. Trade and other receivables (continued)

	Group		Company	
	2021 R	2020 R	2021 R	2020 R
Financial instruments:				
Trade receivables	52,380,529	50,303,007	2,091,112	3,488,332
Loss allowance	(1,855,830)	(3,421,448)	-	-
Trade receivables at amortised cost	50,524,699	46,881,559	2,091,112	3,488,332
Other receivable	3,159,967	2,014,690	-	-
Non-financial instruments:				
VAT	611,750	1,418,632	-	-
Other receivables	103,667	195,533	1,265,538	2,587,918
Prepayments	7,058,648	2,461,490	84,565	190,840
Total trade and other receivables	**61,458,731**	**52,971,904**	**3,441,215**	**6,267,090**

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

At amortised cost	53,684,666	48,896,249	2,091,112	3,488,332
Non-financial instruments	7,774,065	4,075,655	1,350,103	2,778,758
	61,458,731	**52,971,904**	**3,441,215**	**6,267,090**

Trade and other receivables pledged as security

Trade receivables has been ceded as security for the financing facilities of the company and group. Refer to note 36.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due. The group's credit risk exposure to customers is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to operating segments. The aggegation of trade receivables in this manner is consistent with the way in which management monitors sales and market demand.

A credit loss allowance is recognised for all trade receivables and is measured by applying a provision matrix and is monitored at the end of each reporting period. In addition to the loss allowance and in terms of the accounting policy, trade receivables are written off when there is no reasonable expectation of recovery.

Each business unit in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures which include weekly reviews by executive management, monthly review by the executive committee and a quarterly review by Trellidor Holdings board. The latter reviews are undertaken by people independent of the daily operations of the company. Executive management is held accountable for any defaults. Any change in the credit quality of trade receivables is considered from the date credit was granted up to the reporting date. Credit quality of the customer is assessed by the business units in taking into account its financial position, past experiences and other qualitative factors. The establishment and subsequent maintenance of credit limits is, in the majority of cases, based either on the applicable franchise right valuation or the specific credit insurance that can be secured. Based on this assessment the current credit loss is considered adequate.

Notes to the Annual Financial Statements

14. Trade and other receivables (continued)

The loss allowance as at 30 June 2021 was determined as follows:

	2021			2020		
Expected credit loss rate:	**Gross carrying amount**	**Loss allowance**	**ECL rate**	**Gross carrying amount**	**Loss allowance**	**ECL Rate**
Group ageing						
Less than 30 days	20,923,911	(96,160)	0.46 %	23,796,638	(2,452)	0.01 %
31 - 60 days	9,200,081	(4,749)	0.05 %	2,913,294	(4,318)	0.15 %
61 - 90 days	3,287,314	(840)	0 %	17,905	-	0.00 %
91 - 120 days	709,956	(9,486)	1.34 %	6,770,317	(343,954)	5.08 %
More than 120 days	5,214,178	(740,577)	14.20 %	1,335,503	(121,531)	9.10 %
Specifically impaired	13,045,089	(1,004,018)		15,469,350	(2,949,105)	
Total	**52,380,529**	**(1,855,830)**		**50,303,007**	**(3,421,360)**	

The credit loss rates are based on the payment profile of sales over a period of 48-months before 30 June 2021 and the corresponding historical credit losses experienced within this period. As debtors days are on average less than 60 days, this period reflects sufficient data points. The historical rates are adjusted to reflect current and forward-looking factors which include but not limited to regional growth, political stability and economic forecasts. This adjustment requires judgment and the adjusted credit loss rate may not be representative of the customer's actual default in the future.

Subsequent to the National Lockdown as a result of the Covid-19 pandemic, management has had the ability to implement interventions which reduced the risk of debts becoming uncollectable and have allowed majority of our debtors to trade out of the short-term crises experienced. It has also enabled the group to identify specific impairment issues which have been provided for.

The risk profile remains weighted to a higher risk of loss on amounts more than 91 days past due. There has been an decrease in the risk rating for amounts 31-61 days past due mainly as a result of impaired trading as the economy unlocked over this period. Although the pandemic has resulted in an adjusted credit risk rates, management has considered that the debtors that have recovered from a potentially catastrophic event and continue to trade and therefore except for the specifically impaired debtors, the credit risk profile remains robust.

The acquisition of the UK franchise, which has a more commercial customer base with longer payment terms, has not only resulted in an increased debtors balance overall but has also increased amounts due in 61-90 days. The change in the debtors ageing profile as a result of the UK acquisition has also had an impact on the more than 120 gross carrying amount as it has increased the group total without increasing the credit loss. This, coupled with the improved overall credit risk following strong performance post the Covid-19 restrictions, results in improved ECL rate when compared to 2020, but is still conservative when compared to 2019 rate of 9.22%.

Including the specifically impaired customers the total loss allowance as a % of the total gross carrying amount has reduced from 6.80% in 2020 to 3.54% as a result of better than expected recoveries. Management however remains cautious which is evident in the fact that in 2019 the overall loss allowance % was 2.31%.

Notes to the Annual Financial Statements

14. Trade and other receivables (continued)

Reconciliation of loss allowances

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

	Group	
	2021	**2020**
Opening balance in accordance with IFRS 9	**(3,421,448)**	**(1,261,363)**
Amounts written off	-	735,578
Remeasurement of loss allowance	1,433,758	(2,895,663)
Translation	131,860	-
Closing balance	**(1,855,830)**	**(3,421,448)**

In determining the amount of expected credit losses of other receivables, the group has taken into account any historic default experience, the financial positions of the counterparty at year end as well as the future cashflows of the counterparty. This information has been obtained from the counterparty themselves. Consequently, there is no significant credit loss expected and hence no provision for impairments has been raised.

Company:

The Holding company's only customers are group subsidiaries. During the prior year national lockdown, the company extended payment terms to its subsidiaries to assist with cashflow within the entities. This has resulted in an increase in the trade receivables balance from 2019 to 2020. During 2021 all overdue amounts were repaid. Historically the company has no history of and debts and there are therefore no significant expected credit losses applicable to these debtors.

Given that the company's income is mainly derived from the two major subsidiaries, there is a concentration of risk inherent in its income. Management relies on the credit quality of the subsidiaries to mitigate this risk, and based on the financial performance of the subsidiaries, despite the continued impact of Covid-19, the credit quality is considered adequate.

Exposure to currency risk

Refer to note 22 for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The directors consider the carrying amounts of the trade and other receivables to be its fair value due to the short-term nature.

The directors are satisfied that the carrying amount of trade and other receivables are adequate based on the recognised credit loss allowance and its assessment of the business units of the credit quality of the receivables.

	Group		Company	
	2021	2020	2021	2020
	R	R	R	R

15. Cash and cash equivalents

Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents comprise cash on hand and cash held at the bank, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents as defined above is reflected net of bank overdrafts as they are considered an integral part of the group and company's cash management.

Cash and cash equivalents consist of:

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Cash on hand	168,488	185,678	-	-
Bank balances	17,590,078	23,224,938	4,002,869	6,863,982
Bank overdraft	(12,580,015)	(7,339,964)	-	-
	5,178,551	**16,070,652**	**4,002,869**	**6,863,982**
Current assets	17,758,566	23,410,616	4,002,869	6,863,982
Current liabilities	(12,580,015)	(7,339,964)	-	-
	5,178,551	**16,070,652**	**4,002,869**	**6,863,982**

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate fair value.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand, can be assessed by reference to external credit ratings of the group's bankers. Based on this assessment, which is forward-looking in nature, and the historic performance of the bankers, the carrying amount is deemed to be appropriate with no indication of a credit loss.

The group had total undrawn facilities available at year-end of R25,564,204 (2020: R23,796,469) for future operating activities and commitments.

Cash and cash equivalents pledged as security

Refer to note 36 for the facilities and securities held with FNB.

Exposure to currency risk

Refer to note 22 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

The credit ratings of individual banks were reviewed and noted that credit rating was moved from Ba1 to Ba2 for the long-term local currency and foreign currency deposit ratings of FirstRand Bank Limited. Risk on South African banks is considered negligible as all cash deposits are guaranteed by the SA Reserve Bank and banks are financially sound. Zanith Bank Plc in Ghana and Barcleys Bank in the UK remain on stable credit ratings.

Notes to the Annual Financial Statements

16. Stated capital

Stated capital - Ordinary shares are classified as equity.

Treasury shares - The group's own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of treasury shares. Consideration paid or received is recognised directly in equity and no dividends are allocated to them.

Due to share buy-backs the stated capital balance has been significantly reduced and further share buy-backs will be set off against retained earnings, once the capital balance has been reduced to nil.

	Number of shares	
	2021	**2020**
Authorised		
No par value shares	5,000,000,000	5,000,000,000
Issued		
Reconciliation of number of shares issued:	95,209,820	105,765,143
Opening balance	100,203,596	105,765,143
Shares repurchased and cancelled	(4,993,776)	(5,561,547)
Closing balance	**95,209,820**	**100,203,596**

Issued	Group **2021** **R**	 **2020** **R**
Reconciliation of number of shares issued:		
Opening balance	12,142,997	34,056,299
Shares repurchased and cancelled	(11,741,987)	(21,913,302)
Closing balance	**401,010**	**12,142,997**

During the year, 4,993,776 (2020: 5,561,547) shares at an average cost of R2.35 (2020: R3.94) per share has been repurchased as part of the share buy-back programme announced during the 2021 financial year.

17. Foreign currency translation reserve (FCTR)

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at an average exchange rate on a monthly basis; and
- All resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

The translation reserve comprises exchange differences on consolidation of the foreign subsidiaries into the presentation currency of the group.

18. Other non-distributable reserve

The other non-distributable reserve represents the surplus on restructuring of a subsidiary.

Notes to the Annual Financial Statements

19. Share-based payments

The group issues equity-settled share options to certain employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the option. Fair value is measured using the Black Scholes model taking into account the terms and conditions upon which the options are granted. The risk-free rate, dividend yield, share price volatility and attrition rate key assumptions used in the valuation model are based on management's best estimate at the date of valuation.

At each reporting date the estimate of the number of options that are expected to vest based on the non-market vesting conditions are revised. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

The subsidiaries will pay the company for the portion of the share based expense that relates to employees rendering services in those companies. This results in the company recognising an asset for the amount to be recovered.

Under the Trellidor share-incentive scheme, the group, at the discretion of the remuneration committee, may grant share options on the shares of the parent to the employees of any company within the group, via the Trellidor Group Share Incentive Trust. The share options granted give the holder the right to purchase Trellidor shares. The subsidiary company settles the liability due to group, in cash. These share options vest and are exercisable in tranches of 25% on the 2nd, 3rd, 4th and 5th anniversary of the award. The vesting of the share options is dependent on the employee being employed within the group at vesting date and exercising the option within the 30 day exercise period.

During the period under review no additional options were granted.

	2021		2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Reconciliation of share options for the year				
Outstanding options at beginning of year	5.50	3,066,358	5.51	4,780,487
- SBP 2016	5.41	1,909,098	5.41	2,949,567
- SBP 2017	5.66	1,157,310	5.66	1,830,920
Options lapsed - SBP 2016	5.41	(954,524)	5.41	(983,189)
Options forfeited - SBP 2016	5.41	(58,303)	5.41	(57,330)
Options lapsed - SBP 2017	5.66	(385,770)	5.66	(457,730)
Options forfeited - SBP 2017	5.66	-	5.66	(215,880)
Outstanding option at end of year	5.53	1,667,761	5.50	3,066,358
- SBP 2016	5.41	896,221	5.41	1,909,048
- SBP 2017	5.66	771,540	5.66	1,157,310

The third tranche of the SBP 2016 award and the second tranche of SBP 2017 vested in October 2020, however no options were exercised and therefore lapsed after the 30 day exercise period. The final tranche of the SBP 2016 award and the third tranche of the SBP 2017 award, vest in October 2021.

At 30 June 2021 the carrying amount of the of the share-based payment reserve was R6,775,715 (2020: R6,776,715) with an expense of Rnil (2020: R1,072,961) recognised for employee services rendered during the year. Each company in the group recognise the expense for employee services rendered during the year.

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

20. Other financial liabilities

Borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss.

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Held at amortised cost				
Secured				
FNB - Holdings Facility	43,885,836	52,793,611	43,885,836	52,793,611
FNB - Innovations Facility	1,670,071	6,046,302	-	-
FNB - Property Finance	30,415,304	34,863,463	-	-
Unsecured				
Novaspectacular Investments Proprietary Limited - interest bearing	3,488,653	4,167,989	-	-
Novaspectacular Investments Proprietary Limited - interest free	896,106	1,110,606	-	-
Held at fair value				
J Millburn - Deferred consideration	5,920,680	-	-	-
	86,276,650	**98,981,971**	**43,885,836**	**52,793,611**

Split between non-current and current portions

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Non-current liabilities	63,653,592	81,529,097	33,205,872	42,832,896
Current liabilities	22,623,058	17,452,874	10,679,964	9,960,715
	86,276,650	**98,981,971**	**43,885,836**	**52,793,611**

FNB

The loan held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in monthly instalments until February 2025.

The loan held by Trellidor Innovations Proprietary Limited bears interest at prime less 0.5% per annum and is repayable in monthly instalments until July 2021.

The property finance liability bears interest at prime less 0.5% per annum and is repayable in monthly instalments until October 2029.

Novaspectacular Investments Proprietary Limited

Loan 1 is unsecured, bears interest at prime and is repayable over 5 years. This loan has been subordinated to FNB as security for the facilities with the bank.

Loan 2 is unsecured, bears no interest and has no fixed term of repayment. This loan has been subordinated to FNB as security for the facilities with the bank.

Refer to note 36 for securities held for these facilities.

Refer to note 33 - Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 22 - Financial instruments and financial risk management for the fair value of borrowings.

J Millburn - Deferred consideraion

This amount relates to the final tranche of payment for the acquisition of Really Secure Company UK Limited payable on 30 September 2021. Refer to note 8 for the terms of the consideration payable.

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

21. Trade and other payables

Trade and other payables excluding non-financial liabilities listed below are subsequently measured at amortised cost, using the effective interest rate method.

Financial instruments:				
Trade payables	34,586,016	14,801,011	550,141	450,208
FEC Contract	-	31,663	-	-
Non-financial instruments:				
Accrued leave pay and bonus	11,209,619	5,059,466	1,589,218	138,078
Accrued expenses	7,071,280	6,718,785	317,822	269,000
Other payroll accruals	3,741,889	3,431,956	232,719	163,568
Amounts received in advance	13,315,701	10,980,876	-	-
VAT	951,681	1,607,757	204,031	155,409
	70,876,186	**42,631,514**	**2,893,931**	**1,176,263**

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

At amortised cost	34,586,016	14,832,674	550,141	450,208
Non-financial instruments	36,289,886	27,798,840	2,343,790	726,055
	70,875,902	**42,631,514**	**2,893,930**	**1,176,264**

Trade and other payables consist of purchases from suppliers at normal trade terms and are generally payable between 30 - 90 days.

Exposure to currency risk

Refer to note 22 Financial instruments and financial risk management for details of currency risk management for trade payables.

Fair value of trade and other payables

The directors consider the carrying amount of trade and other payables to approximate their fair value based on the short-term nature of the trade and other payables.

22. Financial instruments and risk management

Accounting policy:

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

Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Classification and initial measurement

Financial instruments are measured initially at fair value plus direct transaction costs (if applicable).

The classification is determined by both:
- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

22. Financial instruments and risk management (continued)

All financial assets and other financial liabilities are classified at amortised cost as they are solely held for collection or payment of capital and interest, except for derivatives and any contingent considerations which are classified at fair value through profit and loss ('FVTPL').

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented in operating expenses.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expires, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Categories of financial instruments

Financial assets by category	Group		Company	
	2021	2020	2021	2020
Amortised cost				
Loans receivable	8,807,662	6,819,019	-	-
Loans to group companies	-	-	75,888,665	74,503,088
Trade and other receivables	53,684,666	48,896,249	2,091,112	3,488,332
Cash and cash equivalents	17,758,503	23,410,616	4,002,869	6,863,982
	80,250,831	**79,125,884**	**81,982,646**	**84,855,402**

Financial liabilities by category				
Amortised cost				
Trade and other payables	34,586,016	14,840,742	550,141	450,208
Other financial liabilities	80,355,969	98,981,971	43,885,836	52,793,611
Bank overdraft	12,579,953	7,339,964	-	-
Fair value through profit or loss				
J Millburn - deferred consideration	5,920,680	-	-	-
	133,442,618	**121,162,677**	**44,435,977**	**53,243,819**

Gains and losses on financial assets				
Recognised in profit or loss				
Interest income	1,392,010	1,414,504	292,999	378,584
Movement in credit loss allowance	1,433,758	(2,160,084)	543,641	861,036
Net gains (losses)	**2,825,768**	**(745,580)**	**836,640**	**1,239,620**

Gains and losses on financial liabilities				
Recognised in profit or loss				
Finance cost	6,043,038	7,930,613	3,212,501	3,691,535

22. Financial instruments and risk management (continued)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Capital adequacy and liquidity are managed by monitoring the debt to equity ratio, interest cover and debt service ratios.

The debt ratio is calculated as debt divided by total equity. Debt is calculated as total interest-bearing borrowings. Total equity is represented in the statement of financial position. The ratio is closely monitored by management and the group aims to maintain this ratio below 150%.

The group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers, as referred to in note 36. As at 30 June 2021 the group was not in breach of any covenants and there was no change to what the entity manages as capital or the strategy for capital maintenance from the previous year.

The debt cover ratios have been met by more than 50% capacity of the requirements. In terms of the debt cover, our covenants ratio allows for a 2 x EBITDA level, however the board's targeted debt level is 1.5 x EBITDA which ensures effective management of our debt covenants. In terms of interest cover, we have more than 300% capacity on this covenant.

Our dividend is limited to 50% of profit after tax in terms of our covenant requirement and our final dividend means that we are targeting to be at 49% of profit after tax. This does result in limited covenant capacity but this is a calculated decision to maximise our dividend to our shareholders while maintaining our covenant using audited financial results as the basis of the calculation which is consistent with our financiers assessment base.

Subject to covenants being met and sufficient cash flow generation, the group would seek to achieve a dividend cover of 2.25 (2020: 2.25).

The debt to equity ratio and dividend cover at 2021 and 2020 respectively were as follows:

	Group		Company	
	2021	2020	2021	2020
Borrowings	86,276,649	98,981,971	43,885,836	52,793,611
Equity	179,108,367	161,196,399	89,311,388	78,145,600
Gearing ratio	48.17 %	61.00 %	49.14 %	68.00 %
Dividend cover	2.26	(1.30)	-	-

Based on the ratios above the group has managed its capital in line with its objectives to safeguard the group's ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders.

22. Financial instruments and risk management (continued)

Financial risk management

Overview

The group’s financial instruments consist primarily of cash resources invested with financial institutions, accounts receivable, accounts payable, loans to/(from) group companies and instalment sale agreements. The group's activities expose it to a variety of financial risks including credit, interest, foreign currency, capital and liquidity risk.

Risk management policies have been established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are regularly reviewed to reflect changes in market conditions and the group's activities. The group through training, management standards and procedures aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

There have been no major changes to the group's financial risk management policies and processes from the previous period.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counter-party to a financial instrument fails to meet their contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and other financial assets.

The credit quality of cash held at the bank is assessed to be good as the group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

			2021			2020	
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Group							
Loans receivable	11	8,807,662	-	8,807,662	6,819,019	-	6,819,019
Trade and other receivables	14	55,540,496	(1,855,830)	53,684,666	52,317,697	(3,421,448)	48,896,249
Cash and cash equivalents	15	17,758,566	-	17,758,566	23,410,616	-	23,410,616
		82,106,724	**(1,855,830)**	**80,250,894**	**82,547,332**	**(3,421,448)**	**79,125,884**
Company							
Loans to group companies	10	76,961,774	(1,073,109)	75,888,665	76,119,838	(1,616,750)	74,503,088
Trade and other receivables	14	2,091,112	-	2,091,112	3,488,332	-	3,488,332
Cash and cash equivalents	15	4,002,869	-	4,002,869	6,863,982	-	6,863,982
		83,055,755	**(1,073,109)**	**81,982,646**	**86,472,152**	**(1,616,750)**	**84,855,402**

22. Financial instruments and risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Trellidor group maintains flexibility in funding by maintaining facilities under committed credit lines.

These facilities are used whenever an entity within the group requires cash to maintain operations. Overall credit lines are approved by the board. There is a concentration risk in that both of the major facilities used (Wesbank and FNB) are part of the FirstRand group. However, this risk is mitigated by the fact that the FirstRand group is a strong financial services provider and that a large substitution market exists.

Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of expected cash flow. There is central cash management function at group level, which manages cash flows and balances, ensuring liquidity by operation as required and the maximisation of the overall return on free cash.

Trade and other receivables are used to offset the risk that arises from trade and other payables. Repayment of loans payable will be financed from cash generated from operating activities or working capital facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		2021					
		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Group							
Non-current liabilities							
Lease liabilities	5	-	4,368,839	3,591,667	-	7,960,506	7,361,227
Other financial liabilities	20	-	18,957,926	37,759,903	16,683,348	73,401,177	63,653,592
Current liabilities							
Lease liabilities	5	8,381,832	-	-	-	8,381,832	7,559,852
Bank overdraft	15	12,580,015	-	-	-	12,580,015	12,580,015
Other financial liabilities	20	29,533,496	-	-	-	29,533,496	22,623,057
Trade and other payables	21	34,586,016	-	-	-	34,586,016	34,586,016
Current assets							
Trade and other receivables	14	(53,684,666)	-	-	-	(53,684,666)	(53,684,666)
		(31,396,693)	**(23,326,765)**	**(41,351,570)**	**(16,683,348)**	**(112,758,376)**	**(94,679,093)**

22. Financial instruments and risk management (continued)

		2020					
		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Group							
Non-current liabilities							
Other financial liabilities	20	-	21,113,336	53,670,642	23,187,508	97,971,486	81,529,097
Lease liabilities		-	6,660,190	4,838,412	-	11,498,602	9,246,787
Current liabilities							
Trade and other payables	21	14,840,742	-	-	-	14,840,742	14,840,742
Other financial liabilities	20	23,581,540	-	-	-	23,581,540	17,452,874
Lease liabilities		12,647,767	-	-	-	12,647,767	12,081,366
Bank overdraft	15	7,339,964	-	-	-	7,339,964	7,339,964
Current assets							
Trade and other receivables	14	(48,896,249)	-	-	-	(48,896,249)	(48,896,249)
		(9,513,764)	**(27,773,526)**	**(58,509,054)**	**(23,187,508)**	**(118,983,852)**	**(93,594,581)**

		2021					
		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Company							
Non-current liabilities							
Other financial liabilities	20	-	13,148,531	21,914,218	-	35,062,749	33,205,872
Non-current assets							
Loans to group companies	10	-	(23,459,708)	(43,405,521)	-	(66,865,229)	(56,586,650)
Current liabilities							
Trade and other payables	21	550,139	-	-	-	550,139	550,141
Other financial liabilities	20	13,148,531	-	-	-	13,148,531	10,679,964
Bank sureties*		1,670,071	-	-	-	1,670,071	-
Bank guarantees*		30,415,304	-	-	-	30,415,304	-
Current assets							
Trade and other receivables	14	(2,091,112)	-	-	-	(2,091,112)	(2,091,112)
Loans to group companies	10	(23,459,708)	-	-	-	(23,459,708)	(19,302,015)
		(20,233,225)	**10,311,177**	**21,491,303**	**-**	**11,569,255**	**33,543,800**

22. Financial instruments and risk management (continued)

		2020 Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Company							
Non-current liabilities							
Other financial liabilities	20	-	13,221,600	35,257,600	-	48,479,200	42,832,896
Non-current assets							
Loans to group companies	10	-	(18,541,308)	(51,432,304)	-	(69,973,612)	(57,578,530)
Current liabilities							
Trade and other payables	21	450,209	-	-	-	450,209	450,209
Other financial liabilities	20	13,221,600	-	-	-	13,221,600	9,960,715
Bank sureties*		6,046,302	-	-	-	6,046,302	-
Bank guarantees*		34,863,463	-	-	-	34,863,463	-
Current assets							
Trade and other receivables	14	(3,488,332)	-	-	-	(3,488,332)	(3,488,332)
Loans to group companies	10	(18,541,308)	-	-	-	(18,541,308)	(18,541,308)
		(32,551,934)	**5,319,708**	**16,174,704**	**-**	**(11,057,522)**	**26,364,350**

*It is the opinion of the directors that the possibility of any loss from bank sureties or guarantees is improbable and it is not anticipated that any material liabilities will arise.

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, GB Pound and Euro.

The group imports raw materials and components and exports finished goods. These transactions are foreign currency based, hence there is exposure to foreign currency risk in the form of transactions and translation expenses from fluctuations in foreign currency exchange rates. The group utilises, as part of its risk management, the natural hedging that arises from being an importer and exporter of goods and forward exchange contracts where appropriate.

22. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

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

		Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Current assets					
Trade and other receivables:					
• USD 144 254 (2020: 111 212)	14	2,057,776	1,936,201	-	-
• GBP 528 327 (2020: 134 343)	14	10,426,856	2,885,191	-	-
• EUR 27 487 (2020: 1167)	14	465,433	22,702	-	-
Cash and cash equivalents:					
• USD 136 523 (2020:30 317)	15	1,947,505	527,818	-	-
• EUR 29 (2020: nil)	15	490	-	-	-
• GBP 176 968 (2020:15 240)	15	3,492,567	331,462	-	-
Current liabilities:					
Trade and other payables:					
• USD 741 272 (2020: 89 095)	21	10,574,243	1,557,205	-	-
• EUR 242 289 (2020: 205 164)	21	4,102,588	1,652,337	-	-
• GBP 66 423 (2020: nil)	21	1,310,900	-	-	-

Year end exchange rates used for conversion of foreign items were:

	Group 2021	Group 2020	Company 2021	Company 2020
US Dollar	14.27	17.41	-	-
Euro	16.93	21.50	-	-
British Pound	19.74	19.47	-	-

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group and company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. Given the weakening in the Rand as a result of Covid-19 in 2020, the sensitivity rate was increased significantly in 2020. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Impact on profit or loss:				
US Dollar 1% (2020: 7%)	(65,690)	65,690	63,901	(63,901)
Euro (2020: 1%)	(36,367)	36,367	(278,027)	278,027
Great British Pound 1%	36,334	(36,334)	-	-
	(65,723)	**65,723**	**(214,126)**	**214,126**

22. Financial instruments and risk management (continued)

Interest rate risk

The group's interest rate risk arises from cash deposits (refer to note 15), financial assets (refer notes 10 and 11) and financial liabilities (refer note 20), which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through a central cash management mechanism at group level, which enables the group to maximise returns whilst minimising risk.

During the previous financial year interest rates were adjusted significantly by the South African Reserve Bank in response to an extraordinary event caused by the Covid-19 pandemic. Given the isolated nature of the cause of the adjustments and given the history of interest rate adjustments under "normal'' economic conditions, the recent adjustments are not considered to be an indicator that rates have become significantly more volatile.

Group

At 30 June 2021, if the prime interest rates which is considered the benchmark had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R484 877 (2020: R 450 459) lower/higher, mainly as a result of higher interest expense/income on borrowings.

Company

At 30 June 2021, if the prime interest rates which is considered the benchmark had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R219 429 (2020: R 229 648) higher/lower, mainly as a result of higher interest income/expense on borrowings.

23. Revenue

Group

Revenue is measured at the transaction price received or receivable and represents the amounts receivable for goods and services provided in the customery business practices, net of trade discounts and settlements and value added tax.

Revenue from the sale of product includes sales and installation of custom-made security and decorative products. The sales are recognised when control of the product has transferred to the buyer. The control of the goods passes on delivery at the premises nominated by the customer. The delivery of products and the transfer of risks are detailed by the terms of sale.

Products are often sold with retrospective volume discounts, and early-settlement terms. These rights give rise to a variable consideration. Revenue from these sales are recognised based on the price specified on the sale invoice, net of calculated discounts and early settlement discounts. The general repayment terms of sale vary from upfront deposits, with the balance payable on completion, to payment terms of 30 days or 90 days from statement date depending on the nature and geographical region of the customer. No element of financing is deemed present as the sales are not made on extended credit terms (not greater than 12 months),

The group typically provides warranties for repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for as warranty provisions.

Royalties, which are generated from non-related entities who have a contractual right to manufacture and sell Trellidor products in a specific region or regions, are recognised on the accrual basis in the month in which the underlying sale has occurred in accordance with the substance of the relevant agreements.

Company

Company management fees received is based on actual services provided to the end of the reporting period apportioned evenly on a monthly basis because the customer receives and uses the services simultaneously.

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

Notes to the Annual Financial Statements

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
23. Revenue (continued)				
Disaggregation of revenue from customers				
Revenue from source type and timing of transfer				
Sale of security products - invoice (point-in-time)	312,025,410	337,047,667	-	-
Sale of decorative products - invoice (point-in-time)	205,047,199	83,269,551	-	-
Management fees - monthly invoice (over time)	-	-	12,817,696	11,749,740
Royalty income - invoice (point-in-time)	1,313,823	1,230,480	-	-
	518,386,432	**421,547,698**	**12,817,696**	**11,749,740**
Revenue by geographical location				
South Africa	441,293,740	354,921,748	12,817,696	11,749,740
Rest of Africa	54,008,235	57,507,537	-	-
Rest of World	23,084,457	9,118,413	-	-
	518,386,432	**421,547,698**	**12,817,696**	**11,749,740**
Other revenue				
Dividends received	-	-	32,000,000	31,475,708
Interest received	-	-	4,544,738	4,401,541
	-	**-**	**36,544,738**	**35,877,249**
Total revenue	**518,386,432**	**421,547,698**	**49,362,434**	**47,626,989**

24. Cost of sales

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Sale of goods	199,606,662	161,807,621	-	-
Employee costs	68,808,693	50,978,863	-	-
Depreciation and impairment	9,937,737	8,425,447	-	-
Manufacturing expenses	20,619,087	24,820,725	-	-
	298,972,179	**246,032,656**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

25. Operating (loss)/profit before interest and taxation

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), is recognised in the period in which the service is rendered and is 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.

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.

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.

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.

Operating profit (loss) before interest and taxation for the year is stated after accounting for the following amongst others:

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Advertising	24,564,813	20,011,253	-	-
Amortisation on intangible assets	5,218,845	5,286,945	-	-
Auditor's remuneration	2,109,966	3,019,039	687,986	555,530
Cartage	10,393,316	8,498,670	-	-
Commission	8,817,625	5,766,964	-	-
Consulting fees	4,117,500	2,695,416	1,628,546	1,339,286
Movement on ECL allowance	(1,433,758)	2,160,084	(543,641)	(861,036)
Depreciation on RoU asset	9,907,002	8,816,317	-	-
Depreciation on property plant and equipment	7,701,843	5,939,372	14,184	10,313
Gas, electricity and water	7,603,147	5,824,446	-	-
Impairment of goodwill	-	37,422,000	-	-
Loss on exchange differences	3,280,552	1,529,212	-	-
Profit on exchange differences	-	(3,455,427)	-	-
Post employment benefits	5,583,082	5,454,349	368,141	283,746
Share-based payment expense	-	1,072,961	-	309,002
Short-term employee benefits	127,076,131	119,265,701	7,304,942	7,183,112

Included in Auditor's remuneration for non-assurance services provided to the amount of R142 253 (2020: R11 815).

Notes to the Annual Financial Statements

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

26. Retirement benefits

Defined contribution plan

Payments to defined contribution retirement benefit plans and provident funds are charged as an expense as they fall due.

It is the policy of the group to provide retirement benefits to all of its employees. The group makes contributions to the pension and provident funds, which are subject to the Pension Funds Act and MEIBC regulations. The group is under no obligation to cover any unfunded benefits.

The total group contribution to such schemes	5,583,082	5,454,349	368,141	283,746

27. Investment income

Interest income - Investments in financial assets:				
Bank and other cash	646,919	989,636	216,336	362,684
Other interest	745,091	424,868	76,663	15,900
Total interest income	**1,392,010**	**1,414,504**	**292,999**	**378,584**

28. Finance costs

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

Shareholders	282,409	1,408,346	14,145	159,846
Non-current borrowings	5,477,680	6,152,449	3,145,045	3,446,439
Lease liabilities	1,709,391	2,797,751	-	-
Bank and other	551,212	94,740	53,311	84,726
Tax authorities	3,081	588	3,081	524
Total finance costs	**8,023,773**	**10,453,874**	**3,215,582**	**3,691,535**

Notes to the Annual Financial Statements

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

29. Taxation

Current tax is recognised when there is an expected charge or deduction for tax purposes. 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. The group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or 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.

Major components of the tax expense

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Current				
Current period	18,154,142	8,648,035	1,254,271	678,983
Under / (over) provision	171,474	602,665	1,728	-
	18,325,616	**9,250,700**	**1,255,999**	**678,983**
Deferred				
Originating and reversing temporary differences	(2,756,763)	(2,220,982)	(285,960)	324,638
	15,568,853	**7,029,718**	**970,039**	**1,003,621**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2021	Group 2020	Company 2021	Company 2020
Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %
Exempt income	- %	- %	(27.17)%	(27.13)%
Tax incentives	(0.28)%	2.08 %	- %	- %
Lower foreign tax rates	(0.42)%	0.38 %	- %	- %
Capital gains	0.20 %	(0.42)%	- %	- %
Non-deductible expenses	0.04 %	(6.87)%	2.11 %	2.22 %
Impairment of goodwill	- %	(59.82)%	- %	- %
Prior year under provision	0.31 %	(3.48)%	0.01 %	- %
	27.85 %	**(40.13)%**	**2.95 %**	**3.09 %**

Notes to the Annual Financial Statements

	Group		Company	
	2021 R	2020 R	2021 R	2020 R

30. Cash generated from operations

Profit (loss) before taxation	55,897,891	(17,509,571)	33,549,647	32,489,288
Adjustments for:				
Depreciation and amortisation	22,827,688	19,931,877	14,184	10,313
Net (profit)/loss on disposal of property, plant and equipment	82,637	(179,276)	-	-
Impairment of goodwill	-	37,422,000	-	-
Impairment of RoU asset - plant and machinery	-	1,332,159	-	-
Interest income	(1,392,010)	(1,414,504)	(4,837,737)	(4,780,125)
Finance costs	8,023,771	10,453,874	3,215,581	3,691,535
Expected credit impairment	(1,433,757)	2,160,084	(543,641)	(861,036)
Movements in provisions	3,839	408,223	-	-
Share-based payment expense	-	1,072,961	-	309,002
Movement in inventory obsolescence	(535,920)	3,067,938	-	-
Unrealised exchange differences	(670,680)	251,388	-	-
Changes in working capital:				
(Increase)/decrease in inventories	(11,767,889)	10,963,839	-	-
(Increase)/decrease in trade and other receivables	1,195,999	(3,734,253)	2,825,875	(3,435,679)
Increase/(decrease) in trade and other payables	24,118,791	(9,254,338)	1,717,665	111,971
	96,350,360	**54,972,401**	**35,941,574**	**27,535,269**

31. Tax paid

Balance at beginning of the year	1,804,118	2,246,721	(205,276)	(78,326)
Current tax for the year recognised in profit or loss	(18,325,616)	(9,250,700)	(1,255,999)	(678,983)
Balance at end of the year	(81,484)	(1,804,118)	(77,181)	205,276
	(16,602,982)	**(8,808,097)**	**(1,538,456)**	**(552,033)**

32. Dividend paid

Dividend	(9,671,833)	(19,704,244)	(9,671,833)	(19,704,244)

Dividend per share of R0.18 (2020: R0.11) were distributed to the shareholders. This includes the postponed interim dividend of R0.08 per share which was declared in March 2020 but only paid on 19 October 2020 as a result of Covid-19.

Notes to the Annual Financial Statements

33. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities

	2021 Opening balance	Business combinations	Additions	Interest accruals and translation reserve	Cash flows	Closing balance
Group						
Other financial liabilities						
- Financial liabilities	98,981,969	-	-	5,760,089	(24,386,089)	80,355,969
- Contingent consideration	-	12,611,640	-	(665,280)	(6,025,680)	5,920,680
Lease liabilities	21,328,151	2,432,573	4,224,252	945,118	(14,009,016)	14,921,078
Total liabilities from financing activities	**120,310,120**	**15,044,213**	**4,224,252**	**6,039,927**	**(44,420,785)**	**101,197,727**

	2020 Opening balance	Transfers	IFRS 16 Transitional adjustment	Additions	Interest accruals and translation reserve	Cash flows	Closing balance
Group							
Other financial liabilities							
- Financial liabilities	78,581,939	(6,107,913)	-	-	8,084,250	18,423,695	98,981,971
Lease liabilities	-	6,107,913	18,534,808	4,236,050	2,825,116	(10,375,734)	21,328,153
Total liabilities from financing activities	**78,581,939**	**-**	**18,534,808**	**4,236,050**	**10,909,366**	**8,047,961**	**120,310,124**

The FCTR of R1,297,608 (2020: (R1,550,516) is included under interest accruals and translation reserve. The cash flows are split between R37,036,355 (2020: R15,772,026) in capital outflows and R7,334,433 (2020: R10,517,504) in interest. In 2020 there was R42,438,625 in capital proceeds.

	2021 Opening balance	Interest non-cash movements	Total non-cash movements	Cash flows	Closing balance
Company					
Other financial liabilities	52,793,611	(58,067)	(58,067)	(8,849,708)	43,885,836
Total liabilities from financing activities	**52,793,611**	**(58,067)**	**(58,067)**	**(8,849,708)**	**43,885,836**

	2020 Opening balance	Interest non-cash movements	Total non-cash movements	Cash flows	Closing balance
Company					
Other financial liabilities	33,589,101	24,241	24,241	19,180,269	52,793,611
Total liabilities from financing activities	**33,589,101**	**24,241**	**24,241**	**19,180,269**	**52,793,611**

Notes to the Annual Financial Statements

34. Earnings per share

	Group	
	2021	**2020**
Profit/(loss) for the year attributable to ordinary shareholders	39,754,738	(21,270,266)
Adjusted for:		
(Loss)/profit on disposal of property, plant and equipment	55,316	(125,059)
Gross amount	82,637	(179,276)
Non-controlling interest	(4,182)	4,020
Tax effect thereon	(23,138)	50,197
Impairment of goodwill	-	34,615,350
Gross amount	-	37,422,000
Non-controlling interest	-	(2,806,650)
Impairment of property, plant and equipment	-	959,154
Gross amount	-	1,332,159
Tax effect	-	(373,005)
Headline earnings	**39,810,073**	**17,179,179**
Number of shares issued	95,209,820	100,203,596
Weighted and diluted weighted average number of ordinary shares in issue during the year	97,682,387	102,418,031
Earnings and diluted earnings per share (cents)	40.7	(20.8)
Headline and diluted headline earnings per share (cents)	40.8	13.8

35. Contingencies

A dispute, which has previously been disclosed, is in process relating to former employees who were dismissed by a subsidiary of the company during the 2013 financial period. On 17 April 2020 the Labour Court delivered its judgement in respect of the dismissal dispute and found that the dismissal of certain employees was substantively fair but the dismissal of certain "night shift employees" was substantively unfair The judgement ordered reinstatement of the 42 night shift employees and limited back-pay from 1 January 2017. We filed for Leave to Appeal the judgement was filed and was subsequently denied.

On 7 September 2020, the Judge President was petitioned for leave to appeal and on 9 November 2020 the petition was granted. Senior counsel is of the opinion that the prospects of the appeal succeeding are probable. In the event of an unfavorable ruling, the reinstatement order would stand however we are advised that we would have legal grounds to challenge the back-pay order which has been estimated at R 25 million.

Notes to the Annual Financial Statements

35. Contingencies (continued)

Guarantees

FNB has issued the following guarantees on behalf of the group to the following parties:

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Emira Property Fund Limited	963,190	1,118,199	-	-
Ethekwini Municipality	202,580	202,580	-	-
The South African Post Office	40,000	40,000	-	-
Eskom Holdings Limited	-	238,700	-	-
	1,205,770	**1,599,479**	**-**	**-**

Trellicor Proprietary Limited provides support for a loan facility from FNB for one of the Trellidor Franchises in the form of a buy-back guarantee limited to R1 000 000. As at year-end and through investigations with the counterparties, there is no indication that this guarantee will be called in the foreseeable future.

36. Securities and Facilities - FNB

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Overdraft facility	20,000,000	20,000,000	-	-
Credit card facility	700,000	700,000	-	-
Guarantees	3,000,000	3,000,000	-	-
Asset finance	15,000,000	15,000,000	-	-
Forward exchange contracts	3,250,000	250,000	-	-
Global banking	200,000	200,000	-	-
	42,150,000	**39,150,000**	**-**	**-**

The following terms and conditions are required to be complied with in order to ensure the ongoing availability of the facilities approved with FNB:

- A cross-suretyship for the amount of R150 000 000 for the joint and several obligations of Trellidor Holdings Limited of all the entities in the Trellidor group excluding Trellidor Ghana Limited;
- A cross-suretyship for the amount of R100 000 000 for the joint and several obligations of Trellidor Holdings Limited;
- A suretyship of R25 000 000 given by Trellidor Holdings Limited for the obligations of Trellidor Innovations Proprietary Limited;
- A suretyship of R50 000 000 given by Trellidor Innovations Proprietary Limited for the joint and severable obligations of Trellidor Holdings Limited and Trellidor Innovations Proprietary Limited;
- Cessions given by each of the entities in the Trellidor group of any and all rights which they may have over the debtors of the group from time to time upon terms and conditions acceptable to the bank, excluding Trellidor Proprietary Limited, Trellidor UK Limited and Trellidor Ghana Limited;
- Unlimited cessions in favour of the bank of the group's credit balances held at First National Bank, excluding Trellidor Proprietary Limited, Trellidor UK Limited and Trellidor Ghana Limited;
- Subordination to FNB by Novaspectacular Investments Proprietary Limited, of its loan receivable from Trellidor Innovations Proprietary Limited; and
- Subordination to FNB by Trellidor Holdings Limited, of its loan receivable from Trellidor Innovations Proprietary Limited.

36. Securities and Facilities - FNB (continued)

- General notarial covering bond of R40 000 000 together with cession of short term insurance, in favour of the bank over the moveable asset of all the entities within the Trellidor group excluding Trellidor Ghana Limited and Trellidor UK Limited.

Term loan 1 - Trellidor Holdings Limited

The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellicor Proprietary Limited (limited to R100 000 000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank and a suretyship by Trellidor Innovations Proprietary Limited (limited to R50 000 000).

Term loan 2 - Trellidor Innovations Proprietary Limited

The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellicor Proprietary Limited (limited to R25 000 000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank, subordination of loans from Trellidor Holdings Limited and Novaspectacular Investments Proprietary Limited to Trellidor Innovations Proprietary Limited.

37. Going concern

The directors are of the opinion that the group and company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group's financial statements.

The directors have satisfied themselves that the group and company are in a sound financial position, has adequately considered the possible impacts of Covid-19 on future performance and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors have also performed the liquidity and solvency tests required by the Companies Act and are satisfied that the group is sufficiently liquid and solvent.

38. Events after the reporting period

The group was deeply saddened and concerned about the unrest that broke out in South Africa in July 2021. Although the Durban factory was closed for 5 days as a precautionary measure, there was no damage incurred and the backlog of orders was caught up.

Subsequent to year-end the group completed the acquisition of the Trellidor Johannesburg North and Midrand franchises as part of its main centre franchise repurchase strategy. These franchises were acquired for an estimated net asset value of R4,000,000.

No other matters or circumstances have arisen since the reporting date that may significantly affect the operations of the group and company, the results of these operations, or the state of affairs in future financial years.

Notes to the Annual Financial Statements

39. Related parties

Relationships	
Subsidiaries	Refer to note 9
Members of key management	All directors (refer to note 5 of the Director's Report). PWE Rawson

	Group		Company	
	2021	2020	2021	2020
Related party balances				
Loan accounts - Owing (to) by related parties				
• Subsidiaries	-	-	75,888,665	74,503,088
• Novaspectacular Investments Proprietary Limited	(4,384,759)	(5,278,595)	-	-
• Directors	1,962,898	-	-	-
Amounts included in Trade and other receivables regarding related parties				
• Subsidiaries	-	-	3,356,649	6,076,250
Amounts included in Trade and other payables regarding related parties				
• Subsidiaries	-	-	8,638	47,248
Related party transactions				
Management fees received from related parties				
• Subsidiaries	-	-	12,817,696	11,749,740
Dividends received from related parties				
• Subsidiaries	-	-	32,000,000	31,475,708
Interest received from/(paid to) related parties				
• Subsidiaries	-	-	4,544,738	4,401,540
• Novaspectacular Investments Proprietary Limited	(268,264)	(329,828)	-	-
Advertising expenses paid to related parties				
• Restless Brands Proprietary Limited	3,044,868	3,526,499	-	-

Novaspectacular Investments Proprietary Limited is the 7.5% shareholder in Trellidor Innovations Proprietary Limited.

Refer to note 40 for compensation paid to directors and the prescribed officer. The only key employees identified are the directors and prescribed officer of Trellidor Holdings Limited.

For loans to/(from) related parties refer to notes 10, 11 and 20 for repayment terms.

The repayment terms for related party balances included in trade and other receivables and payable are 30 days from statement date.

The owner of Restless Brands is the spouse of a director of a group subsidiary company.

Notes to the Annual Financial Statements

40. Directors' and prescribed officer's emoluments

Executive	2021 Emoluments	Allowances	Bonus	Pension fund contributions	Total
Paid by holding company					
TM Dennison	3,103,844	120,000	837,710	176,366	4,237,920
DJR Judge*	1,818,995	60,000	443,990	126,157	2,449,142
Paid by subsidiary companies					
PWE Rawson	2,387,043	-	439,020	166,865	2,992,928
	7,309,882	**180,000**	**1,720,720**	**469,388**	**9,679,990**

*Loans advanced to director for the purchase of shares in Trellidoor Holdings Limited (refer to note 11).

Executive	2020 Emoluments	Allowances	Bonus	Pension fund contributions	Total
Paid by holding company					
TM Dennison	3,152,604	110,000	-	138,866	3,401,470
DJR Judge	1,625,330	55,000	150,000	89,440	1,919,770
Paid by sunsidiary companies					
PWE Rawson	2,285,181	-	-	124,256	2,409,437
	7,063,115	**165,000**	**150,000**	**352,562**	**7,730,677**

*Short-term benefits include emoluments, allowances and bonuses.

Non-executive

Company	Directors' fees 2021	2020
MC Olivier	342,875	325,032
JB Winship	311,226	295,112
RB Patmore	332,326	315,145
	986,427	**935,289**

40. Directors' and prescribed officer's emoluments (continued)

Executive directors' and prescribed officers' contracts

The terms of executive directors and prescribed officers contracts are in line with all other employees.

Share options were granted and accepted in terms of the Trellidor share incentive scheme. Refer to note 19 for further information.

2021	Opening balance	Granted	Lapsed	Forfeited	Exercise price	Closing balance	Annual expense
Company							
TM Dennison	836,314	-	(418,157)	-	5.41	418,157	-
Subsidiary							
PWE Rawson	491,526	-	(245,763)	-	5.41	245,763	-

2020	Opening balance	Granted	Lapsed	Forfeited	Exercise price	Closing balance	Annual expense
Company							
TM Dennison	1,254,471	-	(418,157)	-	5.41	836,314	309,002
Subsidiary							
PWE Rawson	737,289	-	(245,763)	-	5.41	491,526	181,609

Shareholder Analysis

	2021		
Shareholder type	**Number**	**Shareholding**	**%**
• Directors and associates of the company - direct holding	5	12,865,763	13.51 %
• Directors and associates of the company - indirect holding	3	3,531,672	3.71 %
Public shareholders	2,656	78,812,385	82.78 %
	2,664	**95,209,820**	**100.00 %**

Fund managers with a shareholding greater than 5 % of issued shares			
Mazi Asset Management Proprietary Limited	33	12,660,274	13.30 %
Aylett and Co. Proprietary Limited	4	9,378,767	9.85 %
Peresec Prime Brokers Proprietary Limited	1	5,769,078	6.06 %
	38	**27,808,119**	**29.21 %**

Beneficial shareholders with a holding greater than 5% of the issued shares			
Government Employees Pension Fund	1	4,444,819	4.67 %

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