Joekels Tea Packers Proprietary Limited

(Registration Number 2006/024896/07)
Annual Financial Statements
for the year ended 31 March 2023

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General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	The company is engaged in the blending and packing of tea.
Directors	JJ Swart JM Kelsey M Thakrar - Non-executive director AJ Burton GA Eccles
Registered Office	23-33 Hagart Road Pinetown 3610
Business Address	23-33 Hagart Road Pinetown 3610
Bankers	Nedbank Limited, First National Bank Limited
Independent Auditors	Deloitte & Touche
Preparer	Justin Forbes CA(SA)

Joekels Tea Packers Proprietary Limited

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Directors' Responsibilities and Approval

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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their unqualified audit report is presented on pages 6 to 8.

The director's report set out on pages 4 to 5, the annual financial statements set out on pages 9 to 40, and the supplementary information set out on pages 41 to 43 which have been prepared on the going concern basis, were approved by the directors and were signed on 04 May 2023.

JJ Swart

JM Kelsey

Directors' Report

The directors present their report for the year ended 31 March 2023.

1. Review of activities

Main business and operations

The principal activity of the company is the blending and packing of tea. The company operates principally in South Africa. There were no major changes herein during the year.

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

2. Going concern

The annual financial statements have been prepared on the basis of accounting polices 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.

Please refer to Note 26 for further details.

3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

5. Dividend

Dividends of R43,742,395 were declared and paid to shareholders during the year (2022: R43,077,567).

6. Directors

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

JJ Swart
JM Kelsey
M Thakrar - Non-executive director
AJ Burton
GA Eccles

7. Shareholders

There have been changes in ownership during the current financial year. Tata Consumer Products Overseas Holding Limited acquired an additional 23.3% in Joekels Tea Packers on 29 December 2022.

The shareholders and their interests at the end of the year are:

	Holding
Tata Consumer Products Overseas Holdings Limited	75.00%
JM Kelsey	12.50%
JJ Swart	12.50%

8. Independent Auditors

Deloitte & Touche were the independent auditors for the year under review.

9. Social and ethics committee

In line with the requirements of the Companies Act of South Africa, Joekels Tea Packers Proprietary Limited has appointed a social and ethics committee. The current members of the committee are:

Name
JJ Swart
JM Kelsey
M Thakrar - Non-executive director
AJ Burton
GA Eccles

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Joekels Tea Packers Proprietary Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Joekels Tea Packers Proprietary Limited (the Company) set out on pages 9 to 40, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Joekels Tea Packers Proprietary Limited as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Joekels Tea Packers Proprietary Limited (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Joekels Tea Packers Proprietary Limited Annual Financial Statements for the year ended 31 March 2023" which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 41 to 43. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Joekels Tea Packers Proprietary Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte & Touche
Registered Auditor

DocuSigned by:
Deloitte & Touche
Per: ___ 900C7C0B039D475... ___

Partner
Karmani Chetty CA(SA); RA

05-05-2023

Joekels Tea Packers Proprietary Limited

(Registration Number 2006/024896/07)
Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position

Figures in R	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	3	44,251,004	42,033,782
Intangible assets	4	834,980	701,901
Listed investments	5	19,279	24,692
Total non-current assets		**45,105,263**	**42,760,375**
Current assets			
Inventories	6	57,677,683	37,943,323
Trade and other receivables	7	66,431,656	53,465,465
Other loans and receivables	8	1,945,000	-
Cash and cash equivalents	9	4,014,098	37,294,965
Total current assets		**130,068,437**	**128,703,753**
Total assets		**175,173,700**	**171,464,128**
Equity and liabilities			
Equity			
Issued capital	10	120	120
Retained income		88,543,126	95,365,085
Total equity		**88,543,246**	**95,365,205**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	11	2,355,401	645,862
Lease liabilities	12	6,984,068	13,769,500
Instalment sales agreements	13	6,626,571	8,422,490
Total non-current liabilities		**15,966,040**	**22,837,852**
Current liabilities			
Trade and other payables	14	38,543,593	30,169,420
Current tax liabilities		866,036	782,255
Lease liabilities	12	10,580,987	7,834,226
Instalment sales agreements	13	4,657,516	4,567,330
Dividend payable	15	-	9,907,840
Bank overdraft	9	16,016,282	-
Total current liabilities		**70,664,414**	**53,261,071**
Total liabilities		**86,630,454**	**76,098,923**
Total equity and liabilities		**175,173,700**	**171,464,128**

Statement of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	2023	2022
Revenue	16	374,762,220	356,597,433
Cost of sales		(196,353,380)	(184,491,086)
Gross profit		**178,408,840**	**172,106,347**
Other income		887,282	1,399,853
Distribution costs		(31,780,229)	(25,254,707)
Administrative expenses		(7,000,045)	(5,930,861)
Other expenses		(89,167,224)	(79,085,002)
Other gains and (losses)		1,072,462	(122,267)
Profit from operating activities	17	**52,421,086**	**63,113,363**
Finance income	18	854,599	1,664,503
Finance costs	19	(2,699,745)	(2,932,446)
Profit before tax		**50,575,940**	**61,845,420**
Income tax expense	20	(13,655,504)	(17,495,897)
Profit for the year		**36,920,436**	**44,349,523**

Statement of Changes in Equity

Figures in R	Issued capital	Retained income	Total
Balance at 1 April 2021	120	94,093,129	94,093,249
Changes in equity			
Total comprehensive income	-	44,349,523	44,349,523
Dividend recognised as distributions to shareholders	-	(43,077,567)	(43,077,567)
Balance at 31 March 2022	**120**	**95,365,085**	**95,365,205**
Balance at 1 April 2022	120	95,365,085	95,365,205
Changes in equity			
Total comprehensive income	-	36,920,436	36,920,436
Dividend recognised as distributions to shareholders	-	(43,742,395)	(43,742,395)
Balance at 31 March 2023	**120**	**88,543,126**	**88,543,246**
Notes	**10**		

Statement of Cash Flows

Figures in R	Notes	2023	2022
Cash flows from operations			
Profit for the year		**36,920,436**	**44,349,523**
Adjustments to reconcile profit			
Adjustments for income tax expense		13,655,504	17,495,897
Adjustments for finance income		(854,599)	(1,664,503)
Adjustments for finance costs		2,699,745	3,576,968
Adjustments for increase in inventories		(19,734,360)	(14,587,618)
Adjustments for (increase) / decrease in trade accounts receivable		(11,394,281)	4,802,648
Adjustments for (increase) / decrease in other operating receivables		(1,605,727)	2,069,893
Adjustments for increase / (decrease) in trade accounts payable		10,343,755	(6,135,854)
Adjustments for decrease in other operating payables		(1,969,582)	(1,776,083)
Adjustments for depreciation and amortisation expense		8,731,274	8,098,241
Adjustments for impairment losses recognised in profit or loss		33,817	150,910
Adjustments for gains on foreign exchange realised in profit or loss		437,129	(62,597)
Adjustments for gains and losses on disposal of non-current assets		(1,509,591)	184,864
Net cash flows from operations		**35,753,520**	**56,502,289**
Interest paid		(2,699,745)	(3,576,968)
Interest received		854,599	1,664,503
Income taxes paid	21	(11,862,184)	(15,625,047)
Foreign exchange gains and losses on statement of financial position items		(437,129)	62,597
Net cash flows from operating activities		**21,609,061**	**39,027,374**
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		3,558,321	206,734
Purchase of property, plant and equipment		(8,821,374)	(2,825,506)
Purchase of intangible assets		(247,973)	(512,897)
Other investments		5,413	(4,333)
Other loans and receivables advanced		(1,945,000)	-
Cash flows used in investing activities		**(7,450,613)**	**(3,136,002)**
Cash flows used in financing activities			
Repayment of lease liabilities		(8,099,629)	(6,447,053)
Increase/(decrease) in instalment sales agreements		(1,705,733)	(4,354,811)
Dividend paid		(53,650,235)	(33,169,727)
Cash flows used in financing activities		**(63,455,597)**	**(43,971,591)**
Net decrease in cash and cash equivalents		**(49,297,149)**	**(8,080,219)**
Cash and cash equivalents at beginning of the year		37,294,965	45,375,185
Cash and cash equivalents at end of the year	9	**(12,002,184)**	**37,294,966**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements of Joekels Tea Packers Proprietary Limited have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

Recognition
Property, plant and equipment is recognised as an asset when:

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

Initial measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

Subsequent measurement - Cost model
After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation
Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

Basis of preparation and summary of significant accounting policies continued...

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Measurement base	Useful life / depreciation rate	Depreciation method
Right of use buildings	subject to IFRS 16 requirements	11-13 years	Straight line
Leasehold improvements	Cost	3-8 years	Straight line
Machinery	Cost	3-15 years	Straight line
Motor vehicles	Cost	5 years	Straight line
Fixtures and fittings	Cost	6 years	Straight line
Computer equipment	Cost	3 years	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statement of profit or loss and other comprehensive income.

1.2 Intangible assets

Recognition

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.

Initial measurement

Intangible assets are initially measured at cost.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Amortisation

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

The residual values of intangibles assets are assumed zero unless:
- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
    - residual value can be determined by reference to that market; and
    - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Asset class	**Internally generated or other**	**Useful life classifica-tion**	**Useful life / amortisa-tion rate**	**Amortisati on method**
Computer software	Other	Finite	4 years	Straight line
Trademarks	Other	Finite	10 years	Straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future amortisation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

Basis of preparation and summary of significant accounting policies continued...

1.3 Financial instruments

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The company classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities classification

The company classifies financial liabilities into the following category:

- Financial liabilities subsequently measured at amortised cost

There are three levels of financial instruments based on the 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 liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs) (Level 3).

Recognition

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

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Basis of preparation and summary of significant accounting policies continued...

Subsequent measurement

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
  - Interest income is included in finance income using the effective interest rate method.
  - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.
  - Impairment losses are presented as a separate line item in the statement of profit or loss.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost.
  - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.
  - This category includes derivative instruments and listed equity investments. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Loans and receivables are non-derivate 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.

Financial liabilities

- Amortised cost: Loans and borrowings
  - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
  - Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
  - Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
  - The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
  - This category generally applies to interest-bearing loans and borrowings.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. The expected credit loss is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loan to (from) shareholder
The loan from shareholder is classified as a financial asset at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

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 expected credit losses. Trade receivables are amounts due from customers for merchanise 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.

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

1.4 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

1.5 Inventories

Recognition
Inventories are recognised as an asset when

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

Measurement
Inventories are measured at the lower of cost and net realisable value using either the first-in-first-out formula. The same cost formula is used for all inventories having a similar nature and use.

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

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

Basis of preparation and summary of significant accounting policies continued...

1.6 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:
- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

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

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

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

Current tax assets and liabilities are offset only where:
- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities
A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:
- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and 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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

Basis of preparation and summary of significant accounting policies continued...

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:
- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.7 Leases as lessee

Identification of a lease
At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Lease term
The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease or not excercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Recognition
At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

Measurement
Right-of-use assets are initially measured at cost, comprising the following:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and

Subsequently, right-of-use assets are measured using the cost model.

The company tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the company's incremental borrowing rate.

Subsequently, the lease liability is measured by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

1.8 Leases as lessor

Identification of a lease
At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease component as well as a non-lease components, the consideration is allocated between the components in accordance with the requirements of revenue from contracts with customers.

Lease term
The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised by the lessee, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised by the lessee.

The assessment of the reasonable certainty of the exercising of options to extend the lease by the lessee, or not exercising of options to terminate the lease by the lessee, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Classification
Leases are classified as either an operating lease or a finance lease.

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

Basis of preparation and summary of significant accounting policies continued...

Operating leases

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis. Another systematic basis is applied if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Costs, including depreciation, incurred in earning the lease income is recognised as an expense.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and those costs are recognised as an expense over the lease term on the same basis as the lease income.

Depreciation and impairment is calculated and recognised on the underlying asset in accordance with the relevant policy for the class of underlying asset.

Lease modifications

Modifications to an operating lease are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

1.9 Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

1.10 Revenue from contracts with customers

Revenue is income arising in the course of an entity's ordinary activities.

The company is in the business of blending and packaging of tea. Revenue is derived from the sale of tea products to third parties.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the product is transferred to the customer.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

1.11 Employee benefits

Short-term employee benefits
Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Defined contribution plans
Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2. Changes in accounting policies and disclosures

2.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted all new and revised IFRSs that are relevant to its operations.

At the date of authorisation of these financial statements for the year ended 31 March 2023, the following IFRSs were adopted:

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

IFRS 17 Insurance Contracts
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Changes in accounting policies and disclosures continued...

Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Application of the above standards did not impact these annual financial statements.

2.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 April 2022 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's annual financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Accounting Policies

Changes in accounting policies and disclosures continued...

IFRS 9 Financial Instruments

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

The application of the above standards is not expected to significantly affect these financial statements.

3. Property, plant and equipment

	Right of Use Buildings	Leasehold improvements	Machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
Reconciliation for the year ended 31 March 2023							
Balance at 1 April 2022							
At cost	19,786,710	5,923,176	48,817,800	8,452,696	1,165,620	2,239,622	**86,385,624**
Accumulated depreciation	(11,086,633)	(4,299,165)	(21,048,993)	(4,911,538)	(1,040,508)	(1,965,005)	**(44,351,842)**
Net book value	**8,700,077**	**1,624,011**	**27,768,807**	**3,541,158**	**125,112**	**274,617**	**42,033,782**
Movements for the year ended 31 March 2023							
Additions other than through business combinations	4,060,958	71,029	2,473,132	5,894,755	45,101	337,357	**12,882,332**
Depreciation	(4,033,957)	(526,203)	(2,403,701)	(1,410,728)	(36,732)	(205,059)	**(8,616,380)**
Disposals	-	-	(28,913)	(2,007,662)	-	(12,155)	**(2,048,730)**
Property, plant and equipment at end of year	**8,727,078**	**1,168,837**	**27,809,325**	**6,017,523**	**133,481**	**394,760**	**44,251,004**
Closing balance at 31 March 2023							
At cost	23,847,668	5,994,205	51,195,991	10,100,568	1,210,722	2,507,988	**94,857,142**
Accumulated depreciation	(15,120,590)	(4,825,368)	(23,386,666)	(4,083,045)	(1,077,241)	(2,113,228)	**(50,606,138)**
Net book value	**8,727,078**	**1,168,837**	**27,809,325**	**6,017,523**	**133,481**	**394,760**	**44,251,004**

Property, plant and equipment continued...

Reconciliation for the year ended 31 March 2022	Right of Use Buildings	Leasehold improvements	Machinery	Motor vehicles	Fixtures and fittings	Computer equipment	Total
Balance at 1 April 2021							
At cost	19,786,710	5,619,672	48,152,587	9,120,259	1,108,935	2,099,077	**85,887,240**
Accumulated depreciation	(7,391,089)	(3,805,078)	(19,763,648)	(4,456,329)	(1,037,347)	(1,818,807)	**(38,272,298)**
Net book value	**12,395,621**	**1,814,594**	**28,388,939**	**4,663,930**	**71,588**	**280,270**	**47,614,942**
Movements for the year ended 31 March 2022							
Additions other than through business combinations	-	303,504	2,037,210	225,163	82,515	177,114	**2,825,506**
Depreciation	(3,695,544)	(494,087)	(2,267,337)	(1,347,931)	(27,404)	(182,765)	**(8,015,068)**
Disposals	-	-	(390,005)	(4)	(1,587)	(2)	**(391,598)**
Property, plant and equipment at end of year	**8,700,077**	**1,624,011**	**27,768,807**	**3,541,158**	**125,112**	**274,617**	**42,033,782**
Closing balance at 31 March 2022							
At cost	19,786,710	5,923,176	48,817,800	8,452,696	1,165,620	2,239,622	**86,385,624**
Accumulated depreciation	(11,086,633)	(4,299,165)	(21,048,993)	(4,911,538)	(1,040,508)	(1,965,005)	**(44,351,842)**
Net book value	**8,700,077**	**1,624,011**	**27,768,807**	**3,541,158**	**125,112**	**274,617**	**42,033,782**

Certain items of plant and machinery and motor vehicles with a net book value of R18,899,550 (2022: R17,212,935) are pledged as security in terms of note 13 below.

Depreciation expense of R3,160,160 (2022: R3,028,672) has been charged to cost of sales, R237,861 (2022: R230,649) has been capitalised to inventory and R5,218,359 (2022: R4,755,747) is reflected in administration expenses.

Included in the cost of property, plant and equipment is an asset under construction with a value of R108,578 (2022: R138,220).

The recoverable amount was still determined to be higher than the carrying value as at 31 March 2023 and no impairment loss was recorded.

Notes to the Annual Financial Statements

Figures in R	2023	2022

4. Intangible assets

	Computer software	Trademarks	Total
Reconciliation for the year ended 31 March 2023			
Balance at 1 April 2022			
At cost	-	3,377,186	**3,377,186**
Accumulated amortisation	-	(2,675,285)	**(2,675,285)**
Net book value	**-**	**701,901**	**701,901**
Movements for the year ended 31 March 2023			
Acquisitions	100,000	147,973	**247,973**
Amortisation	(14,583)	(100,311)	**(114,894)**
Closing balance at 31 March 2023			
At cost	100,000	3,525,159	**3,625,159**
Accumulated amortisation	(14,583)	(2,775,596)	**(2,790,179)**
Net book value	**85,417**	**749,563**	**834,980**
Reconciliation for the year ended 31 March 2022			
Balance at 1 April 2021			
At cost	-	2,864,289	**2,864,289**
Accumulated amortisation	-	(2,592,112)	**(2,592,112)**
Net book value	**-**	**272,177**	**272,177**
Acquisitions	-	512,897	**512,897**
Amortisation	-	(83,173)	**(83,173)**
Closing balance at 31 March 2022			
At cost	-	3,377,186	**3,377,186**
Accumulated amortisation	-	(2,675,285)	**(2,675,285)**
Net book value	**-**	**701,901**	**701,901**

The recoverable amount was still determined to be higher than the carrying value as at 31 March 2023 and no impairment loss was recorded.

5. Listed investments

The following financial asset at fair value through profit or loss is traded securities in the insurance industry. The fair value is derived from level 1 inputs.

	2023	2022
Listed investments	19,279	24,692

6. Inventories

	2023	2022
Inventories comprise:		
Raw materials	24,574,350	6,247,775
Production supplies	16,908,337	17,088,038
Finished goods	16,194,996	14,607,510
	57,677,683	**37,943,323**

Notes to the Annual Financial Statements

Figures in R	2023	2022

7. Trade and other receivables

Trade receivables	60,437,062	49,076,598
Sundry debtors	1,956,711	1,390,705
Prepaid expenses	3,362,222	2,680,739
Deposits	397,423	317,423
Value added tax	278,238	-
Total trade and other receivables	**66,431,656**	**53,465,465**

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 R80,000,000 (2022: R80,000,000). At year end, R16,016,282 of the facility was utilised (2022: R0).

The carrying amount of trade and other receivables approximates their fair value as these are predominantly short term and do not bear interest.

As at 31 March 2023, trade receivables of R40,177,127 (2022: R36,0749,762) were fully performing.

As at 31 March 2023, trade receivables of R20,259,936 (2022: R13,026,836) were past due invoice date but not impaired. These relate to independent customers for whom there is no previous non-payment history.

The ageing of amounts past due invoice date but not impaired is as follows:

30-60 days	14,717,498	11,128,394
61-90 days	5,002,513	1,841,393
90+ days	539,924	57,049
Impairment	-	-
	20,259,935	**13,026,836**

Trade and other receivables impaired

The amount of the expected credit loss was R0 as of 31 March 2023 (2022: R0). 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.

8. Other loans and receivables

Other loans and receivables comprise the following balances

Enterprise development	945,000	-
Supplier development	1,000,000	-
	1,945,000	**-**

In line with the aims of Broad Based Black Economic Empowerment (BBBEE), and in efforts to promote such, Joekels Tea Packers (Pty) Ltd has entered into interest free loan agreements with Zebraskop Teeverwerkers (Pty) Ltd. These interest free loans are payable in full in May 2023.

Notes to the Annual Financial Statements

Figures in R	2023	2022

9. Cash and cash equivalents

Balances with banks	4,014,098	37,294,965
Bank overdraft	(16,016,282)	-
Net cash and cash equivalents	**(12,002,184)**	**37,294,965**

The company has the following facilities with Nedbank Limited:

Discounting facility	80,000,000	80,000,000
Guarantee on discounting facility	(1,000,000)	(500,000)
	79,000,000	**79,500,000**

Nedfleet	280,000	70,000
Revolving credit facility (instalment sale facility)	25,000,000	22,000,000

Cession of R1,000,000 on discounting facility. (2022: R1,000,000)

Interest on overdraft is at prime.

10. Issued capital

Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Issued		
120 Ordinary shares of R1 each	120	120

11. Deferred tax

Reconciliation of deferred tax movements

	Deferred tax
Opening balance at 1 April 2022	(645,862)
Charged to profit or loss	(1,909,466)
Change in tax rate	199,927
Closing balance at 31 March 2023	**(2,355,401)**
Opening balance at 1 April 2021	931,095
Credited to profit or loss	(1,576,957)
Closing balance at 31 March 2022	**(645,862)**

Deferred income tax liability may be analysed as follows:

IFRS 16 Transitional adjustments	4,952,090	4,952,090
Property, plant and equipment	(8,437,145)	(6,434,670)
Provisions	1,129,653	836,718
	(2,355,402)	**(645,862)**

Deferred tax has been calculated on all temporary differences under the liability method using a principal tax rate of 27% (2022: 28%).

Notes to the Annual Financial Statements

Figures in R	2023	2022

12. Lease liabilities

12.1 Lease liabilities comprise:

	2023	2022
Lease obligation	17,565,055	21,603,726
Between 2 and 5 years	6,984,068	13,769,500
Within one year	10,580,987	7,834,226
	17,565,055	**21,603,726**

12.2 Carrying amount of right-of-use assets included in property, plant and equipment (refer note 3)

	2023	2022
Right of use buildings	8,727,078	8,700,077

12.3 Amounts recognised in the statement of profit or loss and other comprehensive income

	2023	2022
Depreciation		
Right of use buildings	4,033,957	3,695,544
Other expenses and gains		
Interest expense	1,851,344	2,469,549
Low value lease expenses	66,255	65,484
Income from subleasing right of use assets	(272,151)	(197,060)

Interest expense of R457,044 has been allocated to cost of sales (2022: R644,552).

12.4 Amounts recognised in the statement of cash flows

	2023	2022
Total cash outflow for leases	8,099,629	8,916,603

12.5 Other information related to leases

Leasing activities and and accounting for leases
The company leases properties. Rental contracts are typically made for fixed periods of but may have extension options. 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, and leased assets may not be used as security for borrowing purposes. A portion of the right of use building is sub-leased.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options
Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The extension option held is exercisable only by the company and not by the respective lessor.

Notes to the Annual Financial Statements

Figures in R	2023	2022

13. Instalment sales agreements

Secured:		
Instalment sales agreement	11,284,087	12,989,820
Non-current portion of instalment sales agreements (at amortised cost)	6,626,571	8,422,490
Current portion of (at amortised cost)	4,657,516	4,567,330
	11,284,087	**12,989,820**

Repayable in equal monthly instalments of R499,890 (2022: R457,813) including interest over periods ranging between 2 and 45 months (2022: 7 and 60 months). (Secured over assets with a net book value of R18,899,550 (2022: R17,212,935)).

It is company policy to lease certain motor vehicles and equipment under instalment sale agreements.

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

Within one year	4,657,516	4,567,330
Between 2 and 5 years	6,626,571	8,422,490
	11,284,087	**12,989,820**

Borrowings are classified as loans and payables.

14. Trade and other payables

Trade creditors	23,213,897	12,870,142
Accrued liabilities	11,285,798	12,994,972
Provisions	4,043,898	3,569,860
Value added tax	-	734,446
Total trade and other payables	**38,543,593**	**30,169,420**

15. Dividend payable

Dividend payable comprise:

Dividends payable	-	9,907,840

16. Revenue

Sale of goods	374,762,220	356,597,433

The company is engaged in the blending and packaging of tea. Revenue is derived from the sale of tea products to third parties.

Notes to the Annual Financial Statements

Figures in R	2023	2022

17. Operating profit

Expenses by nature

Cost of goods sold	196,353,380	184,491,086
Advertising costs	6,489,507	5,963,895
Depreciation and amortisation	5,333,253	4,838,920
Employee costs	33,540,089	32,358,087
Administration and management fees	3,943,337	3,747,900
Delivery expenses	31,780,229	25,254,707
Commision paid	16,219,863	15,578,925
Lease rentals on operating lease	66,255	65,484
Other expenses	30,574,965	22,462,652
Total cost of sales, distribution costs and administrative expenses	**324,300,878**	**294,761,656**

18. Finance income

Interest received - bank	854,599	1,664,503

In line with the South African Institute of Chartered Accountants Circular 2 of 2017: Determining Revenue/Purchases issued in June 2017, as the financing element is not material to the underlying transaction, no discounting was necessary in the current year.

19. Finance costs

Borrowings	1,149,893	1,082,726
Lease obligations	1,394,300	1,824,997
Bank overdraft	155,552	24,723
Total finance costs	**2,699,745**	**2,932,446**

20. Income tax expense

Current income tax		
Current year	(11,940,076)	(15,923,362)
Prior year (under)/overprovision	(5,889)	4,422
Total current tax	**(11,945,965)**	**(15,918,940)**
Deferred tax		
Current year provision	(1,909,466)	(1,576,957)
Changes in tax rates	199,927	-
Total deferred tax	**(1,709,539)**	**(1,576,957)**
Total income tax expense	**(13,655,504)**	**(17,495,897)**

The income tax for the year can be reconciled to the accounting profit as follows:

Profit before tax	50,575,940	61,845,420
Income tax calculated at 27.0% (2022: 28%)	13,655,504	17,316,718
Tax effect of		
- Non-deductible expenditure	194,038	183,601
- Prior year overprovision	5,889	(4,422)
- Change in tax rate	(199,927)	-
Tax charge	**13,655,504**	**17,495,897**

21. Taxation paid

Amounts (payable) at the beginning of the year	(782,255)	(488,362)
Amounts payable at the end of the year	866,036	782,255
Current taxation expense	(11,945,965)	(15,918,940)
	(11,862,184)	**(15,625,047)**

22. Related parties

22.1 Group companies

Parent company	Tata Consumer Products Overseas Holdings Limited
Subsidiaries	Tata Consumer Products GB Limited

22.2 Other related parties

Name	Nature of relationship
M Thakrar	Non-executive director
JJ Swart	Director and shareholder
JM Kelsey	Director and shareholder
GA Eccles	Director
AJ Burton	Director
Inpak Foods (Pty) Ltd	Two directors and shareholders, Mr JJ Swart and Mr JM Kelsey hold a 50% interest each in Inpak Foods.
Octavonyx (Pty) Ltd	Two directors and shareholders, Mr JJ Swart and Mr JM Kelsey hold a 25% interest each in Octavonyx (Pty) Ltd
Tata Coffee Ltd	Fellow group company

22.3 Directors Emoluments

2023

Name	Basic Remuneration and bonus	Retirement, medical and other benefits	Total remuneration
JJ Swart	5,341,944	852,762	6,194,706
JM Kelsey	5,277,221	908,723	6,185,944
	10,619,165	**1,761,485**	**12,380,650**

2022

Name	Basic Remuneration and bonus	Retirement, medical and other benefits	Total remuneration
JJ Swart	5,785,055	700,435	6,485,490
JM Kelsey	5,770,799	730,489	6,501,288
	11,555,854	**1,430,924**	**12,986,778**

M Thakrar, AJ Burton and GA Eccles did not earn any remuneration for services to the company as directors.

Notes to the Annual Financial Statements

Figures in R

Related parties continued...

22.4 Related party transactions and balances

	Parent	Key management personnel of the entity or its parent	Tata Coffee Ltd	Octavonyx (Pty) Ltd	Inpak Foods (Pty) Ltd	Total
Year ended 31 March 2023						
Related party transactions						
Purchases of goods	-	-	891,799	-	-	**891,799**
Services received	-	-	-	5,353,876	-	**5,353,876**
Expenditure re-imbursement	3,052,965	-	-	-	-	**3,052,965**
Expenditure recoveries	-	-	-	-	(382,132)	**(382,132)**
Leases as lessor	-	-	-	-	(211,840)	**(211,840)**
Leases as lessee	-	-	-	9,950,974	-	**9,950,974**
Royalties	626,403	-	-	-	-	**626,403**
Outstanding balances for related party transactions						
Amounts payable	(626,403)	-	-	-	-	**(626,403)**
Amounts receivable	1,831,779	-	244,018	1,020,243	101,314	**3,197,354**

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Related parties continued...

	Parent	Key management personnel of the entity or its parent	Tata Coffee Ltd	Octavonyx (Pty) Ltd	Inpak Foods (Pty) Ltd	Total
Year ended 31 March 2022						
Related party transactions						
Expenditure re-imbursement	3,273,795	-	-	4,385,803	-	**7,659,598**
Expenditure recoveries	-	(546,833)	-	-	(388,907)	**(935,740)**
Leases as lessor	-	-	-	-	(197,060)	**(197,060)**
Leases as lessee	-	-	-	8,916,603	-	**8,916,603**
Outstanding balances for related party transactions						
Amounts payable	(1,086,430)	-	-	-	-	**(1,086,430)**
Amounts receivable	-	-	-	880,092	110,652	**990,744**
Outstanding loan accounts						
Amounts payable	(9,907,840)	-	-	-	-	**(9,907,840)**

23. Financial and Capital 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.

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.

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.

23.1 Market risk

The company is exposed to market risk on other financial assets.The maximum exposure is R19,279 (2022: R24,692).

23.1.1 Foreign exchange risk

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

23.1.2 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 2023, if interest rates on variable rate borrowings had been 0.5% higher/lower with all other variables held constant, profit for the year would have been R116,431 (2022: R121,548) higher/lower.

23.2 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 company's maximum exposure to credit risk is R 72,390,754 (2022: R90,765,803).

Financial and Capital risk management continued...

23.3 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.

23.3.1 Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 2 and 5 years**	**Total contractual cash flows**	**Carrying amount**
Year ended 31 March 2023				
Non-derivatives				
Trade and other payables excluding non-financial liabilities (Note 14)	34,499,695	-	**34,499,695**	**34,499,695**
Lease liabilities (Note 12)	11,796,000	7,312,468	**19,108,468**	**17,565,055**
Instalment sale agreements (Note 13)	5,762,929	7,227,042	**12,989,971**	**11,284,087**
Bank overdraft (Note 9)	16,016,282	-	**16,016,282**	**16,016,282**
Total non-derivatives	**68,074,906**	**14,539,510**	**82,614,416**	**79,365,119**
Year ended 31 March 2022				
Non-derivatives				
Trade and other payables excluding non-financial liabilities (Note 14)	25,865,114	-	**25,865,114**	**25,865,114**
Lease liabilities (Note 12)	9,585,349	14,726,233	**24,311,582**	**21,603,726**
Instalment sale agreements (Note 13)	5,387,089	9,085,264	**14,472,353**	**12,989,820**
Dividend payable (Note 15)	9,907,840	-	**9,907,840**	**9,907,840**
Total non-derivatives	**50,745,392**	**23,811,497**	**74,556,889**	**70,366,500**

24. Commitments

Capital commitments		
- Authorised (purchase of machinery)	-	769,851

25. Events after the reporting date

No other matter or circumstance has occurred subsequent to year end but before the financial statements were issued that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity at the reporting date.

26. Going concern

The annual financial statements have been prepared on the basis of accounting polices 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.

The company's assessment and projections show that the company has sufficient capital, liquidity and positive future performance outlook to continue to meet its short term obligations and as a result it is appropriate to prepare these financial statements on a going concern basis.

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Detailed Income Statement

Figures in R		2023	2022
Revenue			
Sale of goods		374,762,220	356,597,433
Total revenue	16	**374,762,220**	**356,597,433**
Cost of sales			
Depreciation - property, plant and equipment		(3,398,021)	(3,259,320)
Interest expense		(457,044)	(644,552)
Lease - income from subleasing right of use assets		272,151	197,060
Sale of goods		(192,770,466)	(180,784,274)
Total cost of sales		**(196,353,380)**	**(184,491,086)**
Gross profit		**178,408,840**	**172,106,347**
Other income			
Other income		887,282	1,399,853
Total other income		**887,282**	**1,399,853**
Distribution costs			
Delivery expenses		(31,780,229)	(25,254,707)
Total distribution costs		**(31,780,229)**	**(25,254,707)**
Administrative expenses			
Admininstrative and management fees paid		(3,943,337)	(3,747,900)
Auditors remuneration - fees		(883,075)	(247,800)
Bank charges		(448,534)	(284,618)
Computer expenses		(911,608)	(807,702)
Subscriptions		(78,447)	(105,718)
Telephone and fax		(735,044)	(737,123)
Total administrative expenses		**(7,000,045)**	**(5,930,861)**

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

Detailed Income Statement

Figures in R	Note	2023	2022
Other expenses			
Advertising		(6,489,507)	(5,963,895)
Amortisation - intangible assets		(114,894)	(83,173)
Bad debts		(33,817)	(150,910)
Category market data		(2,346,838)	(1,390,272)
Cleaning		(847,019)	(635,342)
Commission paid		(16,219,863)	(15,578,925)
Depreciation - property, plant and equipment		(5,218,359)	(4,755,747)
Donations		-	(4,500)
Electricity and water		(1,019,777)	(799,876)
Employee expense		(33,540,089)	(32,358,087)
Entertainment		(828,328)	(654,743)
Factory expense		(3,741,069)	(3,220,248)
Health and safety		(44,279)	(10,843)
Insurance		(1,236,328)	(886,516)
Lease - low value asset		(66,255)	(65,484)
Legal expense		(180)	(21,980)
Levies		(126,646)	(269,780)
Marketing		(205,766)	(210,076)
Motor vehicle expense		(1,628,893)	(1,135,578)
Other expenses		(1,197,752)	(220,036)
Other lease charges		(1,566,265)	(687,677)
Postage		(221,771)	(147,560)
Printing and stationery		(302,490)	(314,788)
Professional fees		(130,485)	(148,064)
Promotions		(8,392,215)	(7,231,780)
Protective clothing		(59,980)	(46,990)
Repairs and maintenance		(233,901)	(387,872)
Research and development costs		(470,349)	(516,933)
Royalties		(654,964)	75,243
Security		(466,297)	(523,480)
Small tools		(32,691)	-
Training		(128,430)	(30,466)
Travel - local		(1,375,256)	(506,849)
Website		(226,471)	(201,775)
Total other expenses		**(89,167,224)**	**(79,085,002)**
Other gains and (losses)			
Forex gain or loss - non-cash assets		(437,129)	62,597
Gain or loss on sale - property, plant and equipment		1,509,591	(184,864)
Total other gains and (losses)		**1,072,462**	**(122,267)**
Profit from operating activities	17	**52,421,086**	**63,113,363**
Finance income			
Interest received - bank		854,599	1,664,503
Total finance income	18	**854,599**	**1,664,503**

Detailed Income Statement

Figures in R		2023	2022
Finance costs			
Bank overdraft		(155,552)	(24,723)
Borrowings		(1,149,893)	(1,082,726)
Lease obligations		(1,394,300)	(1,824,997)
Total finance costs	19	**(2,699,745)**	**(2,932,446)**
Profit before tax		**50,575,940**	**61,845,420**
Income tax			
Current tax		(11,945,965)	(15,918,940)
Deferred tax		(1,709,539)	(1,576,957)
Total income tax expense	20	**(13,655,504)**	**(17,495,897)**
Profit for the year		**36,920,436**	**44,349,523**