

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**  
**Registration no. 2006/024896/07**

**FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

# JOEKELS TEA PACKERS PROPRIETARY LIMITED

## FINANCIAL STATEMENTS for the year ended 31 March 2015

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### COMPANY INFORMATION

|                                   |  |
|-----------------------------------|--|
| Registration number:              | 2006/024896/07   |
| Registered address:               | 23-33 Hagart Road<br>Pinetown<br>3610  |
| Postal address:                   | PO Box 10455<br>Ashwood<br>3605  |
| Auditors:                         | PricewaterhouseCoopers Inc.<br>Durban  |
| Bankers:                          | Nedbank Limited<br>First National Bank Limited   |
| Preparer of financial statements: | The financial statements were independently compiled<br>under the supervision of Marissa Adams |

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## JOEKELS TEA PACKERS PROPRIETARY LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITY for the year ended 31 March 2015

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The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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


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

The directors have reviewed the company's cash flow forecast for the year ended 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 5.

The financial statements set out on pages 6 to 29, which have been prepared on the going concern basis, were approved by the directors on 09 July 2015 and were signed on its behalf by:

  
\_\_\_\_\_  
JJ Swart

# **JOEKELS TEA PACKERS PROPRIETARY LIMITED**

## **DIRECTORS' REPORT**

**for the year ended 31 March 2015**

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The directors submit their report for the year ended 31 March 2015.

### **1. Review of activities**

#### **Main business and operations**

The company is engaged in tea blending and packaging and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Registered office: 23-33 Hagart Road  
Pinetown  
3610

Postal address: P O Box 10455  
Ashwood  
3605

### **2. Events after the reporting period**

There are no significant events post the reporting period

### **3. Authorised and issued share capital**

There were no changes in the authorised or issued share capital of the company during the year under review.

### **4. Dividends**

Dividends of R2 164 008 (2014: R442 139) were declared and paid during the year.

### **5. Directors**

The directors of the company during the year and to the date of this report are as follows:

| <b>Name</b> | <b>Nationality</b> |
|-------------|--------------------|
| JJ Swart    | South African      |
| JM Kelsey   | South African      |
| NJS Holland | British            |

### **6. Secretary**

The secretary of the company is Secretarial Services Trust.

Business address: 26 Overport Drive  
Berea  
4001

## **JOEKELS TEA PACKERS PROPRIETARY LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 March 2015**

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#### **7. Holding company**

The company's holding company is Tata Global Beverages Overseas Holdings Limited incorporated in the United Kingdom, which owns 52% of the company's shares.

#### **8. Auditors**

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JOEKELS TEA PACKERS PROPRIETARY LIMITED

We have audited the financial statements of Joekels Tea Packers Proprietary Limited set out on pages 6 to 29 which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Joekels Tea Packers Proprietary Limited as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### *Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

### *Other matter*

The supplementary information set out on pages 30 to 31 do not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.



**PricewaterhouseCoopers Inc.**  
**Director: N Ramlagan**  
**Registered Auditor**  
**Durban**  
**09 July 2015**

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2015

|   | Notes | 2015<br>R         | 2014<br>R         |
|---|-------|-------------------|-------------------|
| <b>ASSETS</b>   |       |                   |                   |
| <b>Non-current assets</b>   |       |                   |                   |
| Plant and equipment   | 8     | 23 043 588        | 22 545 383        |
| Intangible assets   | 9     | 6 409             | 170 628           |
| Other financial assets  | 10    | 26 803            | 19 679            |
|   |       | <b>23 076 800</b> | <b>22 735 690</b> |
| <b>Current assets</b>   |       |                   |                   |
| Trade and other receivables   | 11    | 27 830 587        | 29 149 881        |
| Inventories   | 12    | 15 466 797        | 15 736 920        |
| Cash and cash equivalents   | 13    | 781 064           | 736 445           |
| Current income tax receivable   |       | 267 942           | 361 764           |
|   |       | <b>44 346 390</b> | <b>45 985 010</b> |
| <b>Total assets</b>   |       | <b>67 423 190</b> | <b>68 720 700</b> |
| <b>EQUITY</b>   |       |                   |                   |
| <b>Capital and reserves attributable to equity holders of the company</b> |       |                   |                   |
| Share capital   | 14    | 120               | 120               |
| Retained earnings   |       | 26 577 720        | 19 529 025        |
| <b>Total equity</b>   |       | <b>26 577 840</b> | <b>19 529 145</b> |
| <b>LIABILITIES</b>  |       |                   |                   |
| <b>Non-current liabilities</b>  |       |                   |                   |
| Borrowings  | 15    | 2 233 881         | 2 250 352         |
| Deferred income tax liability   | 16    | 894 178           | 733 466           |
|   |       | <b>3 128 059</b>  | <b>2 983 818</b>  |
| <b>Current liabilities</b>  |       |                   |                   |
| Shareholders' loans   | 17    | 128 163           | 150 365           |
| Borrowings  | 15    | 2 648 952         | 2 106 175         |
| Trade and other payables  | 18    | 22 681 015        | 24 963 385        |
| Bank overdraft  | 13    | 12 259 161        | 18 987 812        |
|   |       | <b>37 717 291</b> | <b>46 207 737</b> |
| <b>Total liabilities</b>  |       | <b>40 845 350</b> | <b>49 191 555</b> |
| <b>Total equity and liabilities</b>                                       |       | <b>67 423 190</b> | <b>68 720 700</b> |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 March 2015**

|  | Notes    | 2015<br>R            | 2014<br>R     |
|--|----------|----------------------|---------------|
| <b>Revenue</b>                               |          | <b>201 732 241</b>   | 199 002 728   |
| Cost of sales                                |          | <b>(114 138 006)</b> | (121 738 594) |
| <b>Gross profit</b>                          |          | <b>87 594 235</b>    | 77 264 134    |
| Other income                                 |          | <b>835 122</b>       | 59 989        |
| Distribution costs                           |          | <b>(19 162 909)</b>  | (20 307 901)  |
| Administration expenses                      |          | <b>(54 695 299)</b>  | (48 644 607)  |
| <b>Operating profit</b>                      | <b>4</b> | <b>14 571 149</b>    | 8 371 615     |
| Finance income                               | <b>6</b> | <b>1 611</b>         | 70 184        |
| Finance costs                                | <b>6</b> | <b>(1 583 347)</b>   | (2 213 856)   |
| <b>Profit before taxation</b>                |          | <b>12 989 413</b>    | 6 227 943     |
| Tax expense                                  | <b>7</b> | <b>(3 776 710)</b>   | (1 899 927)   |
| <b>Total profit and comprehensive income</b> |          | <b>9 212 703</b>     | 4 328 016     |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2015

|  | Share<br>capital<br>R | Retained<br>earnings<br>R | Total<br>R        |
|--|-----------------------|---------------------------|-------------------|
| <b>Year ended 31 March 2015</b>                    |                       |                           |                   |
| Balance at 1 April 2014                            | 120                   | 19 529 025                | 19 529 145        |
| Total profit and comprehensive income for the year | -                     | 9 212 703                 | 9 212 703         |
| Dividends  | -                     | (2 164 008)               | (2 164 008)       |
| Balance at 31 March 2015                           | <b>120</b>            | <b>26 577 720</b>         | <b>26 577 840</b> |
| <b>Year ended 31 March 2014</b>                    |                       |                           |                   |
| Balance at 1 April 2013                            | 120                   | 15 643 148                | 15 643 268        |
| Total profit and comprehensive income for the year | -                     | 4 328 016                 | 4 328 016         |
| Dividends  | -                     | (442 139)                 | (442 139)         |
| Balance at 31 March 2014                           | <b>120</b>            | <b>19 529 025</b>         | <b>19 529 145</b> |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2015

|   | Notes | 2015<br>R           | 2014<br>R           |
|---|-------|---------------------|---------------------|
| <b>Cash flow from operating activities</b>                  |       |                     |                     |
| Cash flows from operating activities                        | 19    | 17 440 130          | 6 575 536           |
| Finance income  | 6     | 1 611               | 70 184              |
| Finance costs   | 6     | (1 583 347)         | (2 213 856)         |
| Tax paid  | 20    | (3 522 177)         | (940 135)           |
| Net cash generated from operating activities                |       | <u>12 336 217</u>   | <u>3 491 729</u>    |
| <b>Cash flow from investing activities</b>                  |       |                     |                     |
| Purchase of plant and equipment                             | 8     | (4 651 543)         | (15 274 768)        |
| Proceeds on disposal of plant and equipment                 |       | 748 500             | 62 000              |
| Net cash used in investing activities                       |       | <u>(3 903 043)</u>  | <u>(15 212 768)</u> |
| <b>Cash flow from financing activities</b>                  |       |                     |                     |
| Increase/(decrease) in borrowings                           |       | 526 306             | 3 608 328           |
| (Decrease)/increase in shareholders' loans                  |       | (22 202)            | (197 792)           |
| Dividends paid  |       | (2 164 008)         | (442 139)           |
| Net cash from/(used in) financing activities                |       | <u>(1 659 904)</u>  | <u>2 968 397</u>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <u>6 773 270</u>    | <u>(8 752 642)</u>  |
| Cash and cash equivalents at beginning of year              |       | (18 251 367)        | (9 498 725)         |
| <b>Cash and cash equivalents at end of year</b>             | 13    | <u>(11 478 097)</u> | <u>(18 251 367)</u> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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**Accounting policies**

**1. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

**1.1 Plant and equipment**

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

| <b>Item</b>            | <b>Average useful life</b> |
|------------------------|----------------------------|
| Plant and machinery    | 5-20 years                 |
| Furniture and fixtures | 6 years                    |
| Motor vehicles         | 5 years                    |
| IT equipment           | 3 years                    |
| Leasehold improvements | 8 years                    |

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

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

The gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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**1.2 Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| <b>Item</b>                          | <b>Useful life</b> |
|--------------------------------------|--------------------|
| Patents, trademarks and other rights | 10 years           |

**1.3 Financial instruments**

**Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Financial liabilities at fair value through profit or loss

There are three levels of financial instruments based on valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)(Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

**Initial recognition and measurement**

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company 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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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**Subsequent measurement**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

**Impairment of financial assets**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in principal repayments;
- it becomes probable that the borrower will enter bankruptcy or other financial re-organisation

For loans and receivables the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

**Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collectability is expected in one year or less, they are classified as current. If not, they are presented as non-current assets.

## **JOEKELS TEA PACKERS PROPRIETARY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2015**

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#### **Trade and other payables**

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

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **1.4 Income tax**

##### **Current income tax assets and liabilities**

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred income tax assets and liabilities**

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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**Income tax expenses**

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

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

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

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

**1.5 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**Finance leases – lessee**

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

**Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability.

**1.6 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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. It excludes borrowing costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula.

### **1.7 Impairment of non-financial assets**

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

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

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

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

### **1.8 Share capital and equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **1.9 Employee benefits**

#### **Provident fund obligations**

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

#### **Profit sharing and bonus plan**

The company recognises a liability and an expense for bonuses and profit sharing. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### **1.10 Provisions**

Provisions are recognised when:

- the company has a present obligation or constructive 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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**1.11 Revenue**

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

**a) Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**b) Interest income**

Interest is recognised, in profit or loss, using the effective interest rate method.

**c) Dividend income**

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

**1.12 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the company financial statements in the period in which the dividends are approved by the company's board.

**2. New Standards and Interpretations**

**2.1 Standards and interpretations effective and adopted in the current year**

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 April 2014:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

**2.2 Standards and interpretations not yet effective**

The following new and revised accounting standards, amendments and interpretations that will impact on the financial statements of the Company, or may affect the accounting for future transactions or arrangements, have not yet become effective and have not been adopted prior to their commencement:

- Amendment to IAS 16 'Property, plant and equipment', and IAS 38, 'Intangible assets' (effective 1 July 2016).
- Amendment to IAS 19 regarding contributions to defined benefit plans (effective 1 July 2014)
- Amendments to IAS 1, 'Presentation of financial statements disclosure initiative (effective 1 July 2014)
- IFRS 9 –Financial instruments (effective from 1 January 2018)
- IFRS 15, Revenue from contracts with customers (effective 1 January 2017)

**3. Risk management**

**Capital risk management**

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Financial risk management**

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

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

**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 business, the company aims at maintaining flexibility in funding by keeping committed credit lines available.

The following table analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

**JOEKELS TEA PACKERS PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

|                            | Less than<br>1 year | Between 1<br>and 2 years |
|----------------------------|---------------------|--------------------------|
| <b>At 31 March 2015</b>    |                     |                          |
| Shareholders' loans        | 128 163             | -                        |
| Borrowings                 | 2 648 952           | 2 233 881                |
| Trade and other payables   | 9 970 502           | -                        |
|                            | <u>12 747 617</u>   | <u>2 233 881</u>         |
| <b>At 31 March 2014</b>    |                     |                          |
| Shareholders' loans        | 150 365             | -                        |
| Instalment sale borrowings | 2 106 175           | 2 250 352                |
| Trade and other payables   | 13 329 773          | -                        |
|                            | <u>15 586 313</u>   | <u>2 250 352</u>         |

**Interest rate risk**

The company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates exposes the company to fair value interest rate risk.

At 31 March 2015, if interest rates on variable rate borrowings had been 0,5% higher/lower with all other variables held constant, post tax profit for the year would have been R62 173 lower/higher (March 2014: R84 581).

**Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding trade receivables and committed transactions. For banks and financial institutions, only large well established entities are used. Trade receivables comprise mainly of local major buying groups and retail chain stores where risk of default is considered low. Ongoing evaluations are performed on the financial position of these debtors by monitoring monthly receipts.

The company holds liquid investments with financial institutions of high quality and standing. The investments hold long term credit ratings of AA, as provided by Fitch ratings.

**Foreign exchange risk**

The company is exposed to foreign exchange risk from the purchase of machine spares and raw tea, the exposure is minimal.

**Fair value estimation**

The carrying amounts of the financial assets and liabilities in the statement of financial position approximate fair values at the year-end. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Price risk**

The company is exposed to commodity price risk arising from the purchase of certain raw materials.

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

|   | 2015<br>R          | 2014<br>R          |
|---|--------------------|--------------------|
| <b>4 Operating profit</b>   |                    |                    |
| Expenses by nature:   |                    |                    |
| Cost of goods sold  | 114 138 006        | 121 738 594        |
| Advertising costs   | 15 365 582         | 9 990 046          |
| Depreciation, amortisation and impairments                          | 956 071            | 804 525            |
| Employee costs  | 15 403 884         | 14 395 652         |
| Administration and management fees                                  | 3 200 591          | 3 015 928          |
| Delivery expenses   | 19 162 909         | 20 307 901         |
| Commission paid   | 8 111 011          | 8 228 866          |
| Lease rentals on operating lease                                    | 660 082            | 536 881            |
| Other expenses  | 10 998 088         | 11 672 709         |
| Total cost of sales, distribution costs and administrative expenses | <u>187 996 224</u> | <u>190 691 102</u> |
| <b>5 Staff costs</b>  |                    |                    |
| Salaries  | 13 123 285         | 12 366 411         |
| Provident Fund  | 1 765 073          | 1 552 915          |
| Medical Aid   | 515 526            | 476 326            |
|   | <u>15 403 884</u>  | <u>14 395 653</u>  |
| <b>6 Finance (income)/costs</b>                                     |                    |                    |
| Finance income  |                    |                    |
| South African Revenue Service                                       | -                  | 65 617             |
| Bank  | 1 611              | 4 567              |
|   | <u>1 611</u>       | <u>70 184</u>      |
| Finance income  |                    |                    |
| Bank overdraft  | 1 141 505          | 1 723 359          |
| Borrowings  | 439 298            | 462 219            |
| Tata Global Beverages Overseas Holdings Limited                     | 2 544              | 28 278             |
|   | <u>1 583 347</u>   | <u>2 213 856</u>   |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

|  | 2015<br>R        | 2014<br>R        |
|--|------------------|------------------|
| <b>7 Tax</b>   |                  |                  |
| Current income tax   |                  |                  |
| - current year provision   | 3 625 943        | 1 808 813        |
| - prior year (over)/under provision  | (9 944)          | 2 325            |
|  | <u>3 615 999</u> | <u>1 811 138</u> |
| Deferred income tax  |                  |                  |
| - current year provision   | 160 711          | 88 789           |
|  | <u>3 776 710</u> | <u>1 899 927</u> |
| The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows: |                  |                  |
| Profit before tax  | 12 989 413       | 6 227 943        |
| Tax calculated at a tax rate of 28% (2014: 28%)  | 3 637 036        | 1 743 824        |
| Non-deductible expenditure   | 149 619          | 145 325          |
| Tax on taxable capital gains   | -                | 8 453            |
| Prior year (over)/under provision – current tax  | (9 945)          | 2 325            |
|  | <u>3 776 710</u> | <u>1 899 927</u> |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**8 Plant and equipment**

|                                 | Plant and<br>machinery<br>R | Furniture<br>and fixtures<br>R | Motor<br>vehicles<br>R | IT<br>equipment<br>R | Leasehold<br>improvements<br>R | Total<br>R        |
|---------------------------------|-----------------------------|--------------------------------|------------------------|----------------------|--------------------------------|-------------------|
| <b>Year ended 31 March 2015</b> |                             |                                |                        |                      |                                |                   |
| Opening carrying amount         | 18 784 974                  | 457 595                        | 1 562 156              | 346 888              | 1 393 770                      | 22 545 383        |
| Additions                       | 2 214 911                   | 161 607                        | 1 790 848              | 159 970              | 324 207                        | 4 651 543         |
| Disposals                       | (49 531)                    | -                              | (512 327)              | -                    | -                              | (561 858)         |
| Depreciation charge             | (2 355 844)                 | (158 296)                      | (524 417)              | (244 590)            | (308 333)                      | (3 591 480)       |
| <b>Closing carrying amount</b>  | <b>18 594 510</b>           | <b>460 906</b>                 | <b>2 316 260</b>       | <b>262 268</b>       | <b>1 409 644</b>               | <b>23 043 588</b> |
| <b>At 31 March 2015</b>         |                             |                                |                        |                      |                                |                   |
| Cost                            | 28 838 940                  | 1 020 018                      | 3 598 178              | 1 252 030            | 2 310 430                      | 37 019 596        |
| Accumulated depreciation        | (10 244 430)                | (559 112)                      | (1 281 918)            | (989 762)            | (900 786)                      | (13 976 008)      |
| <b>Closing carrying amount</b>  | <b>18 594 510</b>           | <b>460 906</b>                 | <b>2 316 260</b>       | <b>262 268</b>       | <b>1 409 644</b>               | <b>23 043 588</b> |

Pledged as security:

Certain items of plant and machinery and motor vehicles with a net book value of R12 394 206 (2014: R11 483 006) are pledged as security in terms of note 15 below.

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2015**

**8 Plant and equipment (continued)**

**Year ended 31 March 2014**

|                          | <b>Plant and<br/>machinery<br/>R</b> | <b>Furniture<br/>and fixtures<br/>R</b> | <b>Motor<br/>vehicles<br/>R</b> | <b>IT<br/>equipment<br/>R</b> | <b>Leasehold<br/>improvements<br/>R</b> | <b>Total<br/>R</b> |
|--------------------------|--------------------------------------|---|---------------------------------|-------------------------------|---|--------------------|
| Opening carrying amount  | 6 680 339                            | 427 826                                 | 1 613 272                       | 188 706                       | 1 503 344                               | 10 413 487         |
| Additions                | 14 200 927                           | 146 932                                 | 459 474                         | 334 955                       | 132 480                                 | 15 274 768         |
| Disposals                | (12 000)                             | -                                       | -                               | -                             | -                                       | (12 000)           |
| Depreciation charge      | (2 084 292)                          | (117 163)                               | (510 590)                       | (176 773)                     | (242 054)                               | (3 130 872)        |
| Closing carrying amount  | 18 784 974                           | 457 595                                 | 1 562 156                       | 346 888                       | 1 393 770                               | 22 545 383         |
| Cost                     | 26 877 274                           | 858 411                                 | 3 091 887                       | 1 092 060                     | 1 986 223                               | 33 905 855         |
| Accumulated depreciation | (8 092 300)                          | (400 816)                               | (1 529 731)                     | (745 172)                     | (592 453)                               | (11 360 472)       |
| Closing carrying amount  | 18 784 974                           | 457 595                                 | 1 562 156                       | 346 888                       | 1 393 770                               | 22 545 383         |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

|   | 2015<br>R    | 2014<br>R      |
|---|--------------|----------------|
| <b>9 Intangible assets</b>                  |              |                |
| <i>Patents, trademarks and other rights</i> |              |                |
| Opening balance                             | 170 628      | 392 118        |
| Amortisation                                | (164 219)    | (221 490)      |
|   | <u>6 409</u> | <u>170 628</u> |
| Cost  | 2 450 575    | 2 450 575      |
| Accumulated amortisation                    | (2 444 166)  | (2 279 947)    |
| Carrying value                              | <u>6 409</u> | <u>170 628</u> |

**10 Other financial assets**

The following table presents the company's financial assets that are measured at fair value at the 31 March 2015:

| Assets   | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| Financial assets at fair value through profit and loss |         |         |         |        |
| Trading securities                                     |         |         |         |        |
| - Insurance industry                                   | 26 803  | -       | -       | 26 803 |

The following table presents the company's financial assets that are measured at fair value at the 31 March 2014:

| Assets   | Level 1 | Level 2 | Level 3 | Total  |
|--|---------|---------|---------|--------|
| Financial assets at fair value through profit and loss |         |         |         |        |
| Trading securities                                     |         |         |         |        |
| - Insurance industry                                   | 19 679  | -       | -       | 19 679 |

**11 Trade and other receivables**

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Trade receivables               | 21 961 504        | 28 310 409        |
| Impairment of trade receivables | (15 000)          | (3 077)           |
|                                 | <u>21 946 504</u> | <u>28 307 332</u> |
| Deposits                        | 187 860           | 191 500           |
| VAT                             | 262 892           | 159 188           |
| Other receivables               | 4 914 476         | 72 599            |
| Prepayments                     | 518 855           | 419 262           |
|                                 | <u>27 830 587</u> | <u>29 149 881</u> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

|   | 2015<br>R        | 2014<br>R         |
|---|------------------|-------------------|
| <b>11 Trade and other receivables (continued)</b>   |                  |                   |
| <p>In order to obtain a credit facility, the company has entered into an agreement with a financial institution for the discounting of its debtors invoices up to a maximum of R 50 000 000 (2014: R50 000 000). At year end, R12 259 161 of the facility was utilised (2014: R18 987 812).</p> <p>The carrying amounts of the trade and other receivables approximate their fair values.</p> <p>As at 31 March 2015, trade receivables of R15 441 959 (2014: R17 846 778) were fully performing.</p> <p>As at 31 March 2015, trade receivables of R 8 865 305 (2014: R10 406 554) were past due but not impaired. These relate to independent customers for whom there is no previous non-payment history.</p> <p>The ageing of amounts past due but not impaired is as follows:</p> |                  |                   |
| 30 - 60 days  | 7 488 749        | 9 662 365         |
| 61 – 90 days  | 953 805          | 635 240           |
| 90+ days  | 437 751          | 166 026           |
| Impairment  | (15 000)         | (3 077)           |
|   | <u>8 865 305</u> | <u>10 460 554</u> |

**Trade and other receivables impaired**

The amount of the provision was R15 000 as of 31 March 2015 (2014: R3 077).

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

**JOEKELS TEA PACKERS PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 March 2015**

|                           | 2015<br>R         | 2014<br>R         |
|---------------------------|-------------------|-------------------|
| <b>12 Inventories</b>     |                   |                   |
| Raw materials, components | 3 277 023         | 7 731 201         |
| Finished goods            | 9 235 177         | 4 757 320         |
| Production supplies       | 2 954 597         | 3 248 399         |
|                           | <u>15 466 797</u> | <u>15 736 920</u> |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to R97 355 701 (2014: R103 313 006).

**13 Cash and cash equivalents**

Cash and cash equivalents consist of:

|                |                     |                     |
|----------------|---------------------|---------------------|
| Bank balances  | 781 064             | 736 445             |
| Bank overdraft | (12 259 161)        | (18 987 812)        |
|                | <u>(11 478 097)</u> | <u>(18 251 367)</u> |

The company has the following facilities:

|                      |            |            |
|----------------------|------------|------------|
| Discounting facility | 50 000 000 | 50 000 000 |
|----------------------|------------|------------|

The company has a guarantee facility of R500 000 (2014: R500 000).

**14 Share capital****Authorised**

|                                  |              |              |
|----------------------------------|--------------|--------------|
| 1 000 ordinary shares of R1 each | <u>1 000</u> | <u>1 000</u> |
|----------------------------------|--------------|--------------|

**Issued**

|                                |            |            |
|--------------------------------|------------|------------|
| 120 ordinary shares of R1 each | <u>120</u> | <u>120</u> |
|--------------------------------|------------|------------|

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

**15 Borrowings**

Secured:

Instalment sale creditors

|                           | 2015<br>R | 2014<br>R |
|---------------------------|-----------|-----------|
| Instalment sale creditors | 4 882 833 | 4 356 527 |

Repayable in equal monthly instalments of R262 993 (2014: R348 706) including interest over periods ranging between 5 and 42 months. (Secured over assets (note 3) with a net book value of R12 394 206 (2014: R11 483 006)).

It is company policy to lease certain motor vehicles and equipment under finance leases.

**Non-current liabilities**

At amortised cost

|           |           |
|-----------|-----------|
| 2 648 952 | 2 250 352 |
|-----------|-----------|

**Current liabilities**

At amortised cost

|           |           |
|-----------|-----------|
| 2 233 881 | 2 106 175 |
| 4 882 833 | 4 356 527 |

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows:

|                       |           |           |
|-----------------------|-----------|-----------|
| Within 12 months      | 2 233 881 | 2 106 175 |
| Between 1 and 5 years | 2 648 952 | 2 250 352 |
| Over 5 years          | -         | -         |
|                       | 4 882 833 | 4 356 527 |

**16 Deferred income tax liability**

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2014: 28%).

The movement on the deferred income tax account is as follows:

|                      |           |           |
|----------------------|-----------|-----------|
| At beginning of year | (733 466) | (644 677) |
| Current year charge  | (160 712) | (88 789)  |
|                      | (894 178) | (733 466) |

Deferred income tax liability may be analysed as follows:

|   |             |             |
|---|-------------|-------------|
| Accelerated capital allowances for tax purposes | (145 279)   | (117 393)   |
| Property, plant and equipment                   | (2 149 221) | (1 817 621) |
| Provisions                                      | 1 400 322   | 1 201 548   |
|   | (894 178)   | (733 466)   |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 March 2015**

|  | 2015<br>R         | 2014<br>R         |
|--|-------------------|-------------------|
| <b>17 Shareholders' loans</b>  |                   |                   |
| Unsecured:   |                   |                   |
| JJ Swart   | 4 052             | (679)             |
| This indefinite period, fluctuating loan has no fixed terms of repayment.<br>No interest is charged on this balance. |                   |                   |
| JM Kelsey  | (103 834)         | (123 850)         |
| This indefinite period, fluctuating loan has no fixed terms of repayment.<br>No interest is charged on this balance. |                   |                   |
| Tata Global Beverages Overseas Holdings Limited  | (28 381)          | (25 836)          |
| This indefinite period, fluctuating loan has no fixed terms of repayment.  |                   |                   |
| Interest is charged at prime per annum.  | (128 163)         | (150 365)         |
| <b>18 Trade and other payables</b>   |                   |                   |
| Trade payables   | 9 970 496         | 13 329 773        |
| Accrued expenses   | 7 820 616         | 7 484 675         |
| Operating lease payables   | 3 059 452         | 2 518 430         |
| Provisions   | 1 830 451         | 1 630 507         |
|  | <u>22 681 015</u> | <u>24 963 385</u> |
| <b>19 Cash flow from operating activities</b>  |                   |                   |
| Operating profit   | 14 571 149        | 8 371 615         |
| Adjusted for:  |                   |                   |
| Depreciation and amortisation  | 3 755 699         | 3 352 362         |
| Profit on sale of assets   | (186 642)         | (50 000)          |
| Unrealised gain on share investment  | (7 123)           | (8 332)           |
| Changes in working capital   |                   |                   |
| Inventories  | 270 123           | (5 130 293)       |
| Trade and other receivables  | 1 319 294         | (6 587 788)       |
| Trade and other payables   | (2 282 370)       | 6 627 972         |
|  | <u>17 440 130</u> | <u>6 575 536</u>  |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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|   | 2015<br>R          | 2014<br>R        |
|---|--------------------|------------------|
| <b>20 Tax paid</b>                                    |                    |                  |
| Balance at beginning of the year                      | 361 764            | 1 232 766        |
| Current tax for the year recognised in profit or loss | (3 615 999)        | (1 811 137)      |
| Balance at end of the year                            | (267 942)          | (361 764)        |
|   | <u>(3 522 177)</u> | <u>(940 135)</u> |

**21 Commitments**

Operating leases – as lessee (expense)

Minimum lease payments due

- Within one year

|                  |                  |
|------------------|------------------|
| <u>5 686 658</u> | <u>5 265 424</u> |
|------------------|------------------|

Operating lease payments represent rentals payable by the company for its premises. No contingent rent is payable.

**22 Related party transactions**

The following transactions were carried out with related parties:

**Relationships**

Tata Global Beverages Overseas Holdings Limited

A related party relationship exists due to this company being the major shareholder of Joekels Tea Packers Proprietary Limited.

JJ Swart

A related party relationships exists due to Mr JJ Swart being a shareholder and director of Joekels Tea Packers Proprietary Limited

JM Kelsey

A related party relationships exists due to Mr JM Kelsey being a shareholder and director of Joekels Tea Packers Proprietary Limited.

Tata Global Beverages GB Limited.

A related party relationship exists due to this company being a fellow group company.

# JOEKELS TEA PACKERS PROPRIETARY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2015

|  | 2015<br>R        | 2014<br>R        |
|--|------------------|------------------|
| <b>22 Related party transactions (continued)</b> |                  |                  |
| <b>Related party balances</b>                    |                  |                  |
| <b>Loan accounts – owing to related parties</b>  |                  |                  |
| JJ Swart   | 4 052            | (679)            |
| JM Kelsey  | (103 834)        | (123 850)        |
| Tata Global Beverages Overseas Holdings Limited  | (28 381)         | (25 836)         |
|  | <u>(128 163)</u> | <u>(150 365)</u> |
| <b>Related party transactions</b>                |                  |                  |
| <b>Interest paid to related parties</b>          |                  |                  |
| Tata Global Beverages Overseas Holdings Limited  | <u>2 544</u>     | <u>28 278</u>    |
| <b>Research charged to related parties</b>       |                  |                  |
| Tata Global Beverages GB Limited                 | <u>-</u>         | <u>473 641</u>   |
| <b>Inter-company receivable</b>                  |                  |                  |
| Tata Global Beverages GB Limited                 | <u>3 466 677</u> | <u>-</u>         |
| <b>Directors' emoluments</b>                     |                  |                  |
| Executive  |                  |                  |
| - For services as directors                      | <u>6 870 088</u> | <u>6 448 244</u> |

## 23 Prior period reclassification

Reclassification adjustments were made to the prior year financial statements so as to conform with IFRS. The adjustments have no impact on the opening balances of retained earnings and are merely reclassifications within the statement of comprehensive income.

Impact on the statement of comprehensive income:

|                  | As previously<br>reported | Effect of<br>reclassification | Restated<br>balance |
|------------------|---------------------------|-------------------------------|---------------------|
| <b>2014</b>      |                           |                               |                     |
| Revenue          | 195 189 404               | 3 813 324                     | 199 002 728         |
| Cost of sales    | (123 135 195)             | 1 396 601                     | (121 738 594)       |
| Delivery expense | (15 097 976)              | (5 209 925)                   | (20 307 901)        |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED**
**DETAILED STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 March 2015**

|                               | 2015<br>R          | 2014<br>R          |
|-------------------------------|--------------------|--------------------|
| <b>Revenue</b>                | <b>201 732 241</b> | <b>199 002 728</b> |
| Cost of sales                 | (114 138 006)      | (121 738 594)      |
| <b>Gross profit</b>           | <b>87 594 235</b>  | <b>77 264 134</b>  |
| <b>Other income</b>           | <b>836 733</b>     | <b>130 173</b>     |
| Interest received             | 1 611              | 70 184             |
| Sundry income                 | 648 480            | 9 990              |
| Gains on disposal of assets   | 186 642            | 49 999             |
| Distribution costs            | (19 162 909)       | (20 307 901)       |
| Administrative expenses       | (54 695 299)       | (48 644 607)       |
| <b>Operating profit</b>       | <b>14 572 760</b>  | <b>8 441 799</b>   |
| Finance costs                 | (1 583 347)        | (2 213 856)        |
| <b>Profit before taxation</b> | <b>12 989 413</b>  | <b>6 227 943</b>   |
| Tax expense                   | (3 776 710)        | (1 899 927)        |
| <b>Profit for the year</b>    | <b>9 212 703</b>   | <b>4 328 016</b>   |

**JOEKELS TEA PACKERS PROPRIETARY LIMITED****DETAILED STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 March 2015**

|  | 2015<br>R           | 2014<br>R           |
|--|---------------------|---------------------|
| <b>Administration expenses</b>             |                     |                     |
| Administration and management fees         | 3 200 591           | 3 015 928           |
| Advertising                                | 15 365 582          | 9 990 046           |
| Auditors' remuneration                     | 311 900             | 290 000             |
| Bank charges                               | 222 451             | 323 355             |
| Cleaning                                   | 420 187             | 392 004             |
| Commission paid                            | 8 111 001           | 8 228 866           |
| Computer expenses                          | 216 003             | 318 922             |
| Depreciation, amortisation and impairments | 956 071             | 804 525             |
| Donations                                  | 7 600               | 11 500              |
| Employee costs                             | 15 403 884          | 14 395 652          |
| Entertainment                              | 262 109             | 199 416             |
| Factory expenses                           | 1 600 826           | 1 572 941           |
| Hygiene, Health & Safety                   | 250 911             | 156 132             |
| Insurance                                  | 494 698             | 545 253             |
| Legal expenses                             | 23 172              | 86 907              |
| Lease rentals on operating lease           | 660 082             | 536 881             |
| Research                                   | 40 905              | 474 352             |
| Motor vehicle expenses                     | 955 919             | 907 076             |
| Other expenses                             | 33 081              | 19 887              |
| Printing and stationery                    | 142 614             | 124 964             |
| Professional fees                          | 23 300              | 179 456             |
| Promotion expenses                         | 3 580 659           | 3 957 070           |
| Protective clothing                        | 8 181               | 11 811              |
| Postage and Courier                        | 21 225              | 9 465               |
| Repairs and maintenance                    | 461 972             | 166 910             |
| Security                                   | 298 898             | 294 239             |
| Small tools                                | 965                 | 5 077               |
| Subscriptions                              | 53 781              | 29 082              |
| Telephone and communications               | 457 241             | 422 455             |
| Training                                   | 154 891             | 65 999              |
| Travel                                     | 868 975             | 924 389             |
| Utilities                                  | 85 624              | 184 047             |
|  | <b>(54 695 299)</b> | <b>(48 644 607)</b> |

The above statement does not form part of the financial statements and is unaudited.