TRELLIDOR HOLDINGS LIMITED

(REGISTRATION NUMBER 1970/015401/06)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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 RB Patmore DJR Judge SI Bird
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
Banker	First National Bank, a division of FirstRand Bank Limited ('FNB')
Auditor	PKF Durban 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: S de Beer CA(SA) NLK Financial Services Proprietary Limited

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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:

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

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 which has also 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.

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1. Membership

During the reporting period, the committee comprised four independent non-executive directors. Three of whom served on the committee throughout the period, and the fourth JB Winship who retired on 9 November 2022, in line with his retirement from the Trellidor Board, at the Annual General Meeting. 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 – retired 9 November 2022
MC Olivier	28 October 2015 - current
SI Bird	01 June 2022 - 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, the reappointment 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.

RB 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. The evaluation was completed in 2022 and will be completed again in the 2024 financial period in line with the evaluation cycle. The assessment was completed this year together with an informal evaluation 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.

Audit, Risk and Compliance Committee Report

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 PKF Durban 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 Listings Requirements and regulatory requirements;
- Considered the JSE's proactive monitoring report as issued in November 2022 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 that it is satisfied with the accounting treatment and disclosures of the breach of covenants and the recovery plan to remediate the breach; and
- 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:
- Annual review of the Committee's Charter;
- Annual review of 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; and
- 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; and
- 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

Independence of external auditors

The committee reviewed the independence of PKF Durban ("PKF") as external auditor with R Boulle as the independent individual registered auditor who undertook the audit for the current year. The committee considered all information as required by Section 3.84 and 3.86 of the JSE Listings Requirements in assessing PKF's independence, registration as a Registered Auditor and the ability to perform a quality audit of the group. This is the first year that PKF have been the auditor of Trellidor Holdings Limited.

After considering the factors below, the committee is satisfied that PKF is independent of Trellidor Holdings Limited and the Group.

This assessment was made after considering the following:
- Confirmation from the external auditors that they, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Trellidor Holdings Limited and/or the Group. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- The current auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Trellidor Holdings Limited and/or the Group;
- The auditor's independence was not impaired by the non-audit work performed having regard to the nature of the non-audit work undertaken and the quantum of the audit fees relative to the total fee base;
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. Although not yet applicable, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- The criteria specified for independence by the Independent Regulatory Board for Auditors (IRBA);
- Information provided by the auditors in terms of the JSE Listings Requirements, Paragraph 22.15(h); and
- The audit firm and the designated auditor are accredited with the JSE.

The committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2023 financial year.

External auditors' fees

The committee:
- Approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2023 financial year;
- Reviewed and approved the non-audit services fees for the year under review and ensured that the fees were in line with the non-audit service policy; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services through the Audit Committee charter.

External auditors' performance

The committee:
- Reviewed and approved the external audit plan, ensuring that material risk areas were included, and that coverage of the significant business processes was acceptable;
- Monitored the effectiveness of the external auditors in terms of audit quality and expertise; and
- Reviewed the external audit reports and management's response and considered their effect on the financial statements and internal financial control.

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 BDO.

The group's situation and needs in terms of an internal audit function are reassessed on an annual basis.

Audit, Risk and Compliance Committee Report

7. Annual Financial Statements

The committee has reviewed the consolidated and separate financial statements of the group and company for the financial year ended 30 June 2023, 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 Listings 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 presented at the forthcoming Annual General Meeting in compliance with the Companies Act.

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 2023.

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 group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers. As reported in our interim results, financial performance at the time was adequate in maintaining our covenant ratios despite the increased debt. As at 30 June 2023, driven primarily by the decrease in financial performance during F23 H2, the Group’s debt to EBITDA ratio (excluding IFRS 16) of 5.1x, breached the 2.0x debt to EBITDA covenant set by the lenders. In addition, total senior debt service cover of 0.8 breached the covenant of 1.2.

The board, in preparing the financial results, has performed a detailed going concern assessment which includes the group’s projected performance for a period of 12 months from 1 July 2023. This performance is based on detailed operating plans prepared by the executive and approved by the board.

In addition, these plans have been presented to the group’s lenders as part of their ongoing monitoring of our debt levels. Once the lenders have received the signed annual financial statements, they will perform their annual review and assess the significance of the breaches. The lenders have advised that they will consider the financial performance, whether the entity is loss making, understand the proposed rectification plan as a way forward, the proactive approach by the group in rectifying the breach, and whether or not any legal proceedings have been instituted against the group by other funders in determining whether or not the breaches are material.

Given that the group continues to be profit making, despite the underperformance, have provided the financial and operational plans to rectify the breaches and there are no legal proceedings that have been instituted against the group, the board is confident the lenders will condone the covenant breaches.

In preparing the operational and financial plans, the group took into account its existing strategy of improving profitability, which will also ensure that the current breached covenants are regularised, by implementing inter alia, the following:

- Addressing the factors that impacted the financial performance in F23 H2 including strategic product positioning and price reviews being implemented in Trellidor through F24 Q2;
- Fulfillment of a significant manufacture and supply contract of roller shutters in the UK. Initial orders have already been received and the project is expected to be completed during F24 Q3;
- Overhead levels will be maintained in line with inflation through F24 after the investment in selling capacity in F23.

Audit, Risk and Compliance Committee Report

In addition, the board has mandated the executive team to investigate opportunities to materially reduce the debt levels by the end of F25.

Given the significant uncertainty regarding the continued weak South African economy and the related impact on the consumer, in preparing the going concern assessment and to mitigate against this uncertainty, below inflationary growth projections in revenue was used as the base for the South African related turnover. The directors consider this to be appropriate in the context of the economy and after considering these factors have concluded that the group and company will continue to trade as a going concern for at least 12 months from the date of this report.

As at 30 June 2023, the group and company lender's had been made aware of the potential covenant breaches, in terms of the facility agreement. The extent of the breaches and the consequences to the group and company can only be established once the lenders have completed their annual assessment referred to above. As required by IAS 1 Presentation of Financial Statements, due to the covenant breaches, the related loans have been reclassified as current as at 30 June 2023 notwithstanding that they are long-term. Once the lenders have condoned the covenant breaches and the abovementioned strategies have produced the results expected, the group will have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period and the loans can be reclassified to non-current.

The directors consider this to be appropriate in the context of the economy and after considering these factors have concluded that the group and company will continue to trade as a going concern for at least 12 months from the date of this report.

11. Integrated Annual Report

The committee will review and comment on the financial information and the disclosure of sustainability issues included in the integrated annual report to ensure that they are reliable and do not conflict with the financial information disclosed in the annual financial statements. The committee will then recommend the approval of the integrated annual report, to the board, which report the board will then formally approve.

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.

13. Complaints and/or concerns

No complaints or concerns were received by the committee on any matters relating to the accounting practices and internal audit of the group, the content or auditing of the consolidated and separate annual financial statements, the internal financial controls of the group or on any other related matter during the year under review.

RB Patmore
Audit, Risk and Compliance Committee Chairman
Durban
26 September 2023

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 auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied unless stated otherwise 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 2024, which has adequately considered the weak local economy and negative global macro factors, 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 auditor is responsible for independently auditing and reporting on the group and company's financial statements. The financial statements have been examined by the group and company's external auditor and their report is presented on pages 11 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 26 September 2023 and were signed on their behalf by:

TM Dennison	**DJR Judge**

Group Chief Executive Officer and Group Chief Financial Officer Responsibility Statement

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 16 to 78, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief, 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;
- 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 as executive directors with primary responsibility for implementation and execution of controls;
- We are not aware of any fraud involving directors; and
- Where we were not satisfied, we disclosed to the Audit, Risk and Compliance Committee and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls, and remediated the deficiencies.

TM Dennison
Chief Executive Officer
26 September 2023

DJR Judge
Chief Financial Officer
26 September 2023

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
26 September 2023

1922 - 2022
PKF Durban

Independent Auditor's Report

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 21 to 78, which comprise the consolidated and separate statements of financial position as at 30 June 2023, 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 2023, 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 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.

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.

Key Audit Matter	How the matter was addressed in the audit
Group and company **Going concern and breach of long-term loan covenants** As disclosed in note 22, a breach of loan covenants occurred prior to year-end and the breach is still to be assessed and condoned by the lenders. In addition, as is required by IAS 1 *Presentation of Financial*	Our audit procedures included: • We inspected the relevant loan facility agreements; • We determined the timing of the breach of the covenants; • We assessed the covenant calculations performed by management;

Statements, when an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the lender has the right to make the liability become payable on demand, it classifies the loan as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date. Consequently, the other financial liabilities disclosed in note 19 have been classified as current notwithstanding that they are long-term loans. We considered this to be a key audit matter due to the following: • The significance of the breaches to the lenders and their reaction thereto will only be established once the lenders have completed their annual review which will only happen after these consolidated and separate financial statements have been signed and submitted to them; • The judgement applied by management in assessing the implication of the breaches and the requirements of IAS 1 *Presentation of Financial Statements*; • The magnitude of the impact of reclassifying long-term loans as current; and • The appropriateness of the presentation and disclosure of the impact of the breach of the covenants and the reclassification of the long-term loans to current.	• We obtained an understanding of the main causes of the breaches; • We assessed the rectification plans approved by management and the board which were thereafter presented to the lenders; • We inspected the correspondence with the lenders regarding the process they follow with regards to the breaches and the likely impact; • We assessed the judgement and justifications made by management in assessing the implication of the breaches, the reaction of the lenders and the requirements of IAS 1 *Presentation of Financial Statements*; and • We assessed and evaluated the related presentation and disclosure resulting from of the breach of the covenants.
Group **Valuation of goodwill and indefinite useful life intangible assets** As disclosed in notes 5 and 6, the consolidated financial statements include goodwill and indefinite useful life intangible assets. As required by IAS 36 *Impairment of Assets*, the directors conduct annual impairment tests to assess recoverability of the carrying value of goodwill and indefinite useful life intangible assets. This is performed using discounted cash flow models which involve a number of key assumptions. These include: • The growth rates are considered to be highly subjective since it is based on management's experience and expectations rather than observable market data. • The discount rate is based on a weighted average cost of capital calculation which is complex. The impairment tests of these assets are considered to be a key audit matter due to the value of the assets and the extent of judgement and estimate required.	Our audit procedures included: • We assessed whether the approach adopted by management in the discounted cash flow model was in line with market practice and the applicable requirements of IAS 36 *Impairment of Assets*; • We have tested the mathematical accuracy of the discounted cash flow model through re-performing the calculations; • We analysed the future projected cash flows used in the model to determine whether they were reasonable and supportable; • We subjected the key assumptions to sensitivity analyses; • We assessed the appropriateness of the growth rates and tested the weighted average cost of capital calculation and the variables used therein; and • We focused on the adequacy of the disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

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 2023", which includes the Audit, Risk and Compliance Committee's Report, the Group Secretary's Certification and the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual 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 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Durban has been the auditor of Trellidor Holdings Limited for 1 year.

PKF Durban

PKF Durban
Partner: R.C. Boulle
Registered Auditor
Durban
Date: 27 September 2023

NLK Financial Services

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 21 to 78, based on information the directors have provided. These annual financial statements comprise the statement of financial position of Trellidor Holdings Limited as at 30 June 2023, 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 the International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist the directors in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa. 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 directors 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 in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

NLK Financial Services

NLK Financial Services Proprietary Limited
Director: S de Beer
Chartered Accountant (SA)
26 September 2023
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 2023.

1. Nature of business

Trellidor Holdings Limited is an investment holding company 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 on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements, the requirements of the Companies Act of South Africa, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited. The accounting policies have been applied consistently compared to the prior year unless stated otherwise.

As projected, the operating environment for the group remained challenging throughout the financial year ended 30 June 2023 due to both demand and supply related issues.

Against a backdrop of elevated interest rates, Government’s failure to deliver services and a generally weak economy, Trellidor’s market for its products in South Africa has been constrained. Where physical security was previously a priority for households in South Africa, this is not necessarily the case in the current environment. Further, residential property sale volumes are subdued, most prominently in Gauteng, and the growing preference for estate living has also had a negative impact on sales of Trellidor’s traditional product range.

Cost pressures due to rising inflation combined with revenue weakness have reduced margins in parts of the group. In the UK, retail sector spend was focused on in-store shop fitting in response to proposed regulation changes and as a result project spend in security related areas was lower compared to prior years.

Group revenue for the year decreased by 2.1% to R502.0 million (F22: R513.2 million) driven by weak demand in RSA and the reduction in project related revenue in the UK, which was partly offset by significant growth in the rest of Africa.

The group’s gross profit margin of 38.4% was in line with the previous year (F22: 38.4%). However, maintaining the group’s gross profit margin has not compensated for lower sales, resulting in a R3.9 million reduction in group profitability compared to last year. Taylor and NMC delivered improved gross profit margins during the year which were offset by a margin decline in Trellidor.

Overheads increased by 9.1% (R14.8 million) due to investment in sales and marketing resources and initiatives, which was in line with the strategy to own distribution in the main centres and replace lost sales capacity during Covid in an effort to drive growth in the Trellidor business. Sales relating to the replacement of lost capacity did not materialise in 2023.

Net interest cost rose by 81.3% (R7.5 million) as a result of increases in the prime lending rate coupled with an increase in the groups’ debt level, due primarily to the adverse Labour Appeal Court judgment received in April 2022 (“Labour Court Judgement”), which saw the order for reinstatement of 42 employees with full backpay and benefits from 2017.

The net result of the above factors is a group profit after tax of R3.5 million for F23 (F22: R0.3 million) and a basic earnings per share ("EPS") of 3.7 cents (F22: 0.4 cents). Adjusting for the provision of the costs of the Labour Court Judgement raised in the financial year ended 30 June 2022, the EPS of 3.7 cents in the current year compares to an adjusted F22 EPS of 25.0 cents and R23.8 million profit after tax.

Cash from operations remained flat at R39.0 million for the year (F22: R39.1 million) before the costs of implementing the Labour Appeal Court judgement of R31.8 million. The net investment in working capital of R8.5 million during the year is a significant improvement from the investment of R25.1 million at half year, which was supported by a R7.7 million reduction in inventory levels during F23 H2.

Directors' Report

The group has interest-bearing liabilities of R121.5 million (F22: R96.4 million) which incurred R13.6 million (F22: R6.4 million) of net interest for the financial year ended 30 June 2023 excluding lease liabilities. The group generated a free cash flow of R21.4 million which together with the additional debt raised and an increased utilisation of the group's overdraft facility, was applied to:

- Implement the Labour Appeal Court judgement (R31.8 million);
- Purchase the Hillcrest franchise (R0.8 million); and
- Repay debt capital and interest (R28.0 million).

Effective 01 September 2022, Trellidor Innovations Proprietary Limited sold its NMC Mouldings operations to Trellidor Décor Proprietary Limited, a wholly owned subsidiary of Trellidor Holdings Limited. This intragroup transfer has been implemented to improve the operating effectiveness of both Taylor and NMC operations and to drive strategic growth through focused management.

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.

3. Stated capital

Refer to note 15 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.

The board of directors, in line with the Companies Act solvency and liquidity test, have recommended that the company not make any distributions to shareholders for the 2023 financial year end (2022: Rnil).

Refer to note 34 for further details relating to distributions.

6. Directorate

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

Directors	Office	Designation	Changes
TM Dennison	Chief Executive Officer	Executive	
DJR Judge	Chief Financial Officer	Executive	
MC Olivier	Chairman	INED	
JB Winship	Director	INED	Resigned 09 November 2022
RB Patmore	Director	INED	
SI Bird	Director	INED	

#INED - Independent non-executive

Directors' Report

7. Directors' interests in shares

As at 30 June 2023, the directors of the company held direct and indirect beneficial interests in its issued ordinary shares, as set out below:

Interest in shares

	2023		2022	
	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	405,785	5,300
	9,225,127	**3,531,672**	**9,225,127**	**3,531,672**

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 in 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 2022, loans were advanced to two directors of the group for the purchase of shares in the company. No further loans were granted during 2023.

Loans advanced to directors and the directors' emoluments are disclosed in notes 9 and 37 of the annual financial statements.

10. Interests in subsidiaries

Details of the group's interest in subsidiaries are presented in note 7.

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. Litigation statement

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

The directors are not aware of any other legal or arbitration proceedings apart from the previous dispute disclosed in note 21, that may have or had in the previous 12 months, a material effect on the group's financial position.

13. Insurance

The group has appropriate insurance cover against crime risks as well as professional indemnity. This cover was assessed and confirmed by the Audit, Risk and Compliance Committee and the board.

14. 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.

Directors' Report

15. 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.

16. Special resolutions

No additional special resolutions were passed during the 2023 financial year other than those passed at the company's Annual General Meeting.

17. Going concern

The group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers. As reported in our interim results, financial performance at the time was adequate in maintaining our covenant ratios despite the increased debt. As at 30 June 2023, driven primarily by the decrease in financial performance during F23 H2, the group's debt to EBITDA ratio (excluding IFRS 16) of 5.1x, breached the 2.0x debt to EBITDA covenant set by the lenders. In addition, total senior debt service cover of 0.8 breached the covenant of 1.2.

The board, in preparing the financial results, has performed a detailed going concern assessment which includes the group's projected performance for a period of 12 months from 1 July 2023. This performance is based on detailed operating plans prepared by the executive and approved by the board.

In addition, these plans have been presented to the group's lenders as part of their ongoing monitoring of our debt levels. Once the lenders have received the signed annual financial statements, they will perform their annual review and assess the significance of the breaches. The lenders have advised that they will consider the financial performance, whether the entity is loss making, understand the proposed rectification plan as a way forward, the proactive approach by the group in rectifying the breach, and whether or not any legal proceedings have been instituted against the group by other funders in determining whether or not the breaches are material.

Given that the group continues to be profit making, despite the underperformance, have provided the financial and operational plans to rectify the breaches and there are no legal proceedings that have been instituted against the group, the board is confident the lenders will condone the covenant breaches.

In preparing the operational and financial plans, the group took into account its existing strategy of improving profitability, which will also ensure that the current breached covenants are regularised, by implementing, inter alia, the following:

- Addressing the factors that impacted the financial performance in F23 H2 including strategic product positioning and price reviews being implemented in Trellidor through F24 Q2;
- Fulfillment of a significant manufacture and supply contract of roller shutters in the UK. Initial orders have already been received and the project is expected to be completed during F24 Q3;
- Overhead levels will be maintained in line with inflation through F24 after the investment in selling capacity in F23.

In addition, the board has mandated the executive team to investigate opportunities to materially reduce the debt levels by the end of F25.

Given the significant uncertainty regarding the continued weak South African economy and the related impact on the consumer, in preparing the going concern assessment and to mitigate against this uncertainty, below inflationary growth projections in revenue was used as the base for the South African related turnover. The directors consider this to be appropriate in the context of the economy and after considering these factors have concluded that the group will continue to trade as a going concern for at least 12 months from the date of this report.

As at 30 June 2023, the group and company lender's had been made aware of the potential covenant breaches, in terms of the facility agreement. The extent of the breaches and the consequences to the group and company can only be established once the lenders have completed their annual assessment referred to above. As required by IAS 1 Presentation of Financial Statements, due to the covenant breaches, the related loans have been reclassified as current as at 30 June 2023 notwithstanding that they are long-term. Once the lenders have condoned the covenant breaches and the abovementioned strategies have produced the results expected, the group will have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period and the loans can be reclassified to non-current.

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 and company's financial statements.

Directors' Report

18. Events after the reporting period

Details of all material events occurring between the reporting date and the date of authorising the annual financial statements have been disclosed in note 39 to the annual financial statements.

19. Auditors

With effect from 9 November 2022, PKF Durban was appointed as the auditor for the current year in accordance with the Companies Act of South Africa.

At the Annual General Meeting, the shareholders will be requested to approve the appointment of PKF Durban as the independent external auditors of the group and company and to confirm R Boulle as the designated lead audit partner for the 2024 financial year.

20. Secretary

The company secretary is P Nel.

- Postal and business address: 71 Cotswold Drive
  Westville
  3629

21. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 26 September 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

Statement of Financial Position as at 30 June 2023

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Assets					
Non-Current Assets					
Property, plant and equipment	3	68,982,399	59,929,354	75,279	55,649
Right-of-use assets	4	40,624,101	42,234,633	-	-
Goodwill	5	59,379,964	55,795,250	-	-
Intangible assets	6	46,444,511	43,653,629	-	707,215
Investments in subsidiaries	7	-	-	62,256,152	52,256,152
Loans to group companies	8	-	-	82,189,554	74,447,511
Loans receivable	9	6,455,528	3,253,221	-	-
Deferred tax	10	16,693,671	16,165,874	416,164	513,015
		238,580,174	**221,031,961**	**144,937,149**	**127,979,542**
Current Assets					
Loans to group companies	8	-	-	32,572,964	20,696,407
Loans receivable	9	4,790,535	3,369,431	-	-
Inventories	12	127,992,147	122,029,676	-	-
Trade and other receivables	13	48,769,569	55,296,079	7,102,533	4,147,059
Cash and cash equivalents	14	7,391,275	13,521,921	154,834	1,661,605
Current tax receivable		2,980,848	3,331,164	-	-
		191,924,374	**197,548,271**	**39,830,331**	**26,505,071**
Total Assets		**430,504,548**	**418,580,232**	**184,767,480**	**154,484,613**
Equity and Liabilities					
Equity					
Share capital	15	401,010	401,010	401,010	401,010
Reserves		1,219,418	5,033,402	900,000	7,676,715
Retained income		172,818,041	162,412,227	107,256,604	90,598,280
		174,438,469	167,846,639	108,557,614	98,676,005
Non-controlling interest		(1,212,794)	(984,822)	-	-
		173,225,675	**166,861,817**	**108,557,614**	**98,676,005**
Liabilities					
Non-Current Liabilities					
Lease liabilities	4	29,781,722	31,234,554	-	-
Deferred tax	10	1,603,844	763,779	-	-
Other financial liabilities	19	-	80,905,618	-	43,154,231
		31,385,566	**112,903,951**	**-**	**43,154,231**
Current Liabilities					
Lease liabilities	4	10,210,946	10,262,156	-	-
Bank overdraft	14	32,626,333	21,422,970	886,969	-
Other financial liabilities	19	121,505,223	15,507,769	72,355,999	10,305,813
Trade and other payables	20	58,923,045	58,366,391	2,665,533	2,060,988
Provisions	21	2,233,714	32,483,444	-	-
Current tax payable		394,046	771,734	301,365	287,576
		225,893,307	**138,814,464**	**76,209,866**	**12,654,377**
Total Liabilities		**257,278,873**	**251,718,415**	**76,209,866**	**55,808,608**
Total Equity and Liabilities		**430,504,548**	**418,580,232**	**184,767,480**	**154,484,613**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 R	2022 R
Group			
Revenue	25	502,300,297	513,234,440
Cost of sales	26	(308,916,277)	(315,991,223)
Gross profit		**193,384,020**	**197,243,217**
Other operating income		7,372,850	8,090,801
Movement in credit loss allowances	27	(796,305)	149,244
Other operating expenses		(178,016,809)	(163,234,618)
Labour court settlement provision expense		-	(32,058,001)
Operating profit before interest and taxation	27	**21,943,756**	**10,190,643**
Investment income	29	1,468,393	941,247
Finance costs	30	(18,231,456)	(10,184,770)
Profit before taxation		**5,180,693**	**947,120**
Taxation	31	(1,705,415)	(606,882)
Profit for the year		**3,475,278**	**340,238**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		2,888,574	(905,123)
Other comprehensive income for the year net of taxation		**2,888,574**	**(905,123)**
Total comprehensive income (loss) for the year		**6,363,852**	**(564,885)**
Profit attributable to:			
Owners of the parent		3,629,092	418,609
Non-controlling interest		(153,814)	(78,371)
		3,475,278	**340,238**
Total comprehensive income (loss) attributable to:			
Owners of the parent		6,591,824	(392,550)
Non-controlling interest		(227,972)	(172,335)
		6,363,852	**(564,885)**
(Loss)/earnings per share			
Per share information			
Earnings and diluted earnings per share (cents)	40	3.7	0.4

Statement of Profit or loss and Other Comprehensive Income

	Notes	2023 R	2022 R
Company			
Revenue			
Management fees		14,816,428	13,941,240
Interest received		9,938,173	5,101,814
Dividends received		9,000,000	19,000,000
	25	**33,754,601**	**38,043,054**
Other operating income		1,057	15,302
Movement in credit loss allowances	27	(374,084)	438,338
Administration and management operating expenses		(15,222,171)	(14,480,667)
Operating profit before interest and taxation	27	**18,159,403**	**24,016,027**
Investment income	29	555,767	250,136
Finance costs	30	(7,633,205)	(3,314,285)
Profit before taxation		**11,081,965**	**20,951,878**
Taxation	31	(1,200,354)	(1,114,183)
Profit for the year		**9,881,611**	**19,837,695**

Trellidor Holdings Limited
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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 / company	Non-controlling interest	Total equity
	R	R	R	R	R	R	R	R
Group								
Balance at 01 July 2021	**401,010**	**(932,154)**	**6,776,715**	**5,844,561**	**169,927,831**	**176,173,402**	**2,934,681**	**179,108,083**
Profit for the year	-	-	-	-	418,609	418,609	(78,371)	340,238
Other comprehensive income	-	(811,159)	-	(811,159)	-	(811,159)	(93,964)	(905,123)
Total comprehensive income for the year	**-**	**(811,159)**	**-**	**(811,159)**	**418,609**	**(392,550)**	**(172,335)**	**(564,885)**
Dividends (Note 32)	-	-	-	-	(10,473,080)	(10,473,080)	-	(10,473,080)
Changes in ownership interest - control not lost	-	-	-	-	2,538,867	2,538,867	(3,747,168)	(1,208,301)
Balance at 01 July 2022	**401,010**	**(1,743,314)**	**6,776,715**	**5,033,401**	**162,412,234**	**167,846,645**	**(984,822)**	**166,861,823**
Profit for the year	-	-	-	-	3,629,092	3,629,092	(153,814)	3,475,278
Other comprehensive income	-	2,962,732	-	2,962,732	-	2,962,732	(74,158)	2,888,574
Total comprehensive income for the year	**-**	**2,962,732**	**-**	**2,962,732**	**3,629,092**	**6,591,824**	**(227,972)**	**6,363,852**
Transfer between reserves	-	-	(6,776,715)	(6,776,715)	6,776,715	-	-	-
Balance at 30 June 2023	**401,010**	**1,219,418**	**-**	**1,219,418**	**172,818,041**	**174,438,469**	**(1,212,794)**	**173,225,675**
Notes	15	17						

Statement of Changes in Equity

	Stated capital	Share-based payment reserve	Other reserves	Total reserves	Retained income	Total equity
	R	R	R	R	R	R
Company						
Balance at 01 July 2021	**401,010**	**6,776,715**	**900,000**	**7,676,715**	**81,233,665**	**89,311,390**
Profit for the year	-	-	-	-	19,837,695	19,837,695
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**19,837,695**	**19,837,695**
Dividends (Note 32)	-	-	-	-	(10,473,080)	(10,473,080)
Balance at 01 July 2022	**401,010**	**6,776,715**	**900,000**	**7,676,715**	**90,598,278**	**98,676,003**
Profit for the year	-	-	-	-	9,881,611	9,881,611
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**9,881,611**	**9,881,611**
Transfer between reserves	-	(6,776,715)	-	(6,776,715)	6,776,715	-
Balance at 30 June 2023	**401,010**	**-**	**900,000**	**900,000**	**107,256,604**	**108,557,614**
Notes	15		18			

Statement of Cash Flows

		Group		Company	
	Notes	2023 R	2022 R	2023 R	2022 R
Cash flows from operating activities					
Cash generated from/(used in) operations	32	7,223,623	39,128,161	16,915,602	16,958,416
Interest income	29	1,468,393	941,247	555,767	5,351,950
Finance costs	30	(17,714,709)	(10,029,151)	(7,283,876)	(3,197,333)
Tax paid	33	(2,525,029)	(11,304,788)	(1,089,714)	(377,841)
Net cash from operating activities		**(11,547,722)**	**18,735,469**	**9,097,779**	**18,735,192**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(6,452,107)	(9,941,062)	(53,974)	(35,416)
Proceeds from disposal of property, plant and equipment	3	1,648,920	555,942	8,512	-
Purchase of intangible assets	6	(4,367,161)	(2,640,116)	-	-
Business combinations	11	(837,385)	(9,500,000)	-	-
Acquisition of shares in subsidiary	7	-	-	(10,000,000)	-
Acquisition of minority shareholdings		-	-	-	(1,208,301)
Loans advanced to group companies	8	-	-	(33,925,886)	(29,122,419)
Loans to group companies repaid	8	-	-	13,933,203	10,305,504
Receipts from loans receivable at amortised cost	9	1,762,888	2,090,317	-	-
Net cash from investing activities		**(8,244,845)**	**(19,434,919)**	**(30,038,145)**	**(20,060,632)**
Cash flows from financing activities					
Repayment of other financial liabilities	35	(17,780,928)	(20,920,068)	(13,953,374)	(10,619,448)
Proceeds from other financial liabilities	35	31,682,940	36,194,204	32,500,000	20,076,704
Repayment of loans from minority	35	-	(4,375,881)	-	-
Acquisition of minority shareholding		-	(1,208,301)	-	-
Payment of lease liabilities	35	(11,854,307)	(11,483,838)	-	-
Dividends paid	34	-	(10,473,080)	-	(10,473,080)
Net cash from financing activities		**2,047,705**	**(12,266,964)**	**18,546,626**	**(1,015,824)**
Total cash movement for the year		**(17,744,862)**	**(12,966,414)**	**(2,393,740)**	**(2,341,264)**
Cash and cash equivalents at the beginning of the year		(7,901,049)	5,178,551	1,661,605	4,002,869
Losses (gains) on foreign exchange on cash and cash equivalents		410,853	(113,186)	-	-
Cash and cash equivalents at the end of the year	14	**(25,235,058)**	**(7,901,049)**	**(732,135)**	**1,661,605**

Accounting Policies

1. Significant accounting policies

This section sets out the company’s accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a note, the policy is described in that note. In addition, this section details new accounting standards, amendments and interpretations, and their effective period. An explanation of the expected impact on the financial position and performance of the group is also disclosed.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements, the requirements of the Companies Act of South Africa, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

The 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 group and company did not early adopt amendments that were not effective in the 2023 financial period.

The annual financial statements have been prepared on the going concern basis, which assumes that the group and company will continue in operation for the foreseeable future.

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

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.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

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.

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. Management 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 8, 9 and 22. In applying the simplified method, the loss allowance for financial assets is calculated based on the life-time expected losses. For details of the key assumptions and inputs used for this approach refer to note 13.

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 because the borrower has a strong capacity to meet its contractual cash flow obligations 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 company 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 company 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 13 and 22.

Impairment testing of goodwill and intangible assets

Management has applied significant judgement in determining the inputs for the forecast cash flows with regards to the growth rates as well as the working capital requirements and in the determination of the discount rates applied. Refer to notes 5 and 6 for further details.

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 would have to pay to borrow over similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar environment. Refer to note 4 for further details regarding the leasing activities of the group.

Taxation

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

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 utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering historical profits and board approved forecasts. Refer to note 31 for further details regarding the taxation of the group.

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.

Accounting Policies

1.3 Significant judgements and estimates (continued)

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 cash flows, market related growth for a foreseeable period (3 to 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 5 and 6 for further details.

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.

Refer to note 3 for further details.

Useful lives of intangible assets

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 note 6 for further details.

Accounting Policies

1.4 New Standards and Interpretations

New standards or revisions to current standards have been issued with effective dates applicable to future statements of the company. Only those standards that could be expected to be applicable to the group is 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
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current with Covenants	01 January 2024	Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. In the event that the waiver for a breach of covenant is not received, adoption of this standard will have a material impact on the group's current classification of its liabilities approach.
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01 January 2023	In reference to Practice Statement 2 - Making Material judgments, accounting policies to be disclosed where the information is material, by nature or amount. Explains when accounting policy information is considered material, and also clarifies that when an entity chooses to disclose an immaterial accounting policy, it must not obscure or affect other material or required disclosures. The group is currently assessing the impact of these new accounting standards and amendments.
Amendments to IAS 8 - Definition of Accounting Estimates	01 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The impact of the amendment on the annual financial statements is unknown as the application thereof depends on the occurrence of future changes to accounting policies and estimates.
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023 (Early application permitted)	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. No impact as the company is already applying the principle as outlined by the amendment and accounted for such transactions consistent with the new requirements.
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	01 January 2024	The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. The impact of the amendment on the annual financial statements is unknown as the application thereof depends on the occurrence of future sale and leaseback transactions.
IFRS Sustainability Disclosure Standards	01 January 2024 (Early application permitted)	In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards: • IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements standard), and • IFRS S2 Climate-related Disclosures (Climate standard). The adoption of the accounting standards will result in further disclosure regarding the impact of particular transactions, events and conditions on the entity's financial position and financial performance. The group is currently working on a disclosure project to assess the impact of climate change and Sustainability-related Financial Information and what disclosures are necessary in this context for the annual financial statements to comply with IFRS.

2. Segmental information

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's chief operating decision-maker, who is responsible for implementing the board's strategy and allocating resources and assessing performance of the operating segments, and who has been identified as the Chief Executive. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker.

The group has four reportable segments that are used by the Chief Executive Officer, as chairman of the executive committee. These operating segments are differentiated and identified by the products they manufacture and distribute, the services they provide and the markets they operate in.

*During the year under review, the Taylor and NMC operations were separated in an effort to enhance the operating effectiveness of each operation. As a result, Taylor's comparative figures below have been restated from prior year to exclude NMC.

These reportable segments as well as the products, services and geographical area from which each of them derives revenue are set out below:

Reportable Segment	Products, services and geographic information
Trellidor	Trellidor is the market leading manufacturer of custom-made barrier security products, distributed via a dedicated and skilled franchise and branch network operating throughout South Africa, Africa and the UK.
Taylor	Taylor, which has a strong presence in the Western Cape, is a major manufacturer and distributor of custom-made blinds and decorative and security shutters.
*NMC	NMC is an importer and distributor of cornicing and skirting products.
Holdings	Management of the group treasury function and receives management fee income.

Segmental revenue

Security products

The factory throughput of our traditional Trellidor type products make up 65% (2022: 56%), burglar bars 2% (2022: 2%), the Roller style product set 7% (2022: 13%), security screens 14% (2022: 17%) and the aluminium louvre shutters contributed 12% (2022: 12%).

Decorative products

The factory throughput of decorative products were made of 49% (2022: 51%) of aluminium shutters, PVC shutters contributed 9% (2022: 9%), blind range 40% (2022: 38%) and timber shutters 2% (2022: 2%).

Sales of the NMC product set were made up of 58% (2022: 64%) of cornices, 34% (2022: 26%) of skirtings, 3% (2022: 3%) of wall panels, and 5% (2022: 6%) in glue scales.

Geographic regions

From a South African perspective, the factory throughput of Trellidor products can be split into two key areas, Main Centres, being Durban, Cape Town, Johannesburg and Pretoria, which contributed 38% (2022: 35%), the Outlying Regions, which made up 36% (2022: 39%). The rest of Africa contributed 15% (2022: 13%) and the rest of world contributed 11% (2022: 13%).

In terms of Taylor, Johannesburg contributed 16% (2022: 21%), Cape Town 82% (2022: 75%) and rest of the world 2% (2022: 4%) to factory throughput.

In terms of NMC, Johannesburg contributed 51% (2022: 59%), Cape Town 23% (2022: 17%) and Durban 26% (2022: 24%) of NMC's sales.

Notes to the Annual Financial Statements

2. Segmental information (continued)

	Trellidor	Taylor	NMC	Holdings	Internal	Consolidated
			2023			
Revenue by source						
Security products	327,650,730	-	-	-	-	327,650,730
Decorative products	1,114,335	140,169,407	33,445,556	-	(958,099)	173,771,199
Management fees	-	-	-	14,816,428	(14,816,428)	-
Royalty income	878,368	-	-	-	-	878,368
Dividends received	-	-	-	9,000,000	(9,000,000)	-
Interest received	-	-	-	9,938,173	(9,938,173)	-
	329,643,433	**140,169,407**	**33,445,556**	**33,754,601**	**(34,712,700)**	**502,300,297**

	Trellidor	Taylor	NMC	Holdings	Internal	Consolidated
			2023			
Revenue by location of customer						
South Africa	242,187,715	135,969,782	32,671,701	33,754,601	(34,352,700)	410,231,099
Rest of Africa	49,951,517	4,199,625	773,855	-	-	54,924,997
Rest of World	37,504,201	-	-	-	(360,000)	37,144,201
	329,643,433	**140,169,407**	**33,445,556**	**33,754,601**	**(34,712,700)**	**502,300,297**

	Trellidor	*Taylor	*NMC	Holdings	Internal	Consolidated
			*2022 - Restated			
Revenue by source						
Security products	324,463,043	-	-	-	-	324,463,043
Decorative products	1,343,675	155,014,844	32,334,632	-	(756,729)	187,936,422
Management fees	-	-	-	13,941,240	(13,941,240)	-
Royalty income	834,975	-	-	-	-	834,975
Dividends received	-	-	-	19,000,000	(19,000,000)	-
Interest received	-	-	-	5,101,814	(5,101,814)	-
	326,641,693	**155,014,844**	**32,334,632**	**38,043,054**	**(38,799,783)**	**513,234,440**

	Trellidor	*Taylor	*NMC	Holdings	Internal	Consolidated
			*2022 - Restated			
Revenue by location of customer						
South Africa	248,112,836	152,413,867	32,334,632	38,043,054	(38,799,783)	432,104,606
Rest of Africa	38,072,420	2,600,977	-	-	-	40,673,397
Rest of World	40,455,437	-	-	-	-	40,455,437
	326,640,693	**155,014,844**	**32,334,632**	**38,043,054**	**(38,799,783)**	**513,233,440**

Segment results, assets and liabilities:

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 impairments and fair value adjustments.

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.

2. Segmental information (continued)

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:

	2023					
	Trellidor	Taylor	NMC	Holdings	Internal	Consolidated
EBITDA	26,199,760	17,041,107	4,804,278	18,183,956	(24,679,664)	41,549,437
Profit/(loss) before tax	6,516,576	(991,159)	1,783,057	11,081,965	(13,209,746)	5,180,693
Reconciling items:						
Investment income	857,192	9,536	45,898	555,767	-	1,468,393
Finance cost	(10,233,241)	(9,196,208)	(1,581,619)	(7,633,205)	10,412,817	(18,231,456)
Depreciation	(6,239,434)	(853,937)	(88,447)	(24,553)	-	(7,206,371)
Depreciation of RoU assets	(3,776,133)	(7,442,834)	(1,370,283)	-	1,057,100	(11,532,150)
Amortisation	(291,567)	(548,822)	(26,770)	-	-	(867,159)
Other disclosable items:						
Taxation	(1,757,209)	1,490,393	(238,245)	(1,200,354)	-	(1,705,415)
Movement in ECL allowance	(791,925)	(51,911)	47,531	(374,084)	374,084	(796,305)
Employee costs	(91,030,606)	(36,907,801)	(6,146,160)	(7,480,487)	-	(141,565,054)
Advertising	(22,503,281)	(4,385,692)	(919,909)	-	-	(27,808,882)
Segment assets^	243,197,210	166,329,645	24,256,485	184,767,480	(188,046,272)	430,504,548
Segment liabilities	(169,810,394)	(121,742,040)	(18,884,312)	(76,209,865)	129,367,738	(257,278,873)
Additions to Non-Current assets	30,079,579	2,800,571	4,653,077	53,973	(4,136,540)	33,450,660

^Segment assets include foreign non-current assets in Ghana of R2.76 million and R14.1 million in the UK.

	*2022 - Restated					
	Trellidor	*Taylor	*NMC	Holdings	Internal	Consolidated
EBITDA	19,346,582	2,932,310	7,829,028	24,036,095	(24,881,366)	29,262,649
Profit/(loss) before tax	5,618,641	(12,010,947)	5,833,009	20,950,622	(19,444,205)	947,120
Reconciling items:						
Investment income	683,351	500	7,260	250,136	-	941,247
Finance cost	(4,941,211)	(6,648,335)	(405,228)	(3,314,285)	5,124,289	(10,184,770)
Depreciation	(6,179,707)	(1,410,290)	(205,739)	(21,324)	-	(7,817,060)
Depreciation of RoU assets	(3,117,092)	(6,394,431)	(1,374,317)	-	312,872	(10,572,968)
Amortisation	(173,284)	(490,697)	(18,000)	-	-	(681,981)
Other disclosable items:						
Taxation	(4,875,200)	1,655,207	-	(1,114,182)	3,727,293	(606,882)
Movement in ECL allowance	327,575	(142,632)	(35,699)	438,338	(438,338)	149,244
Employee costs	(86,838,293)	(39,647,065)	(4,441,240)	(7,818,958)	-	(138,745,556)
Advertising	(20,967,421)	(6,491,382)	(668,825)	-	-	(28,127,628)
Segment assets^	226,289,728	163,457,044	27,189,813	154,484,612	(152,840,965)	418,580,232
Segment liabilities	(148,189,046)	(139,839,648)	(7,712,714)	(55,808,607)	99,831,600	(251,718,415)
Additions to Non-Current assets	21,054,224	38,529,823	718,185	35,416	-	60,337,648

^Segment assets include foreign non-current assets in Ghana of R2.9 million and R11.5 million in the UK.

3. 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 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.

Group		**2023**			**2022**	
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land	5,625,481	-	5,625,481	5,625,481	-	5,625,481
Buildings	41,700,210	(7,750,405)	33,949,805	31,026,608	(7,137,348)	23,889,260
Building improvements	14,022,761	(5,469,925)	8,552,836	12,044,308	(4,427,236)	7,617,072
Plant and machinery	50,665,552	(37,035,621)	13,629,931	61,224,015	(45,898,361)	15,325,654
Furniture, fittings and equipment	7,274,777	(3,881,894)	3,392,883	5,780,885	(4,089,487)	1,691,398
Motor vehicles	3,721,325	(2,571,923)	1,149,402	4,630,919	(2,629,240)	2,001,679
IT equipment	7,354,079	(5,372,421)	1,981,658	6,991,676	(4,984,600)	2,007,076
Assets under construction	700,403	-	700,403	1,771,734	-	1,771,734
Total	**131,064,588**	**(62,082,189)**	**68,982,399**	**129,095,626**	**(69,166,272)**	**59,929,354**

Notes to the Annual Financial Statements

3. Property, plant and equipment (continued)

Company	2023 Cost	2023 Accumulated depreciation	2023 Carrying value	2022 Cost	2022 Accumulated depreciation	2022 Carrying value
Furniture, fittings and equipment	27,389	(14,825)	12,564	27,389	(9,348)	18,041
IT equipment	103,000	(40,285)	62,715	76,668	(39,060)	37,608
Total	**130,389**	**(55,110)**	**75,279**	**104,057**	**(48,408)**	**55,649**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Foreign exchange movements	Depreciation	Closing balance
Land	5,625,481	-	-	-	-	-	-	5,625,481
Buildings	23,889,260	10,673,602	-	-	-	-	(613,057)	33,949,805
Building improvements	7,617,072	233,091	-	(3,927)	1,579,144	112,967	(985,511)	8,552,836
Plant and machinery	15,325,654	1,293,515	36,500	(922,542)	1,097,359	193,008	(3,393,563)	13,629,931
Furniture, fittings and equipment	1,691,398	2,050,118	67,829	(45,155)	262,094	(17,698)	(615,703)	3,392,883
Motor vehicles	2,001,679	-	359,149	(541,866)	-	(36,177)	(633,383)	1,149,402
IT equipment	2,007,076	945,845	-	(32,612)	-	26,503	(965,154)	1,981,658
Assets under construction	1,771,734	1,929,537	-	(62,271)	(2,938,597)	-	-	700,403
	59,929,354	**17,125,708**	**463,478**	**(1,608,373)**	**-**	**278,603**	**(7,206,371)**	**68,982,399**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Foreign exchange movements	Depreciation	Closing balance
Land	5,625,481	-	-	-	-	-	-	5,625,481
Buildings	24,501,306	-	-	-	-	-	(612,046)	23,889,260
Building improvements	3,372,745	4,882,445	-	(1)	57,659	1,767	(697,543)	7,617,072
Plant and machinery	16,118,597	1,959,255	97,678	(74,812)	835,490	152,305	(3,762,859)	15,325,654
Furniture, fittings and equipment	1,849,779	388,574	155,369	(24,071)	-	59	(678,312)	1,691,398
Motor vehicles	2,789,696	384,941	358,717	(401,113)	-	(72,025)	(1,058,537)	2,001,679
IT equipment	2,106,183	823,609	44,246	(22,713)	64,600	(1,086)	(1,007,763)	2,007,076
Assets under construction	1,227,245	1,502,238	-	-	(957,749)	-	-	1,771,734
	57,591,032	**9,941,062**	**656,010**	**(522,710)**	**-**	**81,020**	**(7,817,060)**	**59,929,354**

Notes to the Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture, fittings and equipment	18,041	-	-	(5,477)	12,564
IT equipment	37,608	53,974	(9,790)	(19,077)	62,715
	55,649	**53,974**	**(9,790)**	**(24,554)**	**75,279**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Depreciation	Closing balance
Furniture, fittings and equipment	23,519	-	(5,478)	18,041
IT equipment	18,039	35,416	(15,847)	37,608
	41,558	**35,416**	**(21,325)**	**55,649**

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 19:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Land and buildings	39,575,286	29,514,741	-	-

4. Leases

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 company 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 company 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.

Notes to the Annual Financial Statements

4. Leases (continued)

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);
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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 if 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.

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, motor vehicles and plant and equipment. 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 incremental borrowing rates which range between 9.5% to 12.25%.

It is group policy to account for certain assets purchased under instalment sale agreements (ISA) as leased assets and which have been included in the below tables.

Notes to the Annual Financial Statements

4. Leases (continued)

	Property	Motor vehicles	Plant and equipment	Total
Reconciliation of RoU assets:				
As at 01 July 2022	34,968,077	2,837,934	4,428,622	42,234,633
Recognised subsequent to 01 July 2022	-	3,180,532	5,678,523	8,859,055
Depreciation expense	(9,585,061)	(1,352,524)	(594,565)	(11,532,150)
Lease remeasurement	681,057	-	-	681,057
Translation reserve	(433,106)	814,612	-	381,506
As at 30 June 2023	**25,630,967**	**5,480,554**	**9,512,580**	**40,624,101**
Reconciliation of lease liability:				
As at 01 July 2022	37,111,209	2,607,770	1,777,631	41,496,610
Recognised subsequent to 01 July 2022	575,757	3,299,762	5,369,227	9,244,746
Interest expense	2,593,729	326,382	280,370	3,200,481
Payments	(11,107,265)	(1,887,260)	(2,060,263)	(15,054,788)
Translation reserve	144,913	345,396	-	490,309
Lease remeasurement	615,310	-	-	615,310
As at 30 June 2023	**29,933,653**	**4,692,050**	**5,366,965**	**39,992,668**

	Property	Motor vehicles	Plant and equipment	Total
Reconciliation of RoU assets:				
As at 01 July 2021	8,556,351	1,862,592	4,937,310	15,356,253
Recognised subsequent to 01 July 2021	36,531,403	1,629,673	2,386	38,163,462
Depreciation expense	(9,481,253)	(580,641)	(511,074)	(10,572,968)
Lease cancelled	(532,517)	(66,933)	-	(599,450)
Translation reserve	(105,907)	(6,757)	-	(112,664)
As at 30 June 2022	**34,968,077**	**2,837,934**	**4,428,622**	**42,234,633**
Reconciliation of lease liability:				
As at 01 July 2021	8,991,048	1,924,344	4,005,587	14,920,979
Recognised subsequent to 01 July 2021	36,531,403	1,679,931	-	38,211,334
Interest expense	2,505,814	157,443	221,301	2,884,558
Payments	(10,768,644)	(1,150,495)	(2,449,257)	(14,368,396)
Translation reserve	480,949	(3,453)	-	477,496
Lease liability terminated - lease cancelled	(629,361)	-	-	(629,361)
As at 30 June 2022	**37,111,209**	**2,607,770**	**1,777,631**	**41,496,610**

	2023	2022
Split for lease liabilities:		
Non-current liabilities	29,781,722	31,234,554
Current liabilities	10,210,946	10,262,156
	39,992,668	**41,496,710**

Refer to note 22 for the maturity analysis of lease liabilities.

Notes to the Annual Financial Statements

4. Leases (continued)

	2023	2022
Amounts recognised in profit and loss:		
Depreciation expense on RoU asset	11,532,150	10,572,968
Interest expense on lease liability	3,200,481	2,884,558
Expenses relating to low value assets (included in operating expense)	1,159,028	457,778
Total amount recognised in profit and loss	**15,891,659**	**13,915,304**

The cash outflow from leases during the year was R11,854,307 (2022: R11,483,839).

5. 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, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

	2023			2022		
Group	**Cost**	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	96,801,964	(37,422,000)	59,379,964	93,217,250	(37,422,000)	55,795,250

Reconciliation of goodwill - 2023

	Opening balance	Additions through business combinations	Foreign exchange movements	Total
Goodwill	55,795,250	2,035,260	1,549,454	59,379,964

Reconciliation of goodwill - 2022

	Opening balance	Additions through business combinations	Foreign exchange movements	Total
Goodwill	46,772,645	8,937,000	85,605	55,795,250

The goodwill relates to the Rollerstyle product range, the acquisition of local Trellidor franchises, the acquisition of Trellidor UK and the acquisition of Taylor Blinds and Shutters and the NMC range.

The addition in the current period relates to the Trellidor Hillcrest franchise.

5. Goodwill (continued)

When testing for impairment of goodwill and intangible assets 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 ongoing economic impact as a result of the weakening economy, political uncertainty both locally and globally and loadshedding has had on the current year performance of the CGU and the probable impact it will have on performance over the next 24 months. This includes the impact on consumer confidence and spending power in the local and international economy.

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.

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 (2022: 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 18.91% (2022: 18.4%) was used. The average growth rate applied for the periods beyond 2024 in assessing the impairment was 8% (2022: 10%). Taking into consideration the cost escalation rates which are linked to uncertainty created by negative global macro factors and challenging local operating environment.

In terms of the Trellidor Retail goodwill, which has a recoverable carrying value of R13,236,812 (2022: R11,201,551). Based on the results of the impairment test performed, no impairment was required.

With regards to the Taylor and NMC acquisition goodwill, which has a recoverable carrying value of R24,022,331 (2022: R24,022,331) and R10,568,441 (2022: R10,568,441) respectively. Based on the results of the impairment test performed, no impairment was required.

With regards to the Rollerstyle product range and Ghana acquisition goodwill, which has a recoverable carrying value of R1,500,000 (2022: R1,500,000) and R888,498 (2022: R888,498) respectively. Based on the results of the impairment test performed, no impairment was required.

In terms of the Trellidor UK goodwill, which has a carrying value of R9,163,881 (2022: R7,614,418). 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 12.95% (2022: 9.56%) was used. The average growth rate applied for the periods beyond 2024 was 5% (2022: 5%) given the economic conditions, increased inflation forecasts, and consumer spending power in the UK. Based on the results of the impairment test performed, no impairment was required.

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.

Sensitivity analysis:

A 3% decrease in the growth rate or a 2% increase in the discount rate would not cause any of the goodwill amounts needing to be impaired.

Notes to the Annual Financial Statements

6. 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:

Categories	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
Franchise rights		Indefinite
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.

	2023 Cost	2023 Accumulated amortisation	2023 Carrying value	2022 Cost	2022 Accumulated amortisation	2022 Carrying value
Group						
Patents and trademarks	1,980,058	(1,114,981)	865,077	1,551,078	(1,181,501)	369,577
Brand names	26,550,501	-	26,550,501	26,550,501	-	26,550,501
Computer software	5,434,318	(1,313,182)	4,121,136	2,467,811	(627,357)	1,840,454
Product design	2,158,495	(1,144,968)	1,013,527	2,075,922	(938,158)	1,137,764
Customer base	-	-	-	24,456,000	(24,456,000)	-
Franchise rights	10,445,851	-	10,445,851	10,445,851	-	10,445,851
Assets under development	3,448,419	-	3,448,419	3,309,482	-	3,309,482
Total	**50,017,642**	**(3,573,131)**	**46,444,511**	**70,856,645**	**(27,203,016)**	**43,653,629**

Company	2023 Cost	2023 Accumulated amortisation	2023 Carrying value	2022 Cost	2022 Accumulated amortisation	2022 Carrying value
Assets under development	-	-	-	707,215	-	707,215

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Disposals	Transfers	Amortisation	Closing balance
Patents and trademarks	369,577	429,135	-	133,107	(66,742)	865,077
Brand names	26,550,501	-	-	-	-	26,550,501
Computer software	1,840,454	1,385,493	(7,156)	1,628,964	(726,619)	4,121,136
Product design	1,137,764	82,573	-	(133,012)	(73,798)	1,013,527
Franchise rights	10,445,851	600,000	(600,000)	-	-	10,445,851
Assets under development	3,309,482	2,469,959	(701,963)	(1,629,059)	-	3,448,419
	43,653,629	**4,967,160**	**(1,309,119)**	**-**	**(867,159)**	**46,444,511**

Notes to the Annual Financial Statements

6. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Transfers	Foreign exchange movements	Amortisation	Closing balance
Patents and trademarks	395,980	39,107	-	-	(65,510)	369,577
Brand names	25,880,753	669,748	-	-	-	26,550,501
Computer software	1,563,035	216,424	587,961	442	(527,408)	1,840,454
Product design	1,209,057	17,770	-	-	(89,063)	1,137,764
Franchise rights	10,445,851	-	-	-	-	10,445,851
Assets under development	2,200,376	1,697,067	(587,961)	-	-	3,309,482
	41,695,052	**2,640,116**	**-**	**442**	**(681,981)**	**43,653,629**

Details of intangible assets

The group performed annual tests of recoverability of indefinite life intangible assets and determined that the respective book values of the indefinite life intangible assets did not exceed its value-in-use and that it was not necessary to record impairment charges.

Management have tested the intangible assets with definite useful lives for impairment at year-end and given the fact that the assets are being amortised, no impairment was identified.

As the assumptions used for testing impairment of Retail franchise rights were the same as for the Retail goodwill impairment, refer to note 5 for further details.

The recoverable amount of the brand names are based on value-in-use calculations which utilises the royalty relief method and a royalty rate of 2% (2022: 2%). The revenue growth rate applied for the periods beyond 2024 in assessing the impairment was 8% (2022: 10%).

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 18.91% (2022: 18.4%) was used.

Sensitivity analysis:

A 2% decrease in the growth rate or a 2% increase in the discount rate would not cause the Taylor brand names to be impaired.

Notes to the Annual Financial Statements

7. Investment in subsidiaries

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 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Trellidor Proprietary Limited	100.00 %	100.00 %	100	100
Trellidor Innovations Proprietary Limited	100.00 %	100.00 %	51,208,301	51,208,301
Trellicor Proprietary Limited	100.00 %	100.00 %	1,045,698	1,045,698
Trellidor UK Limited	100.00 %	100.00 %	2,053	2,053
Trellidor Décor Proprietary Limited	100.00 %	- %	10,000,000	-
Trellidor Ghana Limited	85.00 %	85.00 %	-	-
Trellidor Retail Proprietary Limited	100.00 %	100.00 %	-	-
Really Secure Company Limited	100.00 %	100.00 %	-	-
			62,256,152	52,256,152

The company acquired 100% of the shareholding of Trellidor Décor Proprietary Limited during the current year. There were no other acquisitions or divestures during the year.

Principal place of business

Trellidor Ghana Limited and Trellidor Retail Proprietary Limited are subsidiaries of Trellicor Proprietary Limited, Really Secure Company Limited is a subsidiary of Trellidor UK 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 and Really Secure Company 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 the investment in subsidiaries as at 30 June 2023 has been assessed and the values still exceeds the investment value of the subsidiaries and therefore no impairment of the subsidiaries have been identified.

8. Loans to group companies

Loans to group companies 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.

Refer to note 22 for the further details of the accounting policy of financial instruments.

	Group		Company	
	2023	2022	2023	2022
Trellidor Innovations Proprietary Limited - Loan 1	-	-	31,821,890	47,787,468
Trellidor Innovations Proprietary Limited - Loan 2	-	-	3,441,885	-
Trellidor Innovations Proprietary Limited - Loan 3	-	-	7,601,375	9,097,459
Trellidor Retail Proprietary Limited - Loan 4	-	-	10,166,521	12,240,779
Trellidor UK Limited - Loan 5	-	-	18,772,628	19,808,852
Trellicor Proprietary Limited - Loan 6	-	-	4,692,754	5,709,360
Trellicor Proprietary Limited - Loan 7	-	-	26,054,163	-
Trellidor Proprietary Limited - Loan 8	-	-	410,000	500,000
Trellidor Décor Proprietary Limited - Loan 9	-	-	11,801,302	-
	-	**-**	**114,762,518**	**95,143,918**

Loans 1, 2, 4, 6, 7, 8 and 9, are unsecured, bear interest at prime plus 0.5% and are repayable over five years.

Loan 3 is unsecured, interest free and is repayable by mutual consent.

Loans 1, 2, 4, 6, 7, 8 and 9, 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 5 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 in the prior period.

Split between non-current and current portions

Non-current assets	-	-	82,189,554	74,447,511
Current assets	-	-	32,572,964	20,696,407
	-	**-**	**114,762,518**	**95,143,918**

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. 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 because the borrower has a strong capacity to meet its contractual cash flow obligations then it is assumed that the credit risk has not increased significantly since initial recognition.

8. Loans to group companies (continued)

Credit loss allowances

The directors in considering the carrying amounts of the loans to group companies, have applied the general approach in determining possible impairment. In applying the general approach to loans 1, 2, 4, 6, 7, 8 and 9, 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 these loans. This assessment has specifically considered the continued impact of the weak economic growth in South Africa, rising inflation rates globally and the impact of political instability locally and globally. Including the subordination of these loans, the subsidiary company's assets still exceeds its liabilities and there are sufficient liquid assets to settle liabilities and as a result these loans are still deemed recoverable.

In respect to loan 3, which has no fixed terms of repayment, the impairment assessment is based on the assumption that the subsidiary company will not be able to repay the loan if it demanded at reporting date and therefore it was classified as underperforming. The assessment also took into consideration 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 and the continued impact of the weak economic growth in South Africa, rising inflation rates globally and the impact of political instability locally and globally. Based on this assessment the expected credit loss has been determined assuming the loan is repaid within a five year period.

	2023			
Loans to subsidiaries	**Basis of loss allowance**	**Gross carrying amount**	**Loss allowance**	**Amortised cost**
Loan 1 - performing	12 month ECL	31,821,890	-	31,821,890
Loan 2 - performing	12 month ECL	3,441,885	-	3,441,885
Loan 3 - underperforming	Lifetime ECL	8,610,230	(1,008,855)	7,601,375
Loan 4 - performing	12 month ECL	10,166,521	-	10,166,521
Loan 5 - performing	12 month ECL	18,772,628	-	18,772,628
Loan 6 - performing	12 month ECL	4,692,754	-	4,692,754
Loan 7 - performing	12 month ECL	26,054,163	-	26,054,163
Loan 8 - performing	12 month ECL	410,000	-	410,000
Loan 9 - performing	12 month ECL	11,801,302	-	11,801,302
		115,771,373	**(1,008,855)**	**114,762,518**

	2022			
Loans to subsidiaries	**Basis of loss allowance**	**Gross carrying amount**	**Loss allowance**	**Amortised cost**
Loan 1 - performing	12 month ECL	47,787,468	-	47,787,468
Loan 3 - underperforming	Lifetime ECL	9,732,231	(634,771)	9,097,460
Loan 4 - performing	12 month ECL	12,240,779	-	12,240,779
Loan 5 - performing	12 month ECL	19,808,852	-	19,808,852
Loan 6 - performing	12 month ECL	5,709,359	-	5,709,359
Loan 8 - performing	12 month ECL	500,000	-	500,000
		95,778,689	**(634,771)**	**95,143,918**

	Company	
	2023	**2022**
Opening balance	**(634,771)**	**(1,073,109)**
Remeasurement of Loan 3	(374,084)	438,338
Closing balance	**(1,008,855)**	**(634,771)**

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

9. 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.

Refer to note 22 for the further details of the accounting policy of financial instruments.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Loans to franchisees - performing	8,481,810	3,918,963	-	-
Various loans were issued to franchisees, attracting interest at approximately prime plus 0.5% to 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	993,599	998,744	-	-
Loans receivable - C Meekers - performing	1,020,654	954,945	-	-
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.				
Skyatt Investments Proprietary Limited - performing	750,000	750,000	-	-
The above loan is unsecured, interest free and repayable on demand.				
	11,246,063	**6,622,652**	**-**	**-**

Split between non-current and current portions

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Non-current assets	6,455,528	3,253,221	-	-
Current assets	4,790,535	3,369,431	-	-
	11,246,063	**6,622,652**	**-**	**-**

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.

Notes to the Annual Financial Statements

	Group		Company	
	2023	2022	2023	2022
	R	R	R	R

9. Loans receivable (continued)

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 franchisees 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. As part of this assessment, management has considered the performance of the franchises through the challenging economic conditions, including rising inflation, reduced consumer spending and civil and political unrest. Given that turnover is sustained year on year despite the challenges, the expected credit loss was determined to be immaterial and hence no expected credit loss was recognised.

Regarding the non- interest bearing loan, which has no fixed terms of repayment and the loans to directors, the credit loss assessment has been based on the counterparties ability to repay the loan over a reasonable period. Management considered amongst other factors, the financial position of the related parties as at the end of the reporting period, their past financial performance, and cash flow trends. Using the 12-month ECL, the expected credit loss was determined to be immaterial and hence no expected credit loss was recognised.

Reconciliation of loss allowance

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

Group - 2023 - Instrument	Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Franchisees - performing	12 month ECL	8,481,810	-	8,481,810
D Judge - performing	12 month ECL	993,599	-	993,599
C Meekers - performing	12 month ECL	1,020,654	-	1,020,654
Skyatt Investments - performing	12 month ECL	750,000	-	750,000
		11,246,063	**-**	**11,246,063**

Group - 2022 - Instrument	Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Franchisees - performing	12 month ECL	3,918,963	-	3,918,963
D Judge - performing	12 month ECL	998,744	-	998,744
C Meekers - performing	12 month ECL	954,945	-	954,945
Skyatt Investments - performing	12 month ECL	750,000	-	750,000
		6,622,652	**-**	**6,622,652**

10. Deferred tax

A deferred tax liability/(asset) is recognised for all taxable/(deductible) temporary differences, except to the extent that the deferred tax liability/(asset) 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.

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10. Deferred tax (continued)

	Group		Company	
	2023 R	2022 R	2023 R	2022 R
Property plant and equipment	(4,296,053)	(3,063,165)	1,079	(2,535)
Intangible assets	299,053	155,731	-	-
Prepaid expenses	(146,800)	(337,648)	(24,836)	(35,578)
Expected credit loss allowance	(873,404)	(88,802)	-	-
Section 24C allowance	(1,798,104)	(2,085,949)	-	-
Unrealised profit in inventory	764,640	1,037,519	-	-
Provisions	5,658,320	13,123,825	386,858	477,156
Income received in advance	3,217,804	3,087,242	-	-
RoU asset	(16,962,408)	(19,230,097)	-	-
Lease liability	19,482,558	20,972,521	-	-
Section 18A deductions carried forward	108,500	118,366	53,063	73,972
Capital loss	-	56,096	-	-
Assessed loss	9,232,081	1,656,456	-	-
Accrued expenses	403,640	-	-	-
Total net deferred tax asset	**15,089,827**	**15,402,095**	**416,164**	**513,015**
Deferred tax liability	(1,603,844)	(763,779)	(24,836)	(38,113)
Deferred tax asset	16,693,671	16,165,874	441,000	551,128
Total net deferred tax asset	**15,089,827**	**15,402,095**	**416,164**	**513,015**

Reconciliation of deferred tax asset / (liability)

At beginning of year	15,402,095	7,182,171	513,015	884,600
Temporary differences	975,521	8,526,244	86,204	(256,561)
Effect of decrease in tax rate	(224)	(222,863)	-	(31,593)
Prior period adjustment	(183,055)	(83,457)	(183,055)	(83,431)
Correction to opening balance	(1,104,510)	-	-	-
	15,089,827	**15,402,095**	**416,164**	**513,015**

Change in tax rate

The corporate tax rate was changed from 28% to 27% and considered substantively enacted from 23 February 2022. The new rate is effective for tax years ending on or after 31 March 2023. The deferred tax balance has been calculated by applying the 27% rate (2022: 27% - taking the expected timing of reversal of deferred components into consideration).

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.

	Group		Company	
	2023	2022	2023	2022
	R	R	R	R

11. Business combinations

The company 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.

Business combination during the year - Trellidor Hillcrest franchise

On 01 July 2022, the company acquired the Trellidor Hillcrest franchise in KwaZulu-Natal, which will form an integral part of the Trellidor network. This franchise, in conjunction with the other owned franchise, will be managed as owned Trellidor branches with the expectation of improving service delivery in these regions and improve efficiency to the end user.

Goodwill of R2,035,261 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.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment	463,478	-	-	-
Loans payable	(1,561,354)	-	-	-
Warranty provision	(100,000)	-	-	-
Goodwill	2,035,261	-	-	-
	837,385	-	-	-
Acquisition date fair value of consideration paid				
Cash	(837,385)	-	-	-

The acquired franchises impact on the entity's revenue and profit before tax is not individually determinable. On acquisition, the franchises within the same geographical area is consolidated into one “branch” and the administrative operations of the acquired franchise is centralised at the company’s head office. Revenue that was derived by the acquired franchise from the sale of products outside the company’s direct product offerings were also discontinued on acquisition. Given that the entity has increased the number of owned franchises from 7 to 8 during the year, the impact on performance during 2024 is expected to improve. Uncertainty still remains in terms of the forecasted performance given the weak economic environment in South Africa and the rising cost of living for consumers.

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	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

11. Business combinations (continued)

Business combinations occurring after the end of the reporting period

During July 2023 we completed the acquisition of the Trellidor Milnerton franchise in Cape Town. This franchise will be absorbed into our existing Cape Town operation and included in the Trellidor Retail business unit.

Fair value of assets acquired and liabilities assumed

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Property, plant and equipment	150,985	-	-	-
Inventories	122,336	-	-	-
Loans payable	(1,524,728)	-	-	-
Gain on bargain purchase	(423,865)	-	-	-
Total identifiable net assets	(1,675,272)	-	-	-
Consideration payable	1,675,272	-	-	-

12. 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 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Raw materials	112,912,612	116,748,393	-	-
Work in progress	2,243,819	2,027,851	-	-
Finished goods	8,950,079	4,518,567	-	-
Goods in transit	10,678,179	4,624,497	-	-
	134,784,689	127,919,308	-	-
Provision for obsolescence of raw materials	(6,792,542)	(5,889,632)	-	-
	127,992,147	**122,029,676**	**-**	**-**

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 weak economic growth in South Africa, rising inflation rates globally and the impact of political and civil unrest locally and globally, no additional impairments were identified.

Inventory, with a carrying value of R115,683,293 (2022: R114,948,995) have been encumbered as security for the second long-term borrowings as referred to in note 19.

13. 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.

Refer to note 22 for the further details of the accounting policy of financial instruments.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Financial instruments:				
Trade receivables	45,727,889	46,539,330	6,239,312	3,244,551
Loss allowance	(1,998,289)	(1,375,094)	-	-
Trade receivables at amortised cost	43,729,600	45,164,236	6,239,312	3,244,551
Other receivable	1,985,808	1,943,046	500	-
Non-financial instruments:				
VAT	3,283	771,912	-	-
Other receivables	572,513	483,906	770,737	770,737
Prepayments	2,478,365	6,932,979	91,984	131,771
Total trade and other receivables	**48,769,569**	**55,296,079**	**7,102,533**	**4,147,059**

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

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
At amortised cost	45,715,408	47,107,282	6,239,812	3,244,551
Non-financial instruments	3,054,161	8,188,797	862,721	902,508
	48,769,569	**55,296,079**	**7,102,533**	**4,147,059**

Trade and other receivables pledged as security for group facilities

Trade receivables with a carrying amount of R32,493,440 (2022: R48,993,202) has been ceded as security for the financing facilities of the group. Refer to note 23 for the facilities and securities held with FNB.

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 aggregation 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.

13. Trade and other receivables (continued)

The loss allowance as at 30 June 2023 was determined as follows:

Expected credit loss rate: Group ageing	2023 Gross carrying amount	2023 Loss allowance	2023 ECL rate	2022 Gross carrying amount	2022 Loss allowance	2022 ECL rate
Current (not past due)	13,690,507	(24,791)	0.18 %	36,253,281	(75,172)	0.31 %
Up to 30 days (past due)	4,083,906	(80,613)	1.97 %	2,107,863	(13,907)	0.66 %
Up to 60 days (past due)	3,142,149	(109,600)	3.49 %	2,779,529	(7,687)	0.28 %
More than 60 days (past due)	2,654,957	(465,951)	17.55 %	2,367,015	(579,027)	24.46 %
Specifically impaired	22,156,370	(1,317,334)		3,031,642	(699,301)	
Total	**45,727,889**	**(1,998,289)**		**46,539,330**	**(1,375,094)**	

The credit loss rates are based on the payment profile of sales over a period of 24-months before 30 June 2023 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.

Management implemented strategies for interventions such as regularly monitors customer purchase and payment behaviour which reduced the risk of debts becoming uncollectable and have allowed majority of our debtors to trade despite sustained pressure on the local and international economy. Management also follows a proactive process in managing overdue customers that 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 61 days past due. There has been a leveling in the risk rating for amounts 31 to 61 days past due mainly as a result of normalised trading conditions to a large degree as the economy is recovering over this period despite the numerous micro and macro challenges. In considering the sustained economic pressure on debtors, management have assessed that the credit risk profile remains robust due to the implementation of strategies to manage and assess credit risk.

Other receivables

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 cash flows of the counterparty. This information has been obtained from the counterparty themselves. Consequently, the expected credit loss was determined to be immaterial and hence no expected credit loss was recognised.

Company:

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 micro and macro-economic and political challenges, the credit quality is considered adequate and hence no expected credit loss was recognised.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

13. 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 2023	Group 2022
Opening balance	**(1,375,094)**	**(1,855,830)**
Remeasurement of loss allowance	(796,305)	149,244
Amounts written off	25,235	284,251
Translation reserve	147,873	47,241
Closing balance	**(1,998,291)**	**(1,375,094)**

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.

14. 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 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Cash on hand	200,956	214,714	-	-
Bank balances	7,190,319	13,307,207	154,834	1,661,605
Bank overdraft	(32,626,333)	(21,422,970)	(886,969)	-
	(25,235,058)	**(7,901,049)**	**(732,135)**	**1,661,605**
Current assets	7,391,275	13,521,921	154,834	1,661,605
Current liabilities	(32,626,333)	(21,422,970)	(886,969)	-
	(25,235,058)	**(7,901,049)**	**(732,135)**	**1,661,605**

The group had total undrawn facilities available at year-end for future operating activities and commitments of:

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
The total amount of undrawn facilities available for future operating activities and commitments	31,146,667	21,695,918	-	-

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

	Group		Company	
	2023	2022	2023	2022
	R	R	R	R

14. Trade and other payables (continued)

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 credit ratings of individual banks were reviewed and noted that credit rating has remained at 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. Zenith Bank Plc in Ghana (B3) and Barclays Bank (A1) in the UK remain on stable credit ratings.

Cash and cash equivalents pledged as security

Cash and cash equivalents with a carrying amount of R4,359,288 (2022: R8,036,517) has been ceded as security for the financing facilities of the group and company. Refer to note 23 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.

15. Share 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	
	2023	2022
Authorised stated capital		
No par value shares	5,000,000,000	5,000,000,000
Issued stated capital		
No par value	95,209,820	95,209,820

	Company	
	2023	2022
	R	R
No par value	401,010	401,010

16. 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.

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16. Share based payments (continued)

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.

	2023		2022	
	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	5.66	43,157	5.53	1,667,761
- SBP 2016	-	-	5.41	896,221
- SBP 2017	5.66	43,157	5.66	771,540
Options lapsed - SBP 2016	-	-	5.41	(896,221)
Options lapsed - SBP 2017	5.66	(43,157)	5.66	(385,770)
Options forfeited - SBP 2017	5.66	-	5.66	(342,613)
Outstanding option at end of year	-	-	5.66	43,157
- SBP 2017	-	-	5.66	43,157

The final tranche of the SBP 2017 award, vested in October 2022. No options were exercised and therefore lapsed after the 30 day exercise period, the balance in the share-based payment reserve was subsequently transferred within equity to retained earnings.

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.

On consolidation, foreign exchange differences arising from the translation of the net investment in a foreign operation are recognised in other comprehensive income and included in the foreign currency translation reserve in 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 transaction. 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.

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	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

19. Other financial liabilities

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

Refer to note 22 for the further details of the accounting policy of financial instruments.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Held at amortised cost				
Secured				
FNB - Holdings Facility 1	37,727,564	46,427,268	37,727,564	46,427,268
FNB - Holdings Facility 2	34,628,435	7,032,776	34,628,435	7,032,776
FNB - Innovations Facility	8,013,531	9,917,107	-	-
FNB - Property Finance 1	30,544,181	33,036,236	-	-
FNB - Property Finance 2	10,591,512	-	-	-
	121,505,223	**96,413,387**	**72,355,999**	**53,460,044**

Split between non-current and current portions

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Non-current liabilities	-	80,905,618	-	43,154,231
Current liabilities	121,505,223	15,507,769	72,355,999	10,305,813
	121,505,223	**96,413,387**	**72,355,999**	**53,460,044**

FNB

The Holdings Facility 1 held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in 60 monthly instalments.

The Holdings Facility 2 held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in 60 monthly instalments.

The loan held by Trellidor Innovations Proprietary Limited bears interest at prime less 0.5% per annum and is repayable in 53 monthly instalments.

The Property Finance Facility 1 bears interest at prime less 0.5% per annum and is repayable in 120 monthly instalments.

The Property Finance Facility 2 bears interest at prime less 0.5% per annum and is repayable in 120 monthly instalments.

Refer to note 23 for securities held for these facilities.

The group’s loan agreements are subject to covenant clauses, whereby the group and company is required to meet certain key financial ratios. Two of the covenants were breached prior to year-end and consequently, in terms of IAS 1 Presentation of Financial Statements, the loans have to be classified as current notwithstanding that they are long-term loans. More detail on the breaches and the rectification plans are disclosed in note 22.

Refer to note 35 - 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.

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	Group		Company	
	2023 R	2022 R	2023 R	2022 R

20. 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.

Refer to note 22 for the further details of the accounting policy of financial instruments.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Financial instruments:				
Trade payables	24,930,574	25,829,113	1,413,927	654,774
Accrued expenses*	7,813,745	5,082,076	501,835	611,826
Non-financial instruments:				
Amounts received in advance	10,483,138	11,618,794	-	-
Provisions - audit fee, leave pay and bonus*	9,707,674	8,307,708	154,954	108,813
Other payroll accruals*	4,288,685	4,881,861	315,423	300,586
VAT	1,699,229	2,646,839	279,394	384,989
	58,923,045	**58,366,391**	**2,665,533**	**2,060,988**

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

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
At amortised cost*	32,744,319	30,911,189	1,915,762	1,266,600
Non-financial instruments*	26,178,726	27,455,202	749,771	794,388
	58,923,045	**58,366,391**	**2,665,533**	**2,060,988**

*Certain comparative figures have been reclassified to financial instruments to better reflect the nature of the transaction.

Amounts received in advance

Amounts received in advance represent the company's obligation to transfer goods to a customer for which the company has received consideration.

Refer to note 25 - Revenue for further details regarding revenue recognition.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Opening balance	11,618,794	13,315,701	-	-
Revenue recognised that was included in the contract liability balance at 01 Jul	(12,235,215)	(13,201,424)	-	-
Increase due to cash received, excluding amounts recognised as revenue	11,099,559	11,504,517	-	-
	10,483,138	**11,618,794**	**-**	**-**

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.

Notes to the Annual Financial Statements

21. Provisions

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

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

Reconciliation of provisions - Group - 2023

	Opening balance	Additions	Utilised during the year	Total
Legal proceedings	32,058,075	1,265,179	(31,781,254)	1,542,000
Product warranties	428,369	263,345	-	691,714
	32,486,444	**1,528,524**	**(31,781,254)**	**2,233,714**

A dispute, which has previously been disclosed, relating to former employees who were dismissed by 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. The Labour Appeal Court upheld the judgement in February 2022 and as result a provision for the backpay, restructuring costs and legal fees was provided for in the prior financial year.

The board of directors, received notice of the Constitutional Court's order, dated 21 October 2022, in terms of which leave to appeal the Labour Appeal Court decision, was refused. Following the ruling, the company engaged with the former employees and initiated an onboarding process. This process was conducted during November 2022 during which period 41 employees presented themselves for work. Following this process, 30 employees have returned to work and 11 opted to take a package in full and final settlement of the judgement. The returning employees have been integrated into the workforce without any notable disruption to production.

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 and measurement

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.

Financial instruments are measured initially at fair value plus direct transaction costs (if applicable, except for the contingent consideration which excludes transaction costs).

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').

Income and expenses relating to financial instruments that are recognised in profit and loss are presented within investment income and finance costs, except for impairment of financial assets and movement in expected credit losses, which is presented separately in the statement of profit or loss and other comprehensive income. In the case of the company, interest income received from subsidiary loans are recognised and presented within revenue - note 25.

Notes to the Annual Financial Statements

22. Financial instruments and risk management (continued)

Subsequent measurement

Financial assets are subsequently measured at amortised cost using the effective interest rate method, less any expected impairment loss allowance recognised to reflect irrecoverable amounts. The group applies the general approach or simplified method to determine 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. In applying the simplified method, the loss allowance for financial assets is calculated based on the life-time expected losses.

Should the assessment of these factors indicate an inability of the debtor 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 debtor. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered 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.

The carrying amount of trade receivables are reduced through the use of an allowance account, and the amount of the loss is recognised separately in the statement of profit or loss and other comprehensive income. Trade receivable that are uncollectible and subsequent recoveries of such amounts previously written off are credited against operating expenses in the statement of profit or loss and other comprehensive income.

The group considers that a trade and other receivable is written-off and 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 into bankruptcy proceedings.

For loans receivable with fixed terms of repayment, should the assessment of factors indicate an inability of the borrower to meet its repayment obligation in the immediate future (default), this would result in an increase in the credit risk profile of the borrower 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 demanded 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 determined to be the CPI rate as at year end, if the loan is interest free) over the period until cash is realised.

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.

Notes to the Annual Financial Statements

22. Financial instruments and risk management (continued)

	Group		Company	
	2023	2022	2023	2022
Financial assets by category				
Amortised cost				
Loans receivable	11,246,063	6,622,652	-	-
Loans to group companies	-	-	114,762,518	95,143,918
Trade and other receivables	45,715,408	47,107,282	6,239,812	3,244,551
Cash and cash equivalents	7,391,275	13,521,921	154,834	1,661,605
	64,352,746	**67,251,855**	**121,157,164**	**100,050,074**
Financial liabilities by category				
Amortised cost				
Trade and other payables*	32,744,319	30,911,189	1,915,762	1,266,600
Other financial liabilities	121,505,223	96,413,387	72,355,999	53,460,044
Bank overdraft	32,626,333	21,422,970	886,969	-
	186,875,875	**148,747,546**	**75,158,730**	**54,726,644**

*Certain comparative figures have been reclassified to financial instruments to better reflect the nature of the transaction. Refer to note 20.

Gains and losses on financial assets	Group		Company	
Recognised in profit or loss	2023	2022	2023	2022
Interest income	1,468,393	941,247	555,767	250,136
Movement in credit loss allowance	(796,305)	149,244	(374,084)	438,338
Net gains (losses)	**672,088**	**1,090,491**	**181,683**	**688,474**
Gains and losses on financial liabilities				
Recognised in profit or loss				
Finance cost	18,231,456	10,184,770	7,633,205	3,314,285
Change in fair value of contingent consideration	-	(998,455)	-	-
Net (gains)/losses	**18,231,456**	**9,186,315**	**7,633,205**	**3,314,285**

Capital risk management

The group's financial capital is derived from a number of sources including our franchise network, income garnered from our shareholders and retained earnings. Financial capital is managed through long-and short-term borrowings (interest-bearing debt), effective management of cash and capital allocation, franchise distribution model and strong working capital 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 return on invested capital (ROIC), net debt to EBITDA ratios and debt to equity ratio. There was no change to what the entity manages as capital or the strategy for capital maintenance from the previous year.

The group is required to maintain and monitor dividend, interest and debt cover covenants in terms of its loan agreements with its lenders. As at 30 June 2023, driven primarily by the decrease in financial performance during F23 H2, the Total Senior Debt to EBITDA ratio (excluding IFRS 16) of 5.1x, breached the 2.0x covenant and the Total Senior Debt Service Cover ratio of 0.8 breached the 1.2 covenant.

The other covenants were in line being the Total Senior Debt to Shareholder's Interest ratio with a result of 61% against a covenant of 100% and the Loan to the Market Value of the Property (LTV) ratio of 58% against a 85% covenant (using a directors valuation of the property in the absence of the lender's valuation as required by the loan agreement).

22. Financial instruments and risk management (continued)

The board, in preparing the financial results, has performed a detailed going concern assessment which includes the group’s projected performance for a period of 12 months from 1 July 2023. This performance is based on detailed operating plans prepared by the executive and approved by the board.

In addition, these plans have been presented to the group’s lenders as part of their ongoing monitoring of our debt levels and covenants. Once the lenders have received the signed annual financial statements, they will perform their annual review and assess the significance of the covenant breaches. The lenders have advised that in determining whether or not the breaches are material to them, they will consider the financial performance (whether the entity is loss making), understand the presented proposed rectification plan as a way forward, the proactive approach by the group in rectifying the breaches, and whether or not any legal proceedings have been instituted against the group by other funders.

Given that the group continues to be profit making, despite the underperformance, have provided the lenders with financial and operational plans to rectify the breaches and there are no legal proceedings that have been instituted against the group, the board is confident the lenders will condone the covenant breaches.

In preparing the operational and financial plans, the group took into account its existing strategy of improving profitability, which will also ensure that the current breached covenants are regularised, by implementing, inter alia, the following:

- Addressing the factors that impacted the financial performance in F23 H2 including strategic product positioning and price reviews being implemented in Trellidor through F24 Q2;
- Fulfilment of a significant manufacture and supply contract of roller shutters in the UK. Initial orders have already been received and the project is expected to be completed during F24 Q3; and
- Overhead levels will be maintained in line with inflation through F24 after the investment in selling capacity in F23.

In addition, the board has mandated the executive team to investigate opportunities to materially reduce the debt levels by the end of F25.

As at 30 June 2023, the group and company lender’s had been made aware of the potential covenant breaches, in terms of the facility agreement. The extent of the breaches and the consequences to the group and company can only be established once the lenders have completed their annual assessment referred to above. As required by IAS 1 Presentation of Financial Statements, due to the covenant breaches, the related loans have been reclassified as current as at 30 June 2023 notwithstanding that they are long-term. Once the lenders have condoned the covenant breaches and the abovementioned strategies have produced the results expected, the group will have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period and the loans can be reclassified to non-current.

The group generated, operating profit for the year of R21.9 million (2022: R42.2 million adjusted for labour court settlement) and operating invested capital of R294.7 million (2022: R263.2 million), resulting in a ROIC of 6% (2022: 11%).

Our dividend is limited to 50% of profit after tax in terms of our dividend policy based on available cash.

The debt to equity ratio and dividend cover for 2023 and 2022 respectively were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Borrowings	121,505,223	96,413,387	72,355,999	53,460,044
Equity	173,225,675	166,861,817	108,557,614	98,676,005
Gearing ratio	70.14 %	57.78 %	66.65 %	54.18 %
Dividend cover	-	-	-	-

Based on the ratios above and the recovery plan, the group will continue to manage 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.

Financial risk management

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

Notes to the Annual Financial Statements

22. Financial instruments and risk management (continued)

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:

Group			2023			2022	
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans receivable	9	11,246,063	-	11,246,063	6,622,652	-	6,622,652
Trade and other receivables	13	47,713,697	(1,998,289)	45,715,408	48,482,376	(1,375,094)	47,107,282
Cash and cash equivalents	14	7,391,275	-	7,391,275	13,521,921	-	13,521,921
		66,351,035	**(1,998,289)**	**64,352,746**	**68,626,949**	**(1,375,094)**	**67,251,855**

Company			2023			2022	
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	8	115,771,373	(1,008,855)	114,762,518	95,778,689	(634,771)	95,143,918
Trade and other receivables	13	6,239,812	-	6,239,812	3,244,551	-	3,244,551
Cash and cash equivalents	14	154,834	-	154,834	1,661,605	-	1,661,605
		122,166,019	**(1,008,855)**	**121,157,164**	**100,684,845**	**(634,771)**	**100,050,074**

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. Although there has been a breach of loan covenants, as described in note 22, Risk management, due to the rectification plans approved, are confident that the group existing banking facilities will be unaffected.

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.

It is the group's liquidity risk management policy that, 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 or the proceeds from the disposal of non-core assets.

22. Financial instruments and risk management (continued)

In the case of the company, liquidity risk arising from financial liabilities is managed by offsetting the financial assets (trade receivables and loans to group companies) against trade and other payables and financial liabilities.

The table below analyses the group and company's financial liabilities and financial assets 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.

Group		2023 Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Liabilities							
Lease liabilities	4	14,009,024	13,108,698	16,754,379	-	43,872,101	39,992,668
Other financial liabilities	19	34,405,724	41,848,556	80,251,153	31,448,524	187,953,957	121,505,223
Trade and other payables	20	32,744,319	-	-	-	32,744,319	32,744,319
Bank overdraft	14	32,626,333	-	-	-	32,626,333	32,626,333
		113,785,400	**54,957,254**	**97,005,532**	**31,448,524**	**297,196,710**	**226,868,543**
Assets							
Trade and other receivables	13	(45,715,408)	-	-	-	(45,715,408)	(45,715,408)
		68,069,992	**54,957,254**	**97,005,532**	**31,448,524**	**251,481,302**	**181,153,135**

		2022 Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Liabilities							
Lease liabilities	4	13,032,913	11,670,803	23,430,575	-	48,134,291	41,496,710
Other financial liabilities	19	22,057,523	21,835,895	58,107,831	21,745,257	123,746,506	96,413,387
Trade and other payables*	20	30,911,189	-	-	-	30,911,189	30,911,189
Bank overdraft	14	21,422,970	-	-	-	21,422,970	21,422,970
		87,424,595	**33,506,698**	**81,538,406**	**21,745,257**	**224,214,956**	**190,244,256**
Assets							
Trade and other receivables	13	(47,107,282)	-	-	-	(47,107,282)	(47,107,282)
		40,317,313	**33,506,698**	**81,538,406**	**21,745,257**	**177,107,674**	**143,136,974**

*Certain comparative figures have been reclassified to financial instruments to better reflect the nature of the transaction. Refer to note 20.

22. Financial instruments and risk management (continued)

Company		2023 Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Liabilities							
Other financial liabilities	19	24,127,089	24,127,089	57,826,947	-	106,081,125	72,355,999
Trade and other payables	20	1,915,762	-	-	-	1,915,762	1,915,762
Bank overdraft	14	886,969	-	-	-	886,969	886,969
		26,929,820	**24,127,089**	**57,826,947**	**-**	**108,883,856**	**75,158,730**
Assets							
Loans to group companies	8	(36,120,049)	(36,120,049)	(68,256,301)	-	(140,496,399)	(114,762,518)
Trade and other receivables	13	(6,239,812)	-	-	-	(6,239,812)	(6,239,812)
		(42,359,861)	**(36,120,049)**	**(68,256,301)**	**-**	**(146,736,211)**	**(121,002,330)**
		(15,430,041)	**(11,992,960)**	**(10,429,354)**	**-**	**(37,852,355)**	**(45,843,600)**

		2022 Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Liabilities							
Other financial liabilities	19	14,161,929	14,161,929	34,996,441	-	63,320,299	53,460,044
Trade and other payables*	20	1,266,600	-	-	-	1,266,600	1,266,600
Bank sureties^		6,046,302	-	-	-	6,046,302	-
Bank guarantees^		34,863,463	-	-	-	34,863,463	-
		56,338,294	**14,161,929**	**34,996,441**	**-**	**105,496,664**	**54,726,644**
Assets							
Loans to group companies	8	(26,758,852)	(24,378,852)	(59,973,157)	-	(111,110,861)	(95,143,918)
Trade and other receivables	13	(3,244,551)	-	-	-	(3,244,551)	(3,244,551)
		(30,003,403)	**(24,378,852)**	**(59,973,157)**	**-**	**(114,355,412)**	**(98,388,469)**
		26,334,891	**(10,216,923)**	**(24,976,716)**	**-**	**(8,858,748)**	**(43,661,825)**

*Certain comparative figures have been reclassified to financial instruments to better reflect the nature of the transaction. Refer to note 20.

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.

Notes to the Annual Financial Statements

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 2023 R	Group 2022 R
Current assets			
Trade and other receivables:			
• USD 496,364 (2022: 44,316)	13	9,352,145	721,117
• GBP 141,177 (2022: 331,779)	13	3,379,071	6,572,949
• EUR 41,969 (2022: 21,944)	13	863,025	374,743
Cash and cash equivalents:			
• USD 148,246 (2022: 139,385)	14	2,793,147	2,270,169
• GBP 22,316 (2022: 265,326)	14	534,133	5,262,988
• EUR 5 (2022: 264)	14	103	4,516
Current liabilities:			
Trade and other payables:			
• USD 16,969 (2022: 208,007)	20	319,718	3,387,810
• GBP (2022: 26,950)	20	-	534,579
• EUR 80,751 (2022: 3,266)	20	1,660,515	55,768

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

		2023	2022
US Dollar		18.84	16.29
Euro		20.56	17.08
Great British Pound		23.94	19.84

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

Forward exchange contracts

Certain forward exchange contracts have been entered into for the purposes of managing foreign currency risk. The net market value of all forward exchange contracts at reporting date is calculated by comparing the forward exchange contracted rates to the equivalent market foreign exchange rates at reporting date. The present value of these net market values are then calculated using the appropriate currency specific discount curve.

Group - 2023

	Note	Contract rate	Market rate	Contract foreign currency amount	Contract Rand amount	Fair value of contract
Imports - goods						
Buy - Euro		21.247	20.563	80,751	1,715,716	1,660,505
Buy - Euro		20.770	20.563	216	4,486	4,437
					1,720,202	**1,664,942**

Notes to the Annual Financial Statements

22. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group 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. 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, however we have noted the increased volatility in the global exchange markets during the year and therefore based our % on the average change in the exchange rates from the start of the financial year to year-end.

Group	**2023**		**2022**	
	Increase	**Decrease**	**Increase**	**Decrease**
Fluctuation in rate				
(Decrease)/Increase in profit or loss				
US Dollar 8% (2022: 5%)	946,046	(946,046)	(3,965)	3,965
Euro 8% (2022: 5%)	69,049	(69,049)	4,350	(4,350)
GBP 8% (2022: 5%)	313,056	(313,056)	113,014	(113,014)
	1,328,151	**(1,328,151)**	**113,399**	**(113,399)**

Interest rate risk

The group’s interest rate risk arises from cash deposits (refer to note 14), financial assets (refer to notes 8 and 9) and financial liabilities (refer note 19), 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.

Group

At 30 June 2023, 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 R785,001 (2022: R633,787) lower/(higher), mainly as a result of higher interest (income)/expense on borrowings.

Company

At 30 June 2023, 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 R365,441 (2022: R267,300) lower/(higher), mainly as a result of higher interest (income)/expense on borrowings.

Notes to the Annual Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

23. Securities and Facilities - FNB

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Overdraft facility	40,000,000	25,000,000	-	-
Credit card facility	2,323,000	2,323,000	-	-
Guarantees	3,000,000	3,000,000	-	-
Asset finance	15,000,000	15,000,000	-	-
Forward exchange contracts	3,250,000	3,250,000	-	-
Global banking	200,000	200,000	-	-
	63,773,000	**48,773,000**	**-**	**-**

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;
- 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 Trellidor Holdings Limited, of its loan receivable from Trellidor Innovations Proprietary Limited; and
- 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 and 2 - 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 3 - 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 to Trellidor Innovations Proprietary Limited.

Property Finance 1 and 2 - Trellidor Proprietary Limited

These loans are secured by the land and buildings and a limited suretyship of R35,000,000 by Trellidor Holdings Limited.

Notes to the Annual Financial Statements

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

24. Contingencies

Guarantees

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

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
eThekwini Municipality	202,580	202,580	-	-
South African Post Office	40,000	40,000	-	-
Emira Property Fund Limited	1,416,923	1,416,923	-	-
Eskom Holdings Limited	238,700	238,700	-	-
	1,898,203	**1,898,203**	**-**	**-**

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.

25. Revenue

Group

Revenue is measured at the transaction price received or receivable and represents the amounts receivable for goods and services provided in the customary 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 estimated volume 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 from subsidiary loans are recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Disaggregation of revenue from customers

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Revenue from source type and timing of transfer				
Sale of security products - invoice (point-in-time)	327,650,730	324,463,043	-	-
Sale of decorative products - invoice (point-in-time)	173,771,199	187,936,422	-	-
Management fees - monthly invoice (over time)	-	-	14,816,428	13,941,240
Royalty income - invoice (point-in-time)	878,368	834,975	-	-
	502,300,297	**513,234,440**	**14,816,428**	**13,941,240**
Revenue by geographical location				
South Africa	409,871,100	432,104,606	14,816,428	13,941,240
Rest of Africa	54,924,996	40,674,397	-	-
Rest of World	37,504,201	40,455,437	-	-
	502,300,297	**513,234,440**	**14,816,428**	**13,941,240**
Other revenue				
Dividends received	-	-	9,000,000	19,000,000
Interest received	-	-	9,938,173	5,101,814
	-	**-**	**18,938,173**	**24,101,814**
Total revenue	**502,300,297**	**513,234,440**	**33,754,601**	**38,043,054**

Notes to the Annual Financial Statements

	Group		Company	
	2023	**2022**	**2023**	**2022**
	R	**R**	**R**	**R**

26. Cost of sales

Sale of goods	190,315,989	209,467,294	-	-
Employee costs	81,325,118	73,226,108	-	-
Depreciation	10,935,349	10,718,305	-	-
Manufacturing expenses	26,339,821	22,579,516	-	-
	308,916,277	**315,991,223**	**-**	**-**

27. Operating 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 transaction.

Operating profit before interest and taxation for the year is stated after accounting for the following amongst others:				
Advertising	27,808,882	28,127,628	-	-
Amortisation on intangible assets	867,159	681,981	-	-
Auditor's remuneration	2,334,292	2,042,166	884,370	536,896
Cartage	9,181,758	8,722,261	-	-
Commission	9,575,590	9,804,289	-	-
Consulting fees	3,034,229	4,100,457	1,855,774	2,183,728
Movement on ECL allowance	796,305	(149,244)	374,084	(438,338)
Depreciation on RoU asset	11,532,151	10,572,968	-	-
Depreciation on property plant and equipment	7,206,371	7,817,060	24,553	21,325
Gas, electricity and water	8,781,926	7,993,648	-	-
Labour court settlement provision expense (note 21)	-	32,058,075	-	-
Net loss on exchange differences	2,446,139	800,617	-	-
Net loss/(profit) on disposal of fixed assets	(41,824)	33,231	-	-
Net loss on disposal of intangible assets	707,215	-	707,215	-
Net loss on lease modification	15,105	-	-	-
Short-term employee benefits	141,565,054	133,661,076	7,480,487	7,953,646

Notes to the Annual Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

28. 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	6,146,572	5,625,148	439,977	405,980

29. Investment income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

Investments in financial assets: interest income				
Bank and other cash	705,163	293,389	555,767	219,278
Other financial assets	763,230	647,858	-	30,858
Total interest income	**1,468,393**	**941,247**	**555,767**	**250,136**

30. Finance costs

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

Shareholders	-	191,442	-	-
Non-current borrowings	10,240,428	5,526,114	7,152,287	3,218,666
Lease liabilities	3,200,481	2,884,561	-	-
Bank and other	4,790,547	1,582,653	480,918	95,619
Total finance costs	**18,231,456**	**10,184,770**	**7,633,205**	**3,314,285**

31. 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.

Notes to the Annual Financial Statements

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

31. Taxation (continued)

Major components of the tax expense

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Current				
Local income tax - current period	2,222,888	9,035,995	1,103,503	742,598
Local income tax - prior period (over) under provision	(61,513)	(209,188)	-	-
	2,161,375	**8,826,807**	**1,103,503**	**742,598**
Deferred				
Originating and reversing temporary differences	(639,015)	(8,303,382)	(86,204)	371,585
Arising from prior period adjustments	183,055	83,457	183,055	-
	(455,960)	**(8,219,925)**	**96,851**	**371,585**
	1,705,415	**606,882**	**1,200,354**	**1,114,183**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Applicable tax rate	27.00 %	28.00 %	27.00 %	28.00 %
Exempt income	- %	- %	(21.93)%	(25.38)%
Tax incentives	(7.48)%	(43.47)%	- %	- %
Capital gains tax	0.38 %	0.73 %	- %	- %
Lower foreign tax rates	0.74 %	(60.84)%	- %	- %
Non-deductible expenses	9.86 %	93.62 %	4.11 %	2.60 %
Prior year under provision	2.35 %	(0.21)%	1.65 %	- %
Effect of decrease in tax rate	- %	46.24 %	- %	0.11 %
	32.85 %	**64.07 %**	**10.83 %**	**5.33 %**

Change in tax rate

The corporate tax rate was changed from 28% to 27% and considered substantively enacted from 23 February 2022. The new rate is effective for tax years ending on or after 31 March 2023.

Notes to the Annual Financial Statements

	Group		Company	
	2023 R	2022 R	2023 R	2022 R

32. Cash generated from operations

Profit before taxation	5,180,693	947,120	11,081,965	20,951,878
Adjustments for non-cash items:				
Depreciation and amortisation	19,605,679	19,072,007	24,554	21,324
Net (profit)/loss on disposal of property, plant and equipment	(41,824)	(33,231)	-	-
Net (profit)/loss on disposal of intangible assets	708,492	-	708,491	-
Gains on reclassification of financial liabilities	-	(998,455)	-	-
Net movement in credit loss allowances	796,305	(149,244)	374,084	(438,338)
Loss on lease modification	15,105	-	-	-
Movements in provisions	1,531,270	31,935,162	-	-
Movement in inventory obsolescence	902,911	819,125	-	-
Unrealised exchange differences	1,994,952	(324,464)	-	-
Adjust for items which are presented separately:				
Settlement in terms of labour court ruling	(31,781,254)	-	-	-
Interest income	(1,468,393)	(941,247)	(555,767)	(5,351,950)
Finance costs	18,231,456	10,184,770	7,633,205	3,314,285
Changes in working capital:				
(Increase)/decrease in inventories	(6,865,383)	(15,242,103)	-	-
(Increase)/decrease in trade and other receivables	(2,189,425)	5,656,902	(2,955,474)	(705,844)
Increase/(decrease) in trade and other payables	603,039	(11,798,181)	604,544	(832,939)
	7,223,623	**39,128,161**	**16,915,602**	**16,958,416**

33. Tax paid

Balance at beginning of the year	2,559,430	81,449	(287,576)	77,181
Current tax recognised in profit or loss	(2,161,375)	(8,826,807)	(1,103,503)	(742,598)
Balance at end of the year	(2,923,084)	(2,559,430)	301,365	287,576
	(2,525,029)	**(11,304,788)**	**(1,089,714)**	**(377,841)**

34. Dividends paid

Dividends	-	(10,473,080)	-	(10,473,080)

During FY2023, a dividend per share of R0.11 (2021: R0.18) was paid to the shareholders which was declared in the FY2022 period. No dividend has been declared or paid in respect of the year ended 30 June 2023.

Notes to the Annual Financial Statements

35. Changes in liabilities arising from financing activities

Group - 2023	Opening balance	Lease adjustments	Additions	Interest accruals and translation reserve	Cash inflows	Cash outflows	Interest paid	Closing balance
Other financial liabilities	96,413,387	-	10,673,600	516,224	31,682,940	(28,021,356)	10,240,428	121,505,223
Lease liabilities	41,496,710	615,310	9,244,746	490,209	-	(15,054,788)	3,200,481	39,992,668
Total liabilities from financing activities	**137,910,097**	**615,310**	**19,918,346**	**1,006,433**	**31,682,940**	**(43,076,144)**	**13,440,909**	**161,497,891**

Group - 2022	Opening balance	Lease adjustments and fair value adjustments	Additions	Interest accruals and translation reserve	Cash inflows	Cash outflows	Interest paid	Closing balance
Other financial liabilities	75,971,211	-	-	164,495	36,194,204	(21,896,377)	5,979,854	96,413,387
Loans from shareholders - Novaspectacular	4,384,758	-	-	(8,877)	-	(4,567,322)	191,441	-
Contingent consideration	5,920,680	(998,445)	-	81,310	-	(5,003,545)	-	-
Lease liabilities	14,921,077	(629,361)	38,211,333	477,499	-	(14,368,396)	2,884,558	41,496,710
Total liabilities from financing activities	**101,197,726**	**(1,627,806)**	**38,211,333**	**714,427**	**36,194,204**	**(45,835,640)**	**9,055,853**	**137,910,097**

Company - 2023	Opening balance	Interest accruals	Cash inflows	Cash outflows	Interest paid	Closing balance
Other financial liabilities	53,460,044	-	32,500,000	(20,756,331)	7,152,287	72,356,000
Total liabilities from financing activities	**53,460,044**	**-**	**32,500,000**	**(20,756,331)**	**7,152,287**	**72,356,000**

Company - 2022	Opening balance	Interest accruals	Cash inflows	Cash outflows	Interest paid	Closing balance
Other financial liabilities	43,885,836	116,952	20,076,704	(13,838,114)	3,218,666	53,460,044
Total liabilities from financing activities	**43,885,836**	**116,952**	**20,076,704**	**(13,838,114)**	**3,218,666**	**53,460,044**

Notes to the Annual Financial Statements

36. Related parties

Relationships	
Subsidiaries	Trellidor Innovations Proprietary Limited Trellidor Retail Proprietary Limited Trellidor UK Limited Trellidor Decor Proprietary Limited Trellidor Proprietary Limited Trellidor Retail Proprietary Limited Trellidor Ghana Limited
Other related party	Trellidor Group Share Incentive Trust
Members of key management	All directors (Refer to note 5 of the Directors' Report)

	Group		Company	
	2023 R	2022 R	2023 R	2022 R
Related party balances				
Loan accounts - Owing (to) by related parties				
• Subsidiaries	-	-	115,771,373	95,143,918
• Directors	2,014,253	1,953,688	-	-
Amounts included in trade and other receivables regarding related parties				
• Subsidiaries	-	-	6,239,312	4,007,814
Amounts included in trade and other payables regarding related parties				
• Subsidiaries	-	-	8,922	87,384
Dividends received from related party				
• Subsidiaries	-	-	9,000,000	19,000,000
Management fees paid received from related party				
• Subsidiaries	-	-	14,816,428	13,941,240
Interest (received from)/paid to related parties				
• Subsidiaries	-	-	9,938,173	5,101,814
• Novaspectacular Investments Proprietary Limited	-	(191,441)	-	-

Refer to note 37 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 8, 9 and 19 for repayment terms.

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

Notes to the Annual Financial Statements

37. Directors' emoluments

The primary objective of the Long-Term Cash Incentive Scheme ("LTI") is to incentives and retain key employees by deferring and distributing cash incentives over a 3 year period. The LTI provides executives and key senior managers with the opportunity to receive a bonus over an extended period dependent on group financial performance. The factors taken into consideration when making payments are:

- annual financial results;
- minimum shareholder return; and
- the individual participant remaining employed by the group.

The LTI pool is capped at 2.4% of earnings before interest and tax (EBIT) before any incentive provided that the pool is less than or equal to the growth in EBIT over the prior year. ROIC must be 18% or more for any pool to be created. This is a hurdle/gatekeeper. The annual pool is divided between the participants and vests in equal instalments over the following three year period, provided that the participant remains an employee as at the vesting date. Allocation of the pool is determined at the discretion of REMCO.

			2023		
Executive	**^Emoluments**	**Allowances**	***Bonus**	**Pension fund contributions**	**Total**
Paid by holding company					
TM Dennison	3,286,108	300,000	106,000	197,168	3,889,276
DJR Judge	2,145,227	175,548	246,000	160,892	2,727,667
	5,431,335	**475,548**	**352,000**	**358,060**	**6,616,943**

			2022		
Executive	**^Emoluments**	**Allowances**	***Bonus**	**Pension fund contributions**	**Total**
Paid by holding company					
TM Dennison	3,266,326	120,000	1,375,000	185,991	4,947,317
DJR Judge	2,136,087	60,000	480,000	151,819	2,827,906
Paid by subsidiary companies					
PWE Rawson^	2,461,630	-	467,000	174,706	3,103,336
	7,864,043	**180,000**	**2,322,000**	**512,516**	**10,878,559**

The terms of executive directors are in line with all other employees. ^Emoluments paid to the directors during the current and prior period related to short-term employee benefits.

*During the year R318,000, R106,000 per executive (2022: R318,000, R106,000 per executive), was allocated to the executive directors as part of the Long-Term Cash Incentive Scheme.

Non-executive	**Directors' fees**	
Company	**2023**	**2022**
MC Olivier	370,728	356,011
JB Winship	168,580	323,135
RB Patmore	364,910	344,985
SI Bird	336,255	-
	1,240,473	**1,024,131**

37. Directors' emoluments (continued)

Share options

Share options were granted and accepted in terms of the Trellidor share incentive scheme. No options were exercised and therefore lapsed after the 30 day exercise period. Refer to note 16 for further information.

	2022						
	Opening balance	**Granted**	**Lapsed**	**Forfeited**	**Exercise price**	**Closing balance**	**Annual expense**
Holding company							
TM Dennison	418,157	-	(418,157)	-	5.41	-	-
Subsidiary							
PWE Rawson	245,763	-	(245,763)	-	5.41	-	-
CJ Meekers	92,960	-	(92,960)	-	5.41	-	-

38. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

After factoring in the loan covenant breaches disclosed in note 22, the directors considered the operational plans referred to in note 22 to be appropriate in the context of the economy, and have assessed that the group and company have adequate financial resources to continue to trade as a going concern for at least 12 months from the date of this report.

The directors are not aware of any new material changes that may adversely impact the group and company.

The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

39. Events after the reporting period

During July 2023 we completed the acquisition of the Trellidor Milnerton franchise in Cape Town. This franchise will be absorbed into our existing Cape Town operation and included in the Trellidor Retail business unit. Refer to note 11 for further details.

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

Notes to the Annual Financial Statements

40. Earnings per share

	Group 2023 R	Group 2022 R
Profit/(loss) for the year attributable to ordinary shareholders	3,475,278	418,609
Adjusted for:	-	-
Loss/(profit) on disposal of property, plant and equipment	(30,531)	(23,927)
Gross amount	(41,824)	(33,232)
Tax effect thereon	11,293	9,305
Loss/(profit) on disposal of intangible assets	516,267	-
Gross amount	707,215	-
Tax effect	(190,948)	-
Headline earnings	**3,961,014**	**394,682**
Number of shares issued	95,209,820	95,209,820
Weighted and diluted weighted average number of ordinary shares in issue during the year	95,209,820	95,209,820
Earnings and diluted earnings per share (cents)	3.7	0.4
Headline and diluted headline earnings per share (cents)	4.2	0.4

Shareholder Analysis

Shareholder type	Number	2023 Shareholding	%
	6	14,546,396	15.28 %
• Directors and associates of the company - direct holding	3	9,673,811	10.16 %
• Directors and associates of the company - indirect holding	3	4,872,585	5.12 %
Public shareholders	3,217	80,663,424	84.72 %
	3,223	**95,209,820**	**100.00 %**
Fund managers with a shareholding greater than 5 % of issued shares			
Mazi Asset Management Proprietary Limited	29	11,791,984	12.39 %
Aylett and Co. Proprietary Limited	4	9,944,649	10.44 %
Peresec Prime Brokers Proprietary Limited	1	6,952,104	7.28 %
Fortuna Investments Holdings Proprietary Limited	1	6,373,399	6.83 %
	35	**35,062,136**	**36.94 %**
Beneficial shareholders with a holding greater than 5% of the issued shares			
Government Employees Pension Fund	1	4,444,819	4.67 %