ANNUAL REPORT 2021

The Trusted Home of Agriculture
Die Betroubare Tuiste van Landbou

#SustainabilitySynergised

PEOPLE | PLANET | PROFIT

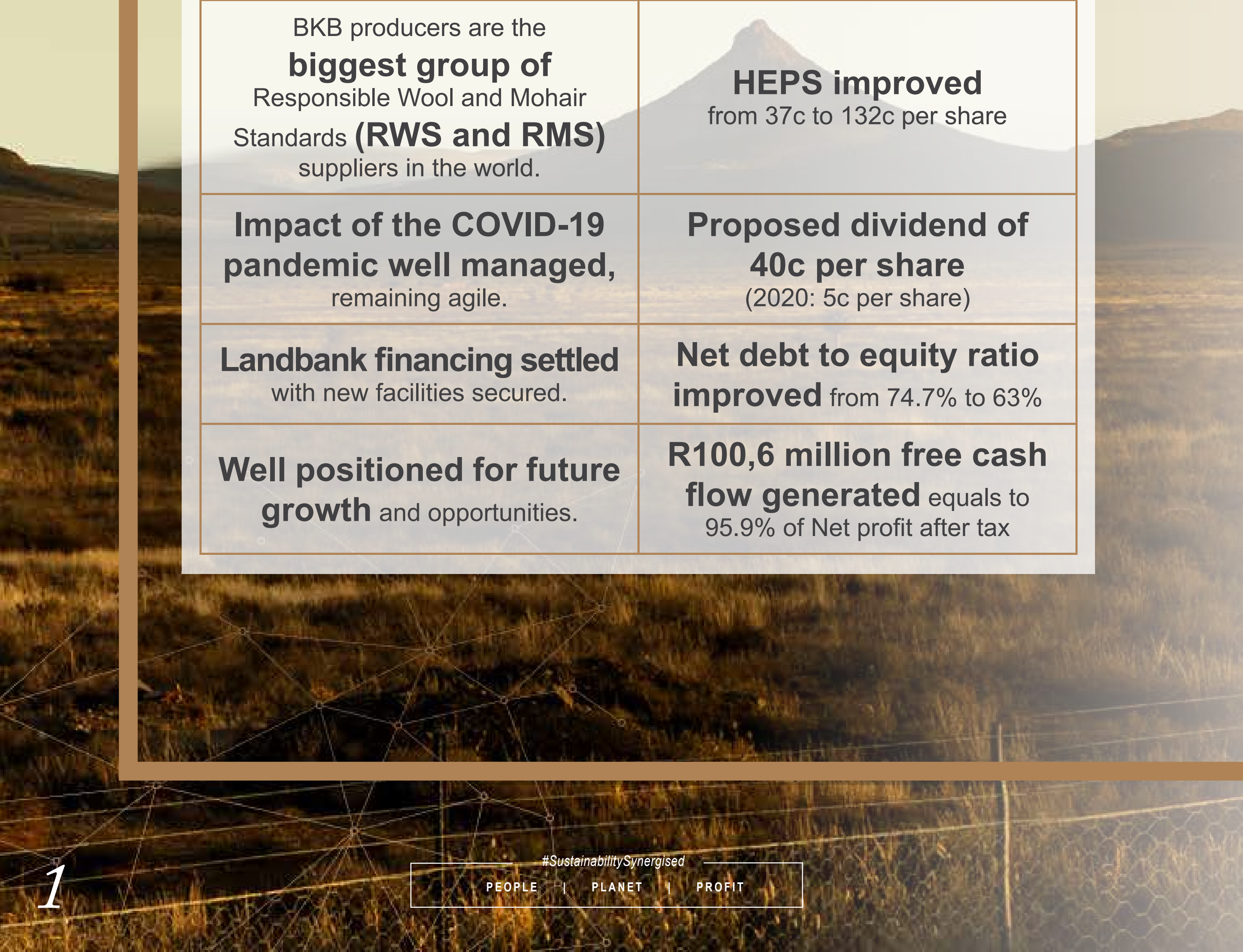
SERVICE EXCELLENCE | ENTREPRENEURSHIP | EARNINGS | EMPLOYEES | ENVIRONMENT

#IntegrityIntegrated

SALIENT

FEATURES

Positive turnaround performance driven by Fibres, Livestock, Retail Trade and Sugar businesses.	**Value of business + 19%** to R13,2 billion
Net debt reduction of R66,6 million	**EBITDA** + 66% to **R282,5 million**
BKB producers are the **biggest group of** Responsible Wool and Mohair Standards **(RWS and RMS)** suppliers in the world.	**HEPS improved** from 37c to 132c per share
Impact of the COVID-19 pandemic well managed, remaining agile.	**Proposed dividend of 40c per share** (2020: 5c per share)
Landbank financing settled with new facilities secured.	**Net debt to equity ratio improved** from 74.7% to 63%
Well positioned for future growth and opportunities.	**R100,6 million free cash flow generated** equals to 95.9% of Net profit after tax



CONTENTS

OUR 2021 ANNUAL REPORT

ABOUT
OUR ANNUAL REPORT

SCOPE AND BOUNDARY

This Annual Report covers the BKB Group's activities for the period 1 July 2020 to 30 June 2021. It is prepared primarily to meet the information needs of current and prospective shareholders, providers of finance and other interested stakeholders. The BKB Group's statutory reporting responsibilities are also fulfilled by the contents of this report. The report contains a full set of the audited Company and Group Annual Financial Statements.

BKB views its Annual Report as a way of providing an insight and basic understanding of the Group's business activities. As such, the report seeks to provide information and disclosures that are of interest to all stakeholders. The report extends beyond financial reporting and includes non-financial information and its contents are informed by BKB's value-adding business model, strategies, risk assessments, opportunities, governance practices and operational and financial results.

REPORTING FRAMEWORKS AND GUIDELINES

The report has been designed to meet the requirements of the Companies Act, 71 of 2008, as amended (the Companies Act). The Annual Financial Statements comply with International Financial Reporting Standards.

As stated in the Corporate Governance Report, the Board is guided by the principles contained in the King IV Report on Corporate Governance™ for South Africa (King IV)* and endeavours to adopt them as far as is practically possible.

INDEPENDENT ASSURANCE

The Company and Group Annual Financial Statements for the year ended 30 June 2021 were audited by PwC. Their unqualified report appears on page 46.

External verification of Broad-based Black Economic Empowerment ("BBBEE") performance for BKB Limited and at subsidiary level is done by Moore Stephens. Their certificate is available on our website at https://www.bkb.co.za.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to BKB's prospects and performance. These are not guarantees or predictions of future performance. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur, as well as events which are beyond BKB's control. Actual future results may thus differ materially from those contained in this report. Readers are therefore advised not to place undue reliance on forward-looking statements as we do not undertake to update these.

FEEDBACK AND CONTACT

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on issues that matter to them. Please direct comments and suggestions to the Company Secretary at jo.oosthuizen@bkb.co.za or +27415033060.

APPROVAL BY THE BOARD

The Board acknowledges its responsibility for the integrity of this Annual Report. The Board confirms that it has applied its collective mind to the preparation and presentation of this report and believes that it provides a balanced representation of the performance of the BKB Group. The report was approved by the Board of Directors on 14 September 2021.

CHAIRMAN'S MESSAGE

Founded over 100 years ago, BKB is an iconic South African company and it is an honour to have been appointed Chair in November 2020. It gives me great pleasure to report in my first year as Chair that the 2021 financial year has been one of significant and positive change for the BKB Group.

The 2021 financial year (the year) will be remembered as one of the most challenging for BKB in recent times. The COVID-19 pandemic has been an unprecedented and unpredictable event, creating enormous challenges for businesses and economies globally. During the past year BKB has experienced both the best and the most difficult aspects of what it means to be part of the South African agricultural industry. We have much to be proud of in the way in which we have met and overcome the challenges presented by the devastating pandemic. BKB has been exceptionally resilient and has finished the year in a stronger position than when it began. I would like to empathise with those producers that are still going through very severe drought conditions and I pray that they will receive relieving rain soon so that they can get their farming businesses back into a profitable situation.

One of the reasons that BKB has been able to weather this storm successfully is because of the strong position that my predecessor Chris Louw left the company in. Chris made an enormous contribution to BKB in the more than 20 years that he served on the Board, the majority as Chairman. He played a pivotal role in transforming BKB into the successful organisation it is today and helped create a culture in BKB that really lives our values of Service Excellence coupled with Entrepreneurship, while at the same time looking after earnings, our employees and the environment that we operate in. I would like to sincerely thank Chris for his many years of selfless service to both BKB and the agricultural industry. BKB and its stakeholders owe him an enormous debt of gratitude.

FINANCIAL RESULTS

BKB has achieved a significant improvement in its financial results, recording profit before tax of R148,9 million for the 12 months to 30 June 2021, compared with R18,8 million in the previous year. Thanks to the efforts of everyone at BKB, the Group delivered a financial performance above our expectations. The financial results are especially pleasing given that 2021 was a year like no other.

The Group's improved financials can be ascribed to its diversified business model and, particularly, the strong performances of the Fibres, Livestock, Retail trading and Sugar businesses. During the year, there has been a highly disciplined approach to managing efficiencies and costs, a focus on improving margins and stronger working capital and asset management.

The overall balance sheet position has improved with net debt reducing by R66,6 million due to solid operating cash inflows, disciplined working capital management and tight controls over capital expenditure. The reduction in borrowing levels is a significant achievement and will assist with directing cash flow into those areas of the business that require new investment and strengthening to grow future earnings and returns.

The excellent financial results for 2021 will impact directly on BKB's shareholders and the Board has proposed a dividend of 40 cents per share (2020: 5 cents per share).

The financial results are dealt with in more detail in the CEO's report (page 15) and financial review (page 20).

THE BOARD AND GOVERNANCE

The Board strongly believes that a culture of compliance and a commitment to applying the "BKB Values" by our employees in their day-to-day business activities are vital in ensuring BKB's long-term success.

BKB is committed to high standards of corporate governance and endeavours to apply the principles as set out in King IV. The Company's corporate governance

practices and policies support an unequivocal and full discharge of its corporate governance obligations.

The past year has been one of consistency and stability on the Board. Our experienced directors continue to serve BKB with a clear focus and dedication, ensuring that real value is created for all stakeholders. As Chair I am confident we have appropriate balance, experience and expertise at both Board and Executive level. I thank all our Board members for the wisdom and guidance provided to BKB this past year and the hard work and effort they have put in while doing so.

LOOKING AHEAD

Over the past year the Board has worked closely with the CEO and his leadership team to develop BKB's strategy. The priority of the strategy is to strengthen the core businesses and secure their sustainability to ensure enhanced shareholder returns. In addition to driving our existing assets, we have identified specific growth areas. Some of these build on our existing expertise and some involve new synergistic and value-adding areas.

We continue to assess all current operations to ensure that we invest in only those services and products that are capable of generating positive and sustainable returns.

Our connection with our customers and clients is critical to the success of BKB as we continue to strive to provide relevant, innovative and value-adding services and products.

Continuous improvements in productivity are key for South African growers and producers to compete globally. We believe that technology that provides productivity improvements to our growers and producers is essential for their ongoing profitability and sustainability. In the coming year we will further develop our future-oriented business strategy in this area to ensure that BKB meets the changing demands and needs of its customers and clients.

CLOSING REMARKS

The BKB team have been truly remarkable in adapting to difficult challenges in 2021. On behalf of the directors, I take this opportunity to extend the Board's appreciation to Johan Stumpf, his management team and all BKB's employees who continue to represent the Company with professionalism, pride and enthusiasm. Your hard work and high levels of customer service to BKB's customers, suppliers and clients across the country have been the backbone of a successful year. I would also like to express our sincere thanks for the loyalty of our customers and clients, the support of our suppliers and financiers and the faith that all other stakeholders have shown in BKB.

Geoff Kingwill
Chairman

14 September 2021

AN OVERVIEW OF BKB LIMITED

VISION, MISSION AND VALUES

BKB Limited is a leader in the agri-industry. We are the Trusted Home of Agriculture. At its core, BKB is profit-driven in the interest of all stakeholders, with a major stake held by primary producers and agricultural groupings.

OUR VISION

To craft agri-business through trust and shared values.

OUR MISSION

Maximising value creation through innovation and efficiency.

OUR VALUES

Our values are simple, concrete, meaningful and capture the essence of our culture, who we are and how we interact with one another.

They speak of how we go to market and our commitment to delivering a culture of excellence to all stakeholders as the Trusted Home of Agriculture.

INTEGRITY

SERVICE EXCELLENCE
Service excellence is in our hands.

ENCOURAGE ENTREPRENEURSHIP
Opportunity is in our hands.

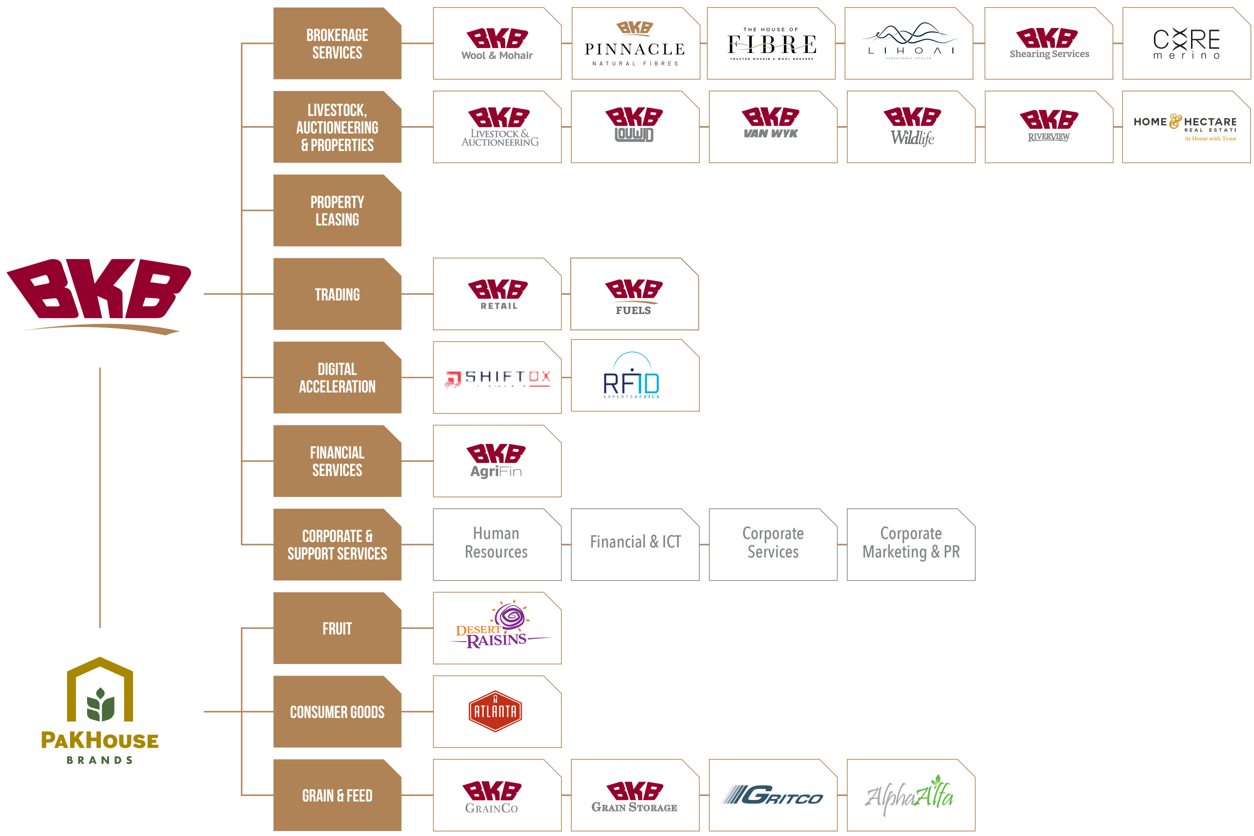
DRIVE EARNINGS
Prosperity is in our hands.

VALUE EMPLOYEES
Respect is in our hands.

CONSERVE THE ENVIRONMENT
The environment is in our hands.

OUR ORGANISATIONAL STRUCTURE AND BRANDS

Our values, core competencies and reputation ensure the sustainability of our long-term competitive advantage.



OUR BUSINESS PROFILE

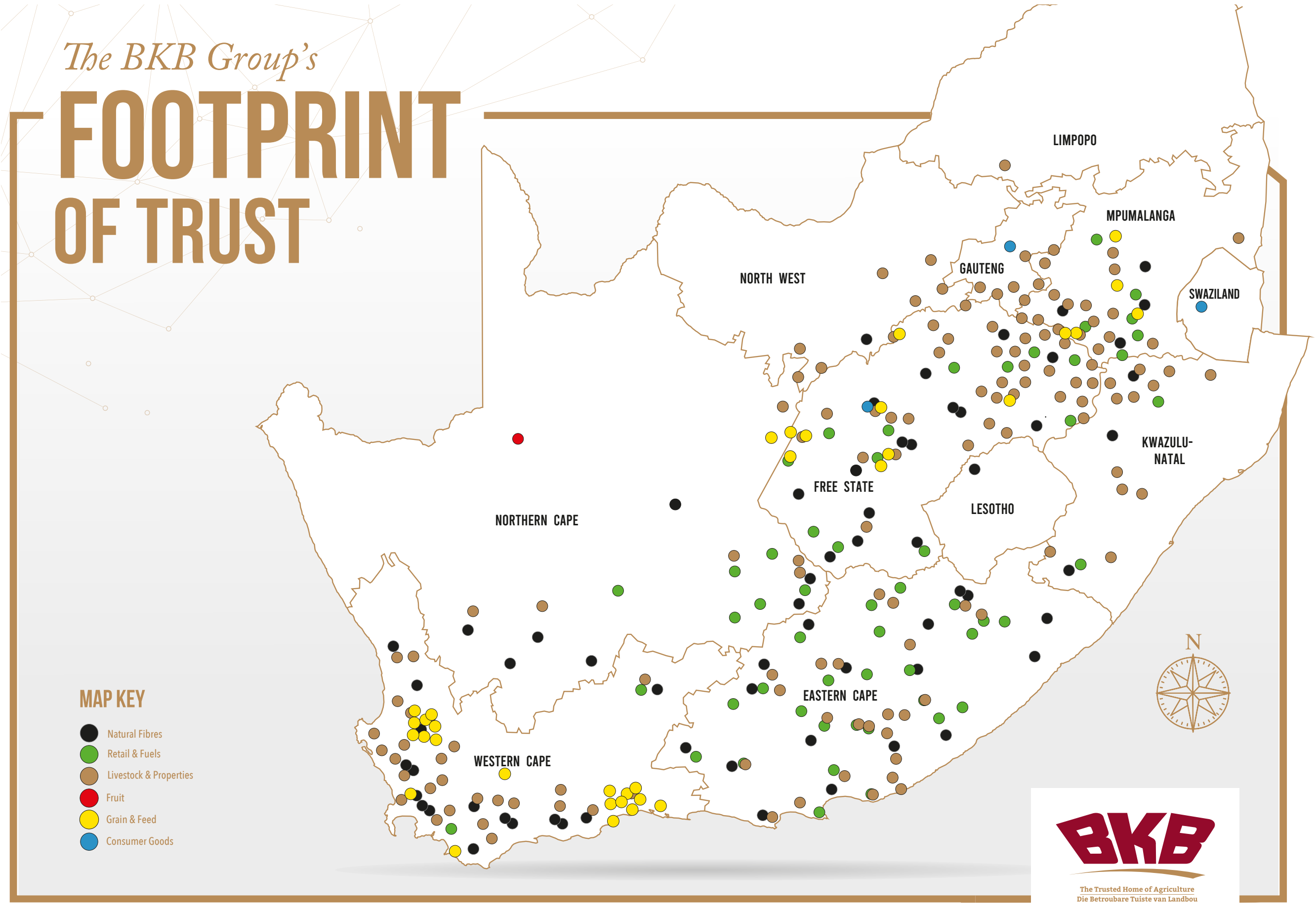
SERVICES AND PRODUCTS	PURPOSE	OPERATIONS	LOCATION
FIBRE (WOOL AND MOHAIR)			
Wool and mohair brokerage Shearing services Technical field services Fibre trading services Financing services	Maximise sustainable returns for producers by ensuring an efficient and transparent marketplace; providing an efficient logistical service, advising producers on production efficiency with a primary focus on genetic improvement.	• Warehousing • 18 shearing coordinators • 57 technical advisors	Lesotho South Africa
TRADE AND FUEL			
Fuel Fertiliser Seed Veterinary products Animal feed Shearing equipment Irrigation Wool bags Steel Fencing Building material Hardware Groceries General consumer goods Convenience stores Production financing Online Shopping	BKB's national retail footprint was specifically created to support wool and mohair farmers. Over time, services expanded to provide a complete range of production inputs, production financing and other retail products to a broad spectrum of agricultural producers and the general public.	• 51 agri-retail shops • Four 24 hour forecourts • 3 fuel depots • Distribution Centre • 2 convenience shops • BKB online shop	Eastern Cape Free State KwaZulu-Natal Mpumalanga Northern Cape Western Cape
LIVESTOCK AND PROPERTIES			
Calendar auctions Stud auctions Liaison transactions Digital and simulcast auctions Agricultural implements auctions Farm properties Residential properties Commercial properties Property rentals Financing services	Utilisation of an extended regional footprint and auction infrastructure (open-cry and online) to facilitate market access for buyers and sellers of livestock, agricultural equipment and properties.	• 5 livestock regions • 11 livestock branches • 4 property branches • 46 auction points • Online auction platform	Eastern Cape Free State Gauteng KwaZulu-Natal Limpopo Northern Cape North West Mpumalanga Western Cape

OUR BUSINESS PROFILE *continued*

SERVICES AND PRODUCTS	PURPOSE	OPERATIONS	LOCATION
DIGITAL ACCELERATION (SHIFT DX)			
Blockchain-as-service traceability Digital marketplace Business intelligence and data analytics Digital media community management	Using new technologies to enable the agricultural supply chain to address today's production system challenges.	• Traceability of wool and mohair bales • Hosting on-line stud auctions • Digital media managed solutions	
PAKHOUSE BRANDS – FRUIT			
Procurement Packaging Logistics Marketing and selling	Raisin supplier to international and local dried fruit buyers.	• 1 processing operation	Northern Cape
PAKHOUSE BRANDS – GRAIN AND FEED			
Storage and collateral management	Service provider to South African grain and lucerne producers, millers and traders.	• 11 SAFEX accredited grain depots • 4 lucerne depots • 14 on-farm depots	South Africa
Procurement Packaging Manufacturing Logistics Selling	Processing and supplying of intermediate manufactured grain products and lucerne bales to local and international buyers.	• 3 processing plants	Free State
PAKHOUSE BRANDS – CONSUMER GOODS			
Procurement Packaging Logistics Selling	Sugar and diverse consumer products supplier to local wholesale and retail buyers.	• 2 processing plants	eSwatini Free State Gauteng

OUR FOOTPRINT

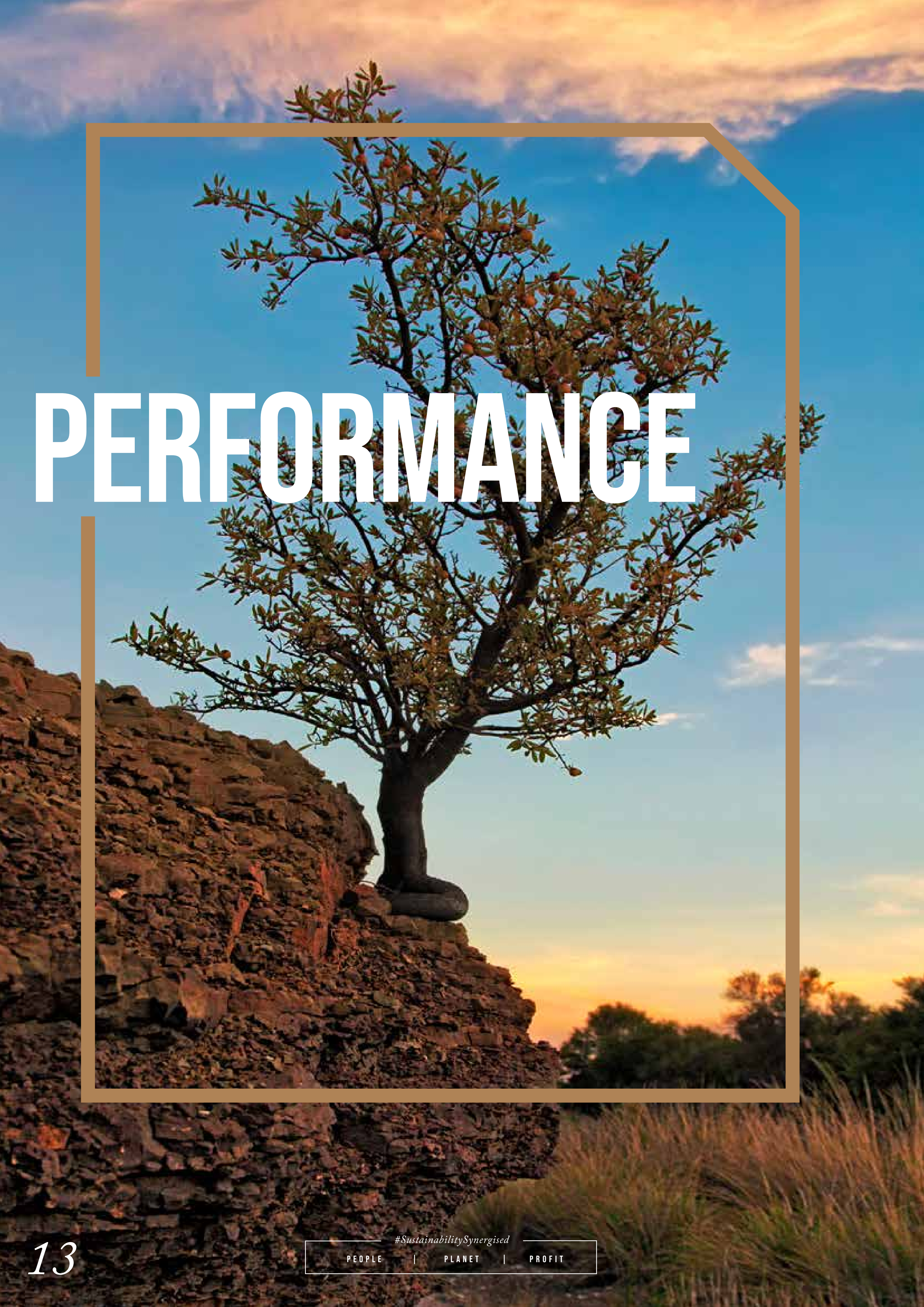
We pride ourselves in having secured a wide and deep-rooted footprint across our agricultural landscape.



OUR STAKEHOLDERS

Employees	Customers	Clients	Suppliers	Competitors and industry bodies	Investors and shareholders	Government and regulators	Communities

PERFORMANCE



FIVE-YEAR
FINANCIAL SUMMARY

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
STATEMENT OF PROFIT OR LOSS					
Value of business	13 213 136	11 100 715	11 428 667	11 318 193	9 919 600
Revenue/Turnover	5 544 979	4 992 180	4 768 499	4 422 557	4 231 249
EBITDA(1)	282 526	170 222	140 379	312 604	297 320
Depreciation and amortisation	67 158	65 872	51 899	46 629	41 153
Operating profit	215 368	104 350	88 480	265 975	256 167
Finance expense (net)	66 517	85 582	41 791	37 495	52 674
Income tax expense	43 934	10 200	22 402	67 222	68 268
Profit for the year	104 917	8 568	24 287	161 258	135 225
Headline earnings	104 318	29 076	26 207	165 494	131 344
STATEMENT OF FINANCIAL POSITION					
Non-current assets	1 134 519	1 075 674	1 064 336	982 460	825 164
Current assets	1 701 637	1 724 960	1 691 907	1 421 940	1 583 592
	2 836 156	2 800 634	2 756 243	2 404 400	2 408 756
Total liabilities	(1 548 689)	(1 625 328)	(1 571 946)	(1 021 207)	(1 193 843)
Total shareholders' equity	1 287 467	1 175 306	1 184 297	1 383 193	1 214 913
Net interest bearing debt	810 931	877 505	984 371	376 002	386 990
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	193 988	177 306	(166 005)	131 628	143 733
Cash profit after tax from operations	151 306	51 011	110 632	176 677	170 784
Working capital changes	42 682	126 295	(276 637)	(45 049)	(27 051)
Cash flow from investing activities	(99 802)	(21 139)	(60 225)	(101 398)	(121 953)
Cash flow from financing activities	(35 581)	(44 354)	(142 966)	(58 782)	127 662
Net cash flows	58 605	111 813	(369 196)	(28 552)	149 442
RATIOS					
ROFE (%)(2)	10.6	5.8	4.7	14.5	16.1
Return on equity (%)	8.1	0.7	2.1	11.7	11.1
Normalised price earnings ratio (times)	6.8	27.1	10.9	6.6	5.9
Dividend yield at closing price (%)	4.4	0.5	0.6	4.8	4.9
Total shareholders' equity: Total assets employed (%)	45.4	42.0	43.0	57.5	50.4
Net interest bearing debt: Total assets employed (%)	28.6	31.3	35.7	15.6	16.1
Net interest bearing debt: Total shareholders' equity (%)	63.0	74.7	83.1	27.2	31.9
Net interest bearing debt: EBITDA (times)	2.9	5.2	7.0	1.2	1.3
PERFORMANCE PER SHARE					
Number of shares in issue ('000)	88 407	88 407	88 407	93 060	93 060
Share price at 30 June (cents) (last traded price)	900	1 000	1 600	1 200	950
Headline earnings (cents)	132	37	32	184	163
Dividends (cents) (proposed gross)	40	5	10	58	47
Net asset value (cents)	1 456	1 329	1 340	1 486	1 306

(1) *Earnings before interest, taxation, depreciation and amortisation*
(2) *Return (operating profit) on funds employed (excludes cash, short term borrowings and taxation)*

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report that the Group recorded an after-tax profit of R104,9 million for the year ended 30 June 2021. This is a very significant improvement on last year and a creditable performance given the challenges faced by businesses in many parts of South Africa. Despite the tough environment, during the past year we again demonstrated that BKB's core values of service excellence, entrepreneurship, driving results, valuing our people and caring for the environment determine not just how we do business today, but also how we're building the BKB of the future.

EXTERNAL FACTORS IMPACTING OUR PERFORMANCE

BKB operates directly in more than 10 agricultural sectors across a number of different countries. Our ability to generate value and deliver on our vision is thus impacted negatively or positively by various factors in this diverse external environment. These include macro-economic, socio-political, environmental and sector specific factors. Some of these non-controllable factors can have a much more direct and severe impact on agriculture than on many other business sectors and hence on BKB's activities and operations.

The impact of climate change is an example where more frequent and severe droughts could lead to large parts of BKB's business activities being severely affected, even over the short term. This also leads to elevated levels of volatility, which presents unique strategic challenges for BKB's leadership team. Management closely monitors the impact of all the different non-controllable factors in the Group's external environment and continuously strives to reduce the reaction times to these changes and their impact on our business.

In the year under review, the main external factors impacting BKB were:

- **COVID-19:** The world is not only still learning about the characteristics of the virus, but also grappling with its effects on all aspects of daily life. The pandemic has had various direct impacts on BKB, from employee health and well-being, to lockdown regulations disrupting some of the businesses. Indirect impacts in the markets for BKB's various products and services must also be managed. These include, inter-alia, lower demand for certain products (e.g., raisins), higher demand for others (e.g., sugar) and logistical challenges in accessing certain of our markets. BKB has managed the impact of the pandemic very well and remained agile and flexible to changes forced on it. Employee well-being was always a priority and remains so. BKB's staff have remained committed and physically available to our clients and customers throughout the pandemic. Unfortunately, during the past year, four employees succumbed from COVID-19-related complications, with a total of 149 testing positive for the virus. The longer-term impact of the virus, especially on the macro-economic environment, remains to be seen. However, BKB is represented on a spectrum of products from basic foodstuffs to luxury products, and this diversification will mitigate the ongoing impact.
- **Service delivery and socio-political disruptions:** This remains one of the biggest challenges for BKB. It is common cause that in small towns all over South Africa infrastructure is failing rapidly. The disruption of the supply and logistics chain as a result of civil unrest, including rioting, as well as the less than optimal management of infrastructure, presents daily challenges. Direct impacts, such as those on electrical infrastructure, are partly addressed by developing our own capabilities, e.g., solar energy. With regard to the longer term, the country's deteriorating logistics infrastructure, in particular

roads and ports, is worrying as it is not easy to develop alternatives. BKB is actively engaged in organised industry and business bodies where these issues are taken up with government.

- **Climate change and environmental impacts:** BKB operates in many of the sectors traditionally suited for the drier parts of South Africa, for example sheep farming in the Karoo. The devastating droughts in this and other areas of the country over the past seven to eight years, have already led to a reduction in livestock numbers in South Africa. In the short term, and more particularly over the last year, conditions have led to a rapid increase in livestock prices which have had a positive impact on BKB's results. However, this could result in less arable land being available in the longer term which could, in turn, put volume pressure on BKB's traditional businesses. The Group's diversification into sectors that are less dependent on natural rain such as irrigation farming, will continue to be an important consideration when expansion opportunities are evaluated.

BKB'S STRATEGY

BKB presented a high level strategic framework in the Group's 2020 annual report. Commitment to our strategic plan and a resolve to realise our objective of continuous, solid, high quality growth underpinned BKB's achievements in the past financial year. Pivotal to BKB's strategic direction is the focus on the key drivers and success factors for each division, which will continue to guide our activities, growth and development.

CHIEF EXECUTIVE OFFICER'S REPORT *continued*

The main strategic focus of the past year was to turn around the deteriorating financial performance of 2019 and 2020. BKB has always been known for its sound balance sheet, strong cash flows, and good returns on the funds employed in the business. For most of these measures BKB ranked number one or two among peers in the agricultural sector. In order to drive the turn around and achieve improved financial performance, management has implemented two metrics which can be used by stakeholders to measure progress. More importantly, they are being used to drive behaviour throughout the Group. A third metric focusing on growth will be added as soon as current operations are sufficiently stabilised and back on the road to profitability.

The main measures, targets and actual performance are summarised as follows:

STRATEGIC MEASURE	DESCRIPTION	TARGET	ACTUAL VS TARGET VS PREVIOUS YEAR
Return on funds employed ("ROFE")	This ratio indicates how effectively management utilises all funds in the business. It is important that this should outperform the weighted average cost of capital ("WACC") in the business.	Historically BKB achieved returns of between 1.5 and 3 percentage points in excess of WACC. The goal has been set to return to these levels in the next three years.	Actual (2021): 10.6% Target (2021): 10.8% Actual (2020): 5.8%
Net debt to earnings before interest, taxes, depreciation, and amortisation ("EBITDA")	This ratio is an indication of how much balance sheet risk is taken to generate returns. In a strong, growing market such as the world has seen after the 2008 financial crisis, management can be tempted to take on high debt levels in order to increase return on equity. When a downturn happens (such as we are currently experiencing), many companies are unable to sustain these debt levels and the business can fail from a liquidity point of view.	Traditionally BKB performed extremely well on this metric. A goal has been set to get it back to a ratio of 3 over the next three years and to around 2.5 thereafter.	Actual (2021): 2.9 Target (2021): 3.0 Actual (2020): 5.2

According to these metrics BKB performed well in the past year and, to some extent, is closer to achieving the desired turnaround than envisaged a year ago. Although financial metrics such as these "show the score" to a certain extent, they do not present a complete picture of which business units contributed. BKB, especially in its traditional agri-businesses, is a service oriented business and can only be successful if it has superior human capital. The resilience and dedication of BKB's staff through this challenging year is acknowledged and it would not have been possible to achieve what has been achieved without them.

BKB still has a distance to go to get back to pre-2018 performance levels. Management will continue to drive this and a growth metric will also be set. The good performance with regard to the balance sheet position (largely as a result of good working capital management) means that there is room to pursue organic growth as well as small, focused acquisitive opportunities.

The strategic drivers as presented in the 2020 annual report remain largely similar. The following table contains the updated strategic drivers, and also some comments with regard to progress on these:

STRATEGIC DRIVER	DESCRIPTION	GOAL
Protect and build selectively	These are businesses that perform well and where BKB is seen as a market leader, e.g. fibre, retail and livestock.	The focus will be to make these businesses even more effective and more customer oriented by exploiting synergistic opportunities and investing in the latest technology (e.g., digital platforms). Although acquisitive growth was not necessarily a focus area, this strategy has altered and BKB will consider opportunities both up- and down-stream in the value chain, as well as international opportunities. Some smaller acquisitions in the Livestock Division have been made, with more opportunities being investigated. These are low-risk, "bolt-on" acquisitions and have limited capital requirements. The Competition Commission has approved the merger of BKB and VKB's Retail Divisions. The implementation thereof will be executed in such a way that both brands will continue to be managed by the entity that owns the brand. The focus will be on unlocking value in logistics and procurement.
Manage for earnings and growth	The newer businesses in PakHouse Brands fall under this category. As the acquisitions were mostly executed by leveraging the balance sheet of the target companies, bottom-line profitability is problematic for some of them. These are important businesses for BKB as they bring diversification to the Group, not only from a product and geographic perspective, but also by broadening the export-based earnings.	Focus will be on improving earnings by means of efficiency improvements, product innovation, product quality and brand development. Synergies between these businesses and external partners (e.g. VKB, with which BKB already has a relationship), will also be investigated within the framework of prevailing Competition laws. New acquisitions and/or mergers could also play a role. The improved results of BKB are mainly because of improved performance of previously under- performing businesses in PakHouse Brands. As a first step in turning these businesses around the focus was set on putting the right management in place, who in turn focused on necessary efficiency improvements.
Invest/divest	These are businesses and assets that may not be performing, are not core to BKB's future, or may still be in a development phase.	These constitute smaller businesses which were either acquired or seed-capital funded by BKB. RFID Experts Africa was moved out of Technology into the Livestock Division. The remaining technology businesses, housed in Shift DX, could benefit from an external partner/s. The clothing company, CORE Merino, could also benefit from an external partner, who is active in the fashion sector. Various alternatives regarding suitable partners are under consideration.

CHIEF EXECUTIVE OFFICER'S REPORT *continued*

OUTLOOK

The short to medium term outlook remains similar to the past year, with the three factors outlined above having the largest impact on results.

Livestock prices should remain fairly strong for at least the next year. Volumes will remain subdued as herds are being rebuilt after the prolonged drought. While the drought has broken in some areas, other large areas of the country are still experiencing severe drought conditions. Fibre pricing has recovered well after the initial impact of the pandemic. Fibre prices are expected to remain at these levels for the foreseeable future. Our wool business operates in a volatile environment where any unexpected shocks as a result of the COVID-19 pandemic could change the outlook.

BKB enjoys a high market share, making further growth difficult. Retail has become a star performer and the division's focus will be to further enhance efficiencies, including leveraging the opportunities presented by joining forces with VKB. PakHouse Brands had excellent performances from its sugar and grain storage and handling businesses, which could be difficult to replicate. However, they are still expected to perform very well in the year ahead. The focus on the remaining businesses within PakHouse Brands was to turn their performance around. Although there has been good progress on this front, they are not yet achieving the profit levels expected from them. Over the next 18 months management's focus and attention will be on getting acceptable returns from these businesses, which should mean incremental profits for the BKB Group.

BKB operates in an environment with diverse stakeholders, not only in terms of their interests, but also demographically and geographically. The Group's activities impact many lives as its producers also provide jobs, thereby supporting many families in some of the poorest areas in South Africa. BKB recognises this responsibility and will always attempt to fairly balance the needs and requirements of all stakeholders. Towards this end BKB backs many community projects and initiatives, supports employees on different fronts, such as bursaries for further studies, and plays a big role in a diverse number of industry bodies and NGOs, addressing issues such as the natural environment, business environment and social challenges.

BKB has been operating as an unlisted public company for many years. Although shares are traded between shareholders, the process is cumbersome and not necessarily conducive to creating sufficient liquidity. The Company is busy investigating options with regard to a simpler share trading environment, which should result in more liquidity.

BKB is in a much better position than a year ago. I would like to thank the Board for the support it provided management and employees to implement the initiatives that resulted in this improved performance. I would like to thank the executive team, and every employee of BKB, as this was and will be a team effort going forward. Producers and their farming activities remain at the heart of BKB's success and I would like to thank all our producers, clients and customers who supported BKB during the past year.

Johan Stumpf

CEO

14 September 2021

FINANCIAL
REVIEW

KEY MESSAGES

VALUE OF BUSINESS
and gross margin rand value **GROWTH** *of* **19%**

RECOVERIES IN FIBRE AND LIVESTOCK *divisional performances* **ABOVE EXPECTATIONS**

Ongoing **SOLID PERFORMANCES** *in*
TRADING AND PAKHOUSE SUGAR Divisions

OUTSTANDING PERFORMANCE *in* **PAKHOUSE GRAIN STORAGE AND HANDLING** *while performance in* **GRITCO MILLS** *was* **DISAPPOINTING**

IMPROVEMENTS *in*
EXPENSE CONTROL/*optimisation*

STRONG FREE CASH FLOW GENERATION OF R100,6 MILLION,
equals to 95.9% of net profit after tax

FINANCING FROM LANDBANK REPLACED
by commercial banks

FINANCIAL REVIEW *continued*

TRADING AND PROFITABILITY

19%
VALUE OF BUSINESS GROWTH
totalling R13,2 billion (2020: R11,1 billion)

66%
EBITDA GROWTH
totalling R282,5 million (2020: R170,2 million)

R104,3 M
HEADLINE EARNINGS
(2020: R29,1 million)

132 CENTS
HEADLINE EARNINGS PER SHARE
(2020: 37 cents)

3 X
INTEREST COVER RATIO
(2020: 1.2X)

CASH AND CAPITAL ALLOCATION

10.6%
ROFE
(2020: 5.8%)

2.9 X
NET DEBT TO EBITDA
(2020: 5.2 X)

63%
NET DEBT TO EQUITY RATIO
(2020: 74.7%)

R66,6 M
NET DEBT REDUCTION
totalling R173,4 million over past two years

OVERVIEW

The financial year ended 30 June 2021 finished stronger than expected. The ongoing challenges are well documented, but the diversity of the Group's operations has again proved to be a major strength during these unprecedented times. Focus has been on limiting non-essential expenditure, managing working capital appropriately and enhancing the Group's banking facilities.

OUR CONSOLIDATED TRADING AND PROFITABILITY

VALUE OF BUSINESS

The Group prefers using value of business as a measure of performance, rather than revenue, due to the Fibre brokerage and Livestock Divisions which both earn agent commissions. Value of business grew 19% to R13,2 billion, mainly due to better than expected recoveries and performance in the Fibre (23% year on year growth) and Livestock (38% year on year growth) Divisions.

GROSS MARGIN

Gross margin as a percentage of value of business for the Group contracted marginally to 8.7% (2020: 8.8%), which was expected due to the substantial increase in value of the lower margin Livestock business. The Trading Division's margins improved due to several operational improvement projects, upgrading of several retail shops and a changing product mix. PakHouse Sugar Division's margins benefited from competitors' short supply while PakHouse Fruits Division also reported increased margins, mainly due to initiatives taken by the new management team.

EXPENSES

The Group's expense margin reduced as a percentage of value of business to 7.4% (2020: 8.1%) and to 17.6% (2020: 18%) of revenue. Overall, expenses increased by 8.8%, mainly driven by increased variable commissions in the Livestock Division. The Group continues to seek opportunities to reduce the cost of doing business while at the same time being mindful of necessary upgrading and maintenance of its property portfolio and investment in critical information technology to ensure data security and business continuity.

EARNINGS PER SHARE AND DIVIDENDS

Earnings per share and headline earnings per share increased by 587% and 259%, to 133 cents and 132 cents respectively. The prior year impairment of intangible assets was the main adjusting item between earnings and headline earnings in the prior year.

The Board is pleased to be able to propose a gross dividend of 40 cents per share (2020: 5 cents per share), which is in line with its targeted and consistent dividend cover of approximately 3 times earnings.

OUR CONSOLIDATED CASH AND CAPITAL ALLOCATION

The Group uses return on funds employed (ROFE) as an internal measurement across the business. ROFE measures operating profit performance on funds employed, which excludes cash, short term borrowings and taxation. The Group is proud of achieving a ROFE of 10.6% in a turnaround financial year, albeit still marginally lower than the Groups weighted average cost of capital (WACC).

WORKING CAPITAL

The Group remains very focused on working capital management, particularly as operations are measured on ROFE with working capital being a substantial part of funds employed.

Working capital as a percentage of value of business reduced to 7.6% (2020: 9.3%).

Inventory levels at year end were 5.4% lower at R710,4 million (2020: R750,7 million), the principal reasons being large volumes of unsold wool on hand in the prior year and lower raisin stock in the current year due to flooding in the Upington area. Trading inventory grew by 27.7% to R286,5 million (ahead of 2% revenue growth) due to increased fuel stock prices and product mix.

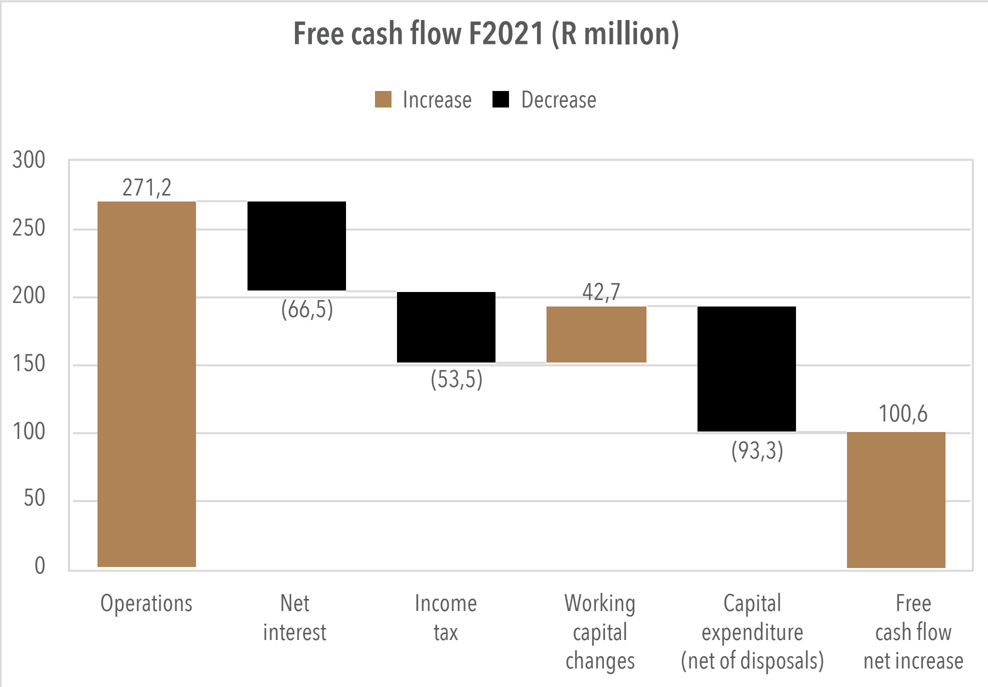
The debtors book increased marginally to R888,5 million. Prior year debtors included substantial fibre-related receivables relating to an auction held on the last day of the financial year. Livestock debtors increased by 51% to R264,7 million which is in line with revenue growth and increased livestock prices.

The allowance for impairment as a percentage of the debtors book increased to 2.5% (2020: 1.7%). A conservative credit appetite and restricted approval criteria remain in place as the response to the Group's assessment of the prevailing economic climate, increased level of livestock debtors and ongoing effects of the pandemic.

FINANCIAL REVIEW *continued*

FREE CASH FLOW

The Group is very pleased with the current year free cash flow generation of R100,6 million, which equates to 95.9% of net profit after tax.



CAPITAL EXPENDITURE

Capital expenditure for the year increased to R104,4 million (2020: R59,7 million). Capital expenditure was carefully managed throughout the year under review. The Group invested in its grain storage and handling activities and trading branch upgrades. Plant upgrades in the Group's fruit operations was necessary and justified by a high return on investment.

GEARING

At 30 June 2021 the Group's net debt to equity ratio was 63%, down from 74.7% at 30 June 2020.

The BKB Group has secured facilities of R1,23 billion through an arrangement with two of the major commercial banks. The Landbank debt has been settled by an interim bank facility while the new arrangement is being finalised. The new facilities will reduce the Group's cost of debt, while providing sufficient credit lines and liquidity for the foreseeable future.

The Group's focus for the year ahead will remain on maintaining conservative debt levels while at the same time positioning itself for future growth and opportunities.

APPRECIATION

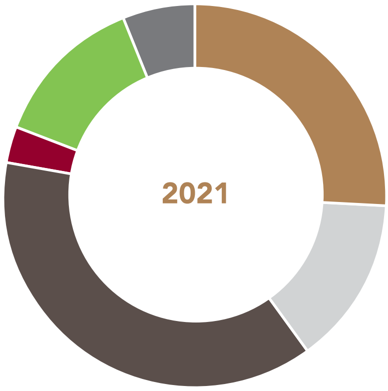
I am grateful to the Board and my colleagues on the Group Executive for their ongoing support and sound judgement. I am privileged to work with such an experienced and dynamic team. Thank you to the finance teams across the Group for their hard work, resilience and enthusiasm during the past year, which was very demanding.

Jannie van Niekerk
Chief Financial Officer

14 September 2021

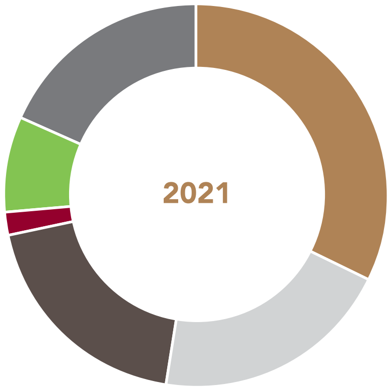
OPERATIONS
REVIEW

Value of business contribution by major operation



26% Fibre (Brokerage services)
14% Trade and fuel
38% Livestock and properties
3% PakHouse Brands – Fruit
13% PakHouse Brands – Grain and feed
6% PakHouse Brands – Consumer goods

Operating profit contribution by major operation



32% Fibre (Brokerage services)
20% Trade and fuel
19% Livestock and properties
2% PakHouse Brands – Fruit
8% PakHouse Brands – Grain and feed
18% PakHouse Brands – Consumer goods

NATURAL FIBRE (WOOL AND MOHAIR)

The fibre team serves the wool and mohair industry by supplying brokerage, shearing, warehousing, and advisory services to producers in South Africa, Lesotho, Namibia, Australia and England, with a dedicated team of skilled professionals.

Its business strategy is to increase the profitability of its producers by:

- Ensuring an efficient and transparent marketplace for their products
- Providing efficient logistical services
- Advising producers on production efficiency, focusing primarily on genetic improvement

Wool prices are on the rise and maintaining this momentum will depend on how well the world copes with the new normal forced upon us all by COVID-19. House of Fibre, the division's independent mohair brokerage, has reached the critical mass required to make this business successful.

The Lesotho wool clip has been fully regained and will be marketed via South Africa and the BKB systems. The fibre team firmly believes that this is in the best interest of the producers in Lesotho.

BKB producers are the biggest group of suppliers in the world for the Responsible Wool and Mohair standards. The added value of certified fibre to producers amounts to more than R80 million additional income. Approximately 25% of the total SA wool clip and 65% of the SA mohair clip are certified and these percentages continue to grow.

The division has a number of ongoing initiatives in place aimed at reducing BKB's carbon footprint. To date we have managed to sequester 11 800 tons of CO_2. During the forthcoming year the division is targeting on becoming self-sufficient in terms of its water usage.

The warehouses have maintained their ISO 9001 2015 and 14001 2015 certifications as audited by SGS.

The world of textiles is changing and the division will need to adapt to significant changes in market forces where consumers are increasingly aware of human impact on the natural environment. Wool and mohair production are particularly well suited to reduce BKB's carbon footprint significantly. To realise this potential, the division is in the process of implementing systems to substantiate its credentials, both scientifically and measurably.

The division will continue to engage with its end consumer market through its newly established trading business, Pinnacle Fibres. This business will further unlock value for BKB's producers while developing opportunities to shorten the supply chain between producers and end-consumers or brands.

OPERATIONS REVIEW *continued*

TRADE AND FUEL

BKB Retail and Fuel Division comprises a network of 57 business units that consist of retail shops and 24-hour forecourts across the country.

The division's strategic focus remains the support of farming producers, especially in rural areas. Strategic actions include:

- Shortening the supply chain of FMCG products by introducing a distribution centre. This will ensure standardised product ranges as well as improved stock availability at competitive prices.
- Improving the shopping experience for customers through upgrading several BKB retail shops including an integrated point of sales system.
- Stimulating fuel volume growth through the construction of at least three new forecourts and the upgrading of both Burgersdorp and Somerset East forecourts.

The Retail Division performed well, reporting operating profit growth of 6% from a high base set in the previous financial year. Various projects were initiated over the past few years, including the upgrading of several BKB retail shops, product diversification, waste reduction and optimisation of working capital levels. The division increased its fuel offering which led to increased volumes, while new supplier agreements contributed to improved margins.

The division launched the BKB online shop during the year. While the goal was to provide an immediate online solution for customers, the division will continue to improve on the platform which now also attracts non-traditional BKB customers.

The worst drought in decades continues to hit parts of the Eastern Cape, negatively affecting a number of BKB customers who are mainly small stock farmers. BKB was privileged to assist these farmers in collaboration with Moov and EC Fuels, who both sponsored fuel towards the drilling of essential boreholes in the Steytlerville district, thereby aiding drought relief to these communities.

The division is excited to continue its support for the rural economy. A new distribution centre ("DC") is being opened in Middelburg (Eastern Cape). This DC will significantly improve the region's supply of consumer goods, as well as the availability of complete product ranges pertinent to the rural and farming community across the area serviced by the DC.

There are also plans to continue improving service levels and the shopping experience for our loyal customer base.

LIVESTOCK AND PROPERTIES

The division continued trading under the brands of BKB, BKBLouwid, BKB Van Wyk, BKB Riverview, BKB Wildlife and Home & Hectare Real Estate. The division focuses on marketing activities relating to livestock, agricultural equipment and properties (residential, farm and commercial properties) by means of auctions and through liaison transactions.

The division continued with its strategic focus to use new developments in information and communication technology ("ICT") to drive innovation and remain competitive. Quality service remains a key value as the division continues to increase the use of digital technologies and social media.

After an extended ban on auctions due to the outbreak of foot-and-mouth disease in the prior year, the Livestock Division was again confronted with difficult trading conditions as a result of stringent COVID-19 restrictions. Despite these ongoing challenges, the division demonstrated a high level of resilience, with a significant 142% improvement in operating profit.

New business processes were adopted to ensure sustainability, which include an industry-wide set of biosecurity protocols at all auctions points. The division increased its market share (number of animals traded) by 16% and also successfully increased the number of auctions. The increased profitability also resulted from higher demand and prices for good quality animal and meat products, especially for export markets. The number of digital auctions also increased significantly, with the weekly digital Monday store lamb auction making a significant contribution.

The Property Division under the Home & Hectare brand experienced favourable trading conditions, especially in the residential market. This was mainly driven by the lower prime lending rate and limited stock of residential properties in the middle to lower markets.

It is expected that the current favourable trading conditions will continue over the medium term, largely driven by increased demand and shortages, especially with regard to sheep. Currently, the division is exploring opportunities to further unlock the application of RFID technologies for the benefit of both BKB and its customers (buyers and sellers).

DIGITAL ACCELERATION (SHIFT DX)

Shift DX is a business set up to assist the BKB Group to transform its business models and create new opportunities by using value chain transformative technologies such as the Internet of things (IoT), blockchain-enabled traceability, mobile service delivery and precision agriculture. Globally, these new technologies play a significant role in disrupting food supply chains and help shape the transformation of the agricultural landscape.

Shift DX has three strategic business focus areas, namely Blockchain Services, Managed Services and Digital Marketplace. The division has set up a platform that uses blockchain technology to connect people, assets, and organisations to create traceability and transparency in the supply chain. BKB has been operating for over 100 years as the trusted home of agriculture. By investing in blockchain technology, it is digitalising the trusted relationship it plays in the supply chain, which allows it to create new transformative business models.

Shift DX has signed an exclusive technology supplier agreement with an international digital auctioneering business. The new agreement will leverage the business to provide a digital marketplace where the buyer and seller will meet and share trusted data underpinned by blockchain technology in a connected social media ecosystem network. In addition, the Shift DX Marketplace will tie it together and create an execution layer where information sharing turns into value.

Shift DX was established in 2019 and had its first commercial transaction in February 2020. The foot-and-mouth disease outbreak in the wool and livestock industries and the COVID-19 pandemic positively affected the adoption of Shift DX's services. The sudden lockdown and restrictions on public gatherings put a focus on digital auction solutions. Shift DX successfully implemented a digital sales platform for BKB and Agra in Namibia, which led to more than 200 digital auctions during the year and supported 3,500 registered buyers.

PAKHOUSE BRANDS

PakHouse Brands is the holding company of the agri-processing subsidiaries in the BKB Group and has interests in various supply chains from producer to consumer.

The main activities of PakHouse Brands are related to grain, lucerne, raisins and sugar. These activities include procurement, storage, processing and marketing functions. The grain marketing function was discontinued during the year, while essential functions were outsourced to reliable service providers. The division owns world-class processing and storage facilities, all of which are operated in accordance with various accredited standards and best practices. Production and storage facilities are strategically located throughout South Africa and eSwatini. The Group's scale and footprint ensures the sourcing of quality raw materials and products, while also providing producers access to a wide range of markets.

PakHouse Brands focuses on areas that will help BKB to achieve its strategic vision of sustainable profitable growth. The division is focused on profitable growth in the agri-processing value chain through high performing teams and efficient operations with our customers, consumers and the environment in mind.

Financial performance improved significantly with operating profit growing by 40% year on year. PakHouse Division's goods and services were classified as essential during the COVID-19 lockdown period and its businesses could mostly continue trading as normal. Various investments in infrastructure, development and training of people, product quality, improved service levels, brand development and marketing, contributed to the improved performance of the Group.

The Lucerne (AlphaAlfa) business reported an operating profit growth of 42%. This was supported by operational improvements at the Kimberley press which resulted in a 30% increase in the production of double-pressed bales.

Desert Raisins was brought under new management during the year and reported an operating profit. Improved inventory management reduced the stockholding by 50%, Flooding during harvest in the raisin production areas had a negative impact on product availability for the 2022 financial year. This will result in lower than expected sales volumes from our Desert Raisins business for the next financial year.

BKB Gritco experienced a difficult year and reported an operating loss. Late season rain resulted in high volumes of grade three maize being available, resulting in lower demand for hominy chop in the animal feed market. High commodity prices together with the pandemic restrictions had a further negative effect on grit market sales.

Increased storage capacity and improved efficiencies at the grain storage and handling business assisted in handling a record volume of 532 000 MT of grain which resulted in an operating profit growth of 61%.

Atlanta Sugar reported operating profit growth of 20%. The division managed to increase its customer base and product offering with the introduction of 10 new stock keeping units (SKU's). The business capitalised on the increase of "home" consumption due to lockdown regulations. This, together with increased demand from African countries due to difficulties with import logistics from Brazil and India, further strengthened sales. The effective implementation of sugar import duties by the SA authorities also gave the sugar industry much needed stability.

The PakHouse Group is looking forward to further improvements in efficiencies and the management of the grain and fruit divisions in order to increase the return on recent investments made.

GOVERNANCE

GOVERNANCE REPORT

BKB is committed to the highest standards of governance, ethics and integrity. The Group's sustainability, success and growth is underpinned by its values and commitment to good governance and accountability. BKB's governance framework is guided by the principles outlined in King IV. The principles outlined in King IV have been adopted as far as is practically possible.

GOVERNANCE AND COMPLIANCE

BOARD OF DIRECTORS

The Board of Directors consisted of 12 members at year end. Nine served in a non-executive capacity and three served in executive capacities. The Board meets quarterly and is responsible for strategic and policy decisions.

The Chairman is a non-executive director and all non-executive directors are appointed for a specific period. The Board shall comprise of no fewer than six and no more than 15 directors as follows:

- a maximum of eight directors elected by the holders of the ordinary shares
- a maximum of four executive directors appointed by the abovementioned elected directors
- a maximum of three non-executive directors appointed by the elected non-executive directors based on their expertise and experience

The role and function of the Board includes:

- Providing strategic direction
- Setting the tone and leading the Group in an ethical, effective and responsible manner
- Exercising effective control over the Company and Group
- Ensuring the sustainability and financial position of the business
- Putting appropriate risk management, internal controls and regulatory compliance procedures in place
- Designating and assigning responsibility to sub-committees and providing terms of reference
- Defining levels of authority for management
- Providing governance and oversight over subsidiary companies' activities

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee consists of four non-executive directors. The external auditors and the internal auditors have unlimited access to the Audit and Risk Committee, which ensures that their independence is not compromised in any way. The external auditors attend the meetings and are granted the opportunity to discuss any relevant matter. Internal audit matters are considered during each quarterly Audit and Risk Committee meeting. Members of executive, senior management and internal audit attend the meetings by invitation.

The committee's roles and responsibilities are set out in its Charter, which is reviewed on an annual basis.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee consists of one executive and three non-executive directors and the General Manager of Human Resources.

This committee determines the remuneration of all personnel. Matters relating to the remuneration of non-executive directors are submitted to shareholders for approval at the Annual General Meeting. The committee also ensures that the appropriate Human Resources policies and procedures are in place and aligned to the values of BKB, the required talent is recruited and retained and proper development and reward structures are in place. This committee is responsible for ensuring that a proper employment equity plan is in place and actioned.

NOMINATIONS COMMITTEE

The Nominations Committee is made up of three non-executive directors and is chaired by the Chairman of Board. The committee ensures that the recommended Board appointments are made considering the need for appropriate skills, competency and experience. This committee will also make recommendations regarding composition of Board Committees.

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

This committee consists of one executive and three non-executive directors and the General Manager of Human Resources. The functions of the Social, Ethics and Sustainability Committee are:

- Providing leadership and guidance on social, ethical and sustainability issues to the Board
- Ensuring that effective and adequate policies and procedures are in place to manage social, ethical and sustainability risks
- Reviewing and monitoring Group-wide compliance with policy guidelines and appropriate local and international standards and laws relating to social, ethical and sustainability matters.
- Ensuring that management has allocated adequate resources to comply with social, ethical and sustainability policies, codes of best practice and regulatory requirements
- Consulting and communicating with internal and external stakeholders with respect to social, ethical and sustainability issues

This committee is also responsible for our Broad-Based Black Economic Empowerment ("BBEEE") implementation.

GOVERNANCE REPORT *continued*

INVESTMENT COMMITTEE

The Investment Committee comprised of three executive and three non-executive directors during the past year. This committee assists the Board in:

- Considering new acquisitions or investments
- Informing and updating the Board on new and existing opportunities
- Ensuring alignment between the investment and acquisition and the business strategy
- Considering the alignment of funding options to investments and acquisitions

The committee met several times during the year.

ATTENDANCE OF MEETINGS

	AGM	BOARD OF DIRECTORS					AUDIT AND RISK COMMITTEE				HUMAN RESOURCES, REMUNERATION AND SOCIAL AND ETHICS COMMITTEE						
	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Special	Scheduled	Special	Scheduled	Scheduled	Special	Scheduled
Meeting dates	25/11/2020	27/08/2020	25/11/2020	26/11/2020	23/02/2021	27/05/2021	26/08/2020	25/11/2020	22/02/2021	26/05/2021	09/07/2020	26/08/2020	23/09/2020	24/11/2020	22/02/2021	14/04/2021	26/05/2021
G E J Kingwill	✓	✓	✓	✓	✓	✓	N	N	G	N	✓	✓	✓	✓	✓	✓	✓
A S du Toit	✓	✓	✓	✓	✓	✓	E	E	E	E	N	N	N	N	N	N	N
C D Hobson	✓	✓	✓	✓	✓	✓	N	N	N	N	✓	✓	✓	✓	✓	✓	✓
M H Jonas	X	✓	X	X	✓	X	N	N	N	N	N	N	N	N	N	N	N
E A Meyer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N	N	N	N	N	N	N
V Pillay	✓	✓	✓	✓	✓	✓	N	N	N	N	N	N	✓	✓	✓	✓	✓
H C Staple	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N	N	N	N	N	N	N
H J Swart	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N	N	N	N	G	N	N
P G Carshagen	✓	✓	✓	✓	✓	✓	N	N	N	N	N	N	N	N	N	N	N
J F J van Rensburg	✓	✓	✓	✓	✓	✓	G	G	✓	✓	N	N	N	N	N	N	N
J E Stumpf	✓	✓	✓	✓	✓	✓	E	E	E	E	✓	✓	✓	✓	✓	✓	✓
J A van Niekerk	✓	✓	✓	✓	✓	✓	E	E	E	E	G	N	N	N	N	N	N
D C Louw (retired)	✓	✓	–	–	–	–	G	N	–	–	✓	✓	✓	✓	–	–	–

✓ *Present*
X *Apology*
N *Not on committee*
E *Ex-officio*
G *Invitee as director*

INTERNAL CONTROL SYSTEMS

Proper internal control systems and processes are in place. They provide reasonable assurance to the Board of Directors and Management on the preparation of reliable, published financial statements and the safeguarding of the Group's assets. The proper operation of internal controls is monitored internally and the findings and recommendations are reported to Management and the Board of Directors. The Board of Directors exercises oversight over the financial reporting process through the Audit and Risk Committee.

EMPLOYEE PARTICIPATION

The Group employs a range of participative structures for issues that significantly and directly affect employees. These have been designed to maintain sound relationships between employer and employees through the effective communication of relevant information, consultation and the identification and resolution of conflict. The Group employs a policy of equal opportunities for all and promotes staff on merit.

CODE OF ETHICS

Through its Code of Ethics, the Group is committed to the highest standards of integrity, conduct and ethics in its dealings with all of its stakeholders. Directors, executive management and all staff are expected to fulfil their ethical obligations in such a manner that fair, commercially competitive practices are employed in operating the business.

BOARD OF DIRECTORS

CHAIRMAN

GEOFF KINGWILL

Age: 59

B Mech Eng

Industry experience:
BKB Vice-chairman, Cape Wools SA Chairman, International Wool Textile Organization: Chairman Of Working Group, Armaments Corporation of South Africa (Armscor) Project Engineer

Skillset:
Agriculture, management, governance

VICE-CHAIRMAN

HANSIE SWART

Age: 51

M Com Agri Economics

Industry experience:
Commercial farmer (30 years)

Skillset:
Agricultural operations, management, strategic partnerships

EXECUTIVE DIRECTORS

JOHAN STUMPF

CEO

Age: 53

B Eng (Industrial), B Eng Honours (Industrial), MBA

Industry experience:
Mpact Ltd Executive, Klein Karoo Group Managing Director, Sundays River Citrus Company Managing Director

Skillset:
Agriculture, manufacturing, management

JANNIE VAN NIEKERK

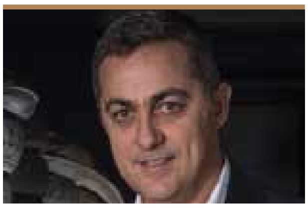
CFO

Age: 42

B Comm Acc Honours, CA(SA)

Industry experience:
Crown Food Group Financial Director, Rhodes Food Group Financial Manager

Skillset:
Finance, administration, management, fast-moving consumer goods, manufacturing



ANDRÉ DU TOIT

Managing Director: PakHouse Brands

Age: 49

B Agric Administration, B Agric Honours, MBA

Industry experience:
PakHouse Brands Managing Director, BKB General Manager: Trade, BKB General Manager: Livestock and Property, Kromco (Pty) Ltd Divisional Managing Director

Skillset:
Agriculture, manufacturing, international trade, management

NON-EXECUTIVE DIRECTORS

PAUL CARSHAGEN

Age: 66

B Compt Acc

Industry experience:
VKB Group Chairman, Commercial farmer

Skillset:
Finance, agriculture

CHRIS HOBSON

Age: 49

Nat Dip HR Management

Industry experience:
D&A Timbers (Pty) Ltd Owner and Managing Director, Iliad Africa (Pty) Ltd Managing Executive KZN, Trustee Mohair Trust, Councillor Kingswood College Council.

Skillset:
Financial management, procurement, business development, people and stakeholder management, operations management, risk and compliance management, mergers and acquisitions

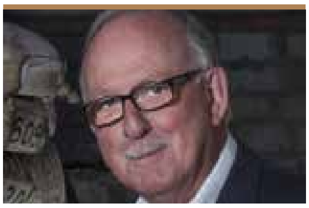
KOOS JANSE VAN RENSBURG

Age: 60

B Compt Hon, MBL

Industry experience:
VKB Group Managing Director, Kaap Agri Operations Director, Boland Agri Ltd Managing Director, Coopers & Lybrand Audit Partner

Skillset:
Finance, agriculture, management



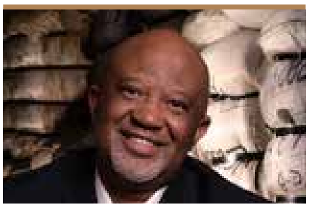
CHARLES STAPLE

Age: 69

B Com ; CTA; NHEd ; CA(SA)

Industry experience:
PwC – retired partner; Rhodes University Council Member & Chair of Audit Committee; Trustee of Ezethu Development Trust

Skillset:
Governance, Risk Management, Finance



MCEBISI JONAS

Age: 60

BA History and Sociology, Higher Dip Education

Industry experience:
Government of the Republic of South Africa Deputy Finance Minister and Member of the National Assembly, MTN Group Ltd Independent Non-Executive Director, Public Investment Corporation Chairman and Non-Executive Director

Skillset:
Finance, governance

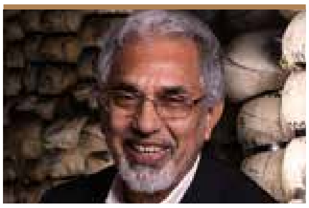
ADRIAN MEYER

Age: 59

B.Comm Honours, CA(SA)

Industry experience:
Cidel Bank & Trust Co-Founder and Director, National Trust Co Inc. (Canada) VP and Controller, Trans Canada Credit Loan Subsidiary of Norwest (now Wells Fargo) (Canada) CFO, Private Equity Investor, Farmer

Skillset:
Banking, private companies, trusts, agriculture



IVAN PILLAY

Age: 68

Management Diploma

Industry experience:
Small Business Institute of South Africa Director, South African Revenue Services Deputy Commissioner, Public Affairs Research Institute Director, The Whistleblower House Director.

Skillset:
Management, Public Administration, Investigations

COMPANY SECRETARY

JOHANNETTE OOSTHUIZEN

Age: 56

B Com (Law); CIS Intermediate Diploma – The Southern African Institute Of Chartered Secretaries and Administrators; Associate Diploma – The Institute Of Bankers in South Africa

Industry experience:
Legal and Economic Analyst/Delta Motor Corporation; Senior Trust Officer/Standard Trust; Pension Fund administrator/NMBM

Skillset:
Local government; Banking; Motor industry and Agriculture

MATERIAL BUSINESS RISKS

The BKB Group could be affected by a number of risks that might, individually or collectively, have an impact on the achievement of its business objectives.

The following table is an overview of key risks the BKB Group faces. The risks noted are not exhaustive and are in no particular order. The BKB Group continuously seeks to identify, analyse, evaluate, treat and monitor all risks, to maximise opportunities and prevent or reduce losses.

KEY RISK	BKB'S RESPONSE
Political risk and weakening local infrastructure	
BKB operates in an environment fraught with political uncertainty, which influences both the economy and society at large. The Group may be affected by actions/lack of action/changes by national and provincial government as well as local authorities. Inability to provide basic services at all levels is a major risk and concern. Lack of service delivery including the provision of general safety, electricity, water, efficient ports, good roads and connectivity are real risks. The deterioration of infrastructure in rural South Africa is of particular concern.	The Group is actively engaged with the agricultural industry and stakeholders, where these matters are taken up with all levels of government. The Group continues to increase its own electricity generation through solar energy and on-site generators. As regards water supply self-sufficiency, rain water harvesting is applied wherever feasible. Exposure to this risk is being managed through seeking potential opportunities in new jurisdictions.
Pandemic	
As is the case for many businesses, pandemic conditions have the potential to severely impact the Group's ability to conduct its business. The safety of its people, clients and customers, the general community and also business continuity are placed at risk during such events.	The Group continues to monitor the pandemic's impact on its people, operations and financial position. The impact on the Group's results and operations was limited to only certain areas of the business. Strict adherence to COVID-19 pandemic protocols remain in force to protect employees and other stakeholders, and to ensure business continuity.
Animal welfare and diseases	
The safety and welfare of livestock is of paramount importance to the BKB Group. Failure to protect the welfare of livestock under our control might result in business disruption and reputational damage. The impact of ongoing diseases like foot-and-mouth further limits movement of livestock which directly impacts business operations.	The Group's people are trained in safe livestock handling protocols and methods and strive to exceed all government requirements. Through the Group's development in blockchain technology, animals and wool can be traced to producer farms, indicating infected areas. The BKB Group also has a national footprint which further mitigates risk. In addition, the Group is actively engaged with the industry and other stakeholders to improve animal welfare practices.

KEY RISK	BKB'S RESPONSE
Cyber threats	
Like most businesses, BKB's operations rely on information technology solutions which exposes the Group to the threat of cyber disruption and loss of data. As a result of the Covid pandemic more employees are working from home and this further increases risk.	The BKB Group maintains a strong focus on its information technology capabilities and it continues to investigate and implement stronger security measures on a continuous improvement basis. These measures and initiatives include, inter-alia, use of third-party back-up facilities, restricted access to systems, data and infrastructure, more intelligent password control, security software and user awareness campaigns.
Credit risk	
Providing finance is an essential part of the BKB Group's service offering. The default of one or more significant debtors could have a material impact on the Group. Defaulting reasons include drought, crop failure and lack of access to finance. The possible impact of changing land reform legislation on debtors book security is also a consideration.	BKB has a very strong credit policy and related risk evaluation process in place. Its implementation is backed by a strong, expert team. There is centralised vetting which ensures that BKB knows its clients/potential clients well. There is regular Credit Committee review and oversight. Appropriate securities are obtained. Credit default insurance is in place for selected debtors.
Commodity pricing/exchange rates	
The BKB Group has exposure to commodity price fluctuations where movements in commodity prices and exchange rates could affect margins in the future.	Exposures are managed through the diversification of income streams by product and geography, controlled inventory levels as well as seeking opportunities to increase export sales. Foreign exchange exposures are carefully managed and monitored.
Climate change/climatic conditions	
BKB has traditionally operated in the drier parts of South Africa. Drought conditions in some of these areas have worsened over the last number of years and have already led to a reduction in livestock numbers in South Africa and, consequently, lower volumes of business for some of BKB's divisions.	Diversification through seeking opportunities in sectors that are less dependent on natural rain. Continuing to maintain a geographical spread of operations and a diversified range of products and services.

BKB GROUP:
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) IMPACTS

Social responsibility, ethics and sustainability are integral to the BKB Group's approach to creating long-term value and are material considerations in how the Group operates in the social, ecological and economic environments. Sustainability is built on the assumption that developing appropriate strategies benefits the Group's people, the environment and planet and fosters Company longevity. As stakeholders' expectations on corporate responsibility and ESG matters rise, the BKB Group recognises the need to act proactively on sustainability-related matters.

The BKB Group's sustainability journey is one that embraces the triple bottom-line concept of People, Planet and Profit.

OUR PEOPLE

The Group's focus on employee engagement as a vital part of the employee value proposition is evaluated every alternate year by way of an independent survey. The results reflect that 88% of our employees attest to a high level of job satisfaction, 84% describe themselves as being motivated, while 87% have a high/very high intention to stay with the Group. Voluntary labour turnover is 6.3% per annum. This positive environment enables the Group to attract and retain a high quality workforce, reduces employee turnover and improves customer satisfaction and efficiencies in our business.

The Group is constantly striving to enhance the level of interaction and relationships with all its employees.

OUR CONTINUED RESPONSE TO COVID-19

The continued impact of the COVID-19 pandemic and related restrictions on the Group's businesses and employees has been severe. Ongoing lockdowns in South Africa with restrictions being subsequently eased in varying degrees, have forced employees to adapt to the challenges caused by the persistent presence of the pandemic. The BKB Group suffered 149 positive COVID-19 cases, with 10 hospitalisations and four fatalities during the past financial year.

BKB is exceptionally proud of all its employees who have risen to the challenges created by the COVID-19 pandemic. Health and safety, compliance and HR teams rigorously implemented safety protocols, reporting processes, case management and contact tracing platforms, in compliance with sometimes ambiguous regulations and in record time. The safety of customers and employees remains a priority for us.

SKILLS DEVELOPMENT

BKB's people are its greatest asset and competitive advantage. Learning is an essential part of their personal development. The Group recognises that the personal growth of its employees benefits BKB's business enormously.

Training initiatives provided to 727 employees included leadership, mentoring and emotional intelligence training, marketing, client relationships, compliance training and various agriculture industry specific courses. Of the eight learnerships accommodating 141 learners that are successfully hosted in the BKB Group, the Group is especially proud of the Wholesale and Retail Distribution Learnership for 14 hearing-impaired employees on the wool floor who have successfully completed the qualification. There are currently 39 hearing-impaired sorters and pressers employed on the BKB wool floor, which demonstrates commitment to the national drive to uplift people with disabilities. The staff bursary programme allowed 15 employees to further their tertiary studies and four employees completed their adult (Grade 12) senior certificate.

A SNAPSHOT OF OUR EMPLOYEES

3 441 EMPLOYEES	**48** EMPLOYEES WITH DISABILITIES	**25.7%** FEMALE EMPLOYEES
74.3% MALE EMPLOYEES	**727** RECIPIENTS OF TRAINING	**141** LEARNERS IN 8 LEARNERSHIP INITIATIVES

88% OF OUR EMPLOYEES ATTEST TO HIGH LEVEL OF **JOB SATISFACTION**	**84%** OF OUR EMPLOYEES DESCRIBE THEMSELVES AS BEING **MOTIVATED**
R1,3M **INTO BKB EDUCATIONAL BURSARY TRUST** SUPPORTING 147 CHILDREN WITH SCHOOL AND TUITION FEES	**15** **EMPLOYEES FURTHER TERTIARY STUDY AND 4 COMPLETE MATRIC**

6.3% VOLUNTARY LABOUR TURNOVER	**78.4%** OF WORKFORCE PROFILE ARE FROM DESIGNATED GROUPS	**BBBEE-LEVEL 6**

BKB GROUP: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) IMPACTS *continued*

The pandemic has expedited the use of online training platforms. The Retail Trading Division invested in tablets for every trading branch to enable employees to participate in training programmes on a virtual basis. Half of the learnerships are being conducted virtually and 80 out of our 141 learners attended online classes.

The BKB Leadership Academy supports the Group's goal to be the market leaders in the development and leadership of employees. The Group believes that an investment in leadership development is essential to the Group's future. This year, 56 managers attended the one-year leadership programme.

The Group's Graduate and Work shadow programme accommodates 17 interns and two experiential learners from designated groups. Over the past year some of these interns have been placed in permanent positions.

REMUNERATION AND REWARD

BKB's remuneration strategy ensures that the organisation is seen as the employer of choice in the industry. It seeks to create the appropriate environment that attracts and retains high performing, talented employees and motivates them to perform at their optimum levels in alignment with the Group's organisational goals. BKB puts its people first.

Our remuneration structure, as underpinned by our remuneration policy and supplemented by benchmarking surveys, remains instrumental in ensuring reward parity, both internally and externally. BKB remunerates employees in line with the dynamics of the market and the context in which we operate. It aligns with the strategic direction of BKB. As such, remuneration plays a critical role in attracting and retaining high performing individuals.

BKB has designed a short term incentive scheme which is aimed at sharing the success of the organisation proportionately with employees. The aim of the scheme is to establish competitive earning opportunities, attract and retain high calibre staff and reinforce organisational performance. It seeks to encourage exceptional performance of employees.

The short-term incentives ("STIs") are based on the unique circumstances of the level of an employee and the particular division. All schemes have defined criteria for participation and payment. Personal, non-financial targets are also set.

BKB operates a Long-Term Incentive Share Participation Scheme that is a discretionary award applied to qualifying senior key employees, as recommended by the HR Committee and approved by the Board. The scheme is designed to recognise service and performance and entitle eligible employees to participate in the potential growth of BKB.

HUMAN RESOURCES POLICIES

The Group provides a variety of benefits to its employees. These range from general benefits, such as medical aid and retirement fund schemes, with generous death and disability benefits, to overall employee care.

The BKB Wellness programme includes free trauma counselling and an HIV/Aids Insurance Protector Plan providing psychological and medical support and free anti-retroviral treatment to all employees.

Merit and recognition awards include Long Service Awards and annual Value Awards. Our annual Chairman's Award for Excellence, a most prestigious honour, is awarded to an individual who made a difference and contributed towards BKB's purpose through their talent, skill and ingenuity.

Attracting and retaining the right talent is at the heart of the Group's business' success. The Group subscribes to an online recruitment talent community portal, SimplifyHR. The Group is furthermore making use of the Vieple video interviewing tool, an asynchronous interviewing platform that provides a simple and efficient way to conduct remote and first-line interviews, This easy to use business application contributed to reducing the cost associated with face-to-face interviews, decreasing lead times to 37 days and improving quality of hire.

The Group is exceptionally proud of the launch of its new HR Induction App in March 2021. Digital onboarding and induction ensures that new employees get a consistent, easy to consume introduction to BKB, no matter where and when they join. A fully tracked, module based, mixed media platform helps familiarise employees through videos, short quizzes and info-based content. This tool will undoubtedly assist with the induction of new employees, especially in these difficult times.

EMPLOYMENT EQUITY AND TRANSFORMATION

BKB is committed to transformation and has an Employment Equity Committee, chaired by the General Manager: Human Resources, which provides a forum for representatives of labour, management and other designated groups to review the progress and discuss the direction of BKB's employment equity plans and policies. In addition, the Board has a Social & Ethics Committee and Human Resources Committee to ensure compliance and governance and conscious leadership. Of the Group's total workforce profile, 78.4% is representative of Previously Disadvantaged Individuals ("PDI"). There is 16.7% PDI representation at Board level, 10.3% PDI representation on middle management and 28.5% PDI representation on junior management.

SOCIO-ECONOMIC DEVELOPMENT

Our passion for growing people extends beyond the development of our own employees. BKB has proudly established a BKB Educational Trust with the purpose of financially assisting school children and students. This year we spent R1,3 million to support 147 children with their school and tuition fees.

THE BKB GROUP ENVIRONMENTAL SUSTAINABILITY JOURNEY

Dedicated staff, representing all businesses and support divisions in the Group, actively participate in several sustainability initiatives:

- Internal and external BKB Group sustainability communication campaigns provide relevant content over all electronic and digital platforms via BKB's "Down to Earth" information on sustainability.
- BKB Group's sponsorship and participation in webinars and information days on regenerative farming with the Media 24 Group.
- Articles on clients' success stories with regards to regenerative farming and conservation with several media houses.
- A conservation initiative through collaboration with the Mountain Zebra – Camdeboo National Parks Buffer Zone project with a financial contribution towards the management thereof.
- Programmes that focus on sustainable business practices regarding people care, animal care, carbon reduction, solar energy generation, and water saving across several business divisions of the BKB Group.

SUSTAINABLE BUSINESS PRACTICES

The BKB Group is constantly looking for new ways to support the implementation of systems that meet global sourcing requirements for the future. It is an immense responsibility to be the biggest South African broker, with a client base of approximately 78 000 producers. Innovation and sustainability needs are therefore at the forefront of decisions and actions. The focus is to enable more efficient and customer-based solutions through exploring and utilising synergistic opportunities in the value chain.

As stated in our Natural Fibre's Business Report, BKB introduced the global Responsible Wool Standard ("RWS") to South African wool growers in 2016, followed by the Responsible Mohair Standard ("RMS") for mohair growers in 2020. These global standards provide an opportunity for growers to demonstrate and reliably prove their best on-farm practices to their end market, ensuring a strong chain of custody for certified materials as they move through the supply chain. These standards require all sites to be certified, from the farmer through to the final business-to-business transaction. Post-farm, the subsequent stages of the supply chain are certified to the Textile Exchange Content Claim Standard, ensuring complete transparency and traceability from farm to shelf.

BKB, together with its subsidiary broker, House of Fibre, is proud to be the single largest supplier of RWS wool and RMS mohair in the world, with over 1 100 producers Group-wide, farming with approximately three million sheep and 440 000 Angora goats on an area of over seven million hectares of land. In complying with these standards, South African producers are well-positioned to continue supplying responsible quality wool and mohair to meet the growing market demand.

AUDIT AND RISK
COMMITTEE REPORT

The Audit and Risk Committee ("the committee") is pleased to present its report in terms of section 94(7) of the Companies Act. This report sets out how the committee discharged its responsibilities for the financial year ended 30 June 2021.

The committee is accountable to the Board and to the shareholders of BKB Limited. The committee is the Audit Committee for all companies in the BKB Group.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the committee are all independent non-executive directors of the Group who were appointed at the Annual General Meeting:

NAME	QUALIFICATION
H C Staple (Chairman)	BComm; CTA; CA (SA)
E A Meyer	BComm (Honours); CA (SA)
H J Swart	MComm (Agricultural Economics)
J F Janse van Rensburg	BCompt (Accounting); BCompt Hons; MBL

The committee is satisfied that the members have the required knowledge and experience as set out in the Companies Act. The committee is satisfied that it has fulfilled its governance and statutory responsibilities.

MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The committee held four meetings during the past financial year and all the members of the committee attended all the meetings.

The external auditors, PricewaterhouseCoopers Inc ("PwC"), attended and reported to all meetings of the committee. The external auditor has unrestricted access to this committee.

Executive directors, relevant general and senior managers, and representatives of the compliance and risk management functions, attended meetings by invitation.

The chair has regular meetings with the external auditors and the Group's Chief Executive Officer and Chief Financial Officer. Additional closed meetings with these parties are held by the committee.

EXTERNAL AUDITOR

The committee satisfied itself that the external auditor, PwC, is independent of the Group, both as defined by the Companies Act and the standards stipulated by the auditing profession. Assurance was provided by the external auditor that internal governance processes within the firm support and demonstrate appropriate independence.

The committee, in consultation with executive management, agreed to the terms of the statutory audit engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, scope and extent of the work required.

The committee considered and approved all non-audit services provided by the external auditor. The committee ensured that the scope of non-audit services rendered by the external auditors did not impair auditor independence.

The committee is recommending PwC for reappointment as external auditors and Mrs S Williams as the designated audit partner for the 2022 financial year.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The detailed duties of the committee are set out in its Charter. In summary, the committee's role is to provide independent oversight of the effectiveness of the Group's control environment, its assurance functions, risk management processes and the integrity of the Annual Financial Statements.

The committee reviewed the accounting policies, significant accounting matters and the going concern assessment applicable to the Annual Financial Statements of the Group for the year ended 30 June 2021. The committee ensured that these financial statements were in compliance with the requirements of the International Financial Reporting Standards and the Companies Act.

The committee discussed the findings and results of the audit with the external auditors. The external auditor's reports were reviewed and the committee is satisfied that appropriate actions were taken by management.

The committee considered the results of reviews performed by internal audit and ensured that processes are put in place by management to take the necessary corrective action where control weaknesses have been identified. The future structure, organisation and resourcing of the Group's internal audit function remains a focus area and is under review by the committee.

The committee reviewed the Group's risk and control environment assessments, including IT risks. This was done to ensure that risks are properly addressed. The Committee is satisfied with management's responses to findings and the actions taken to address and mitigate material risks.

The committee considered the adequacy and appropriateness of the controls in place to prevent, detect and monitor the occurrence of non-compliance with applicable laws and regulations. The committee is able to report that there have been no significant or material incidents of non-compliance with applicable laws and regulations during the year under review.

FINANCIAL FUNCTION AND CHIEF FINANCIAL OFFICER

The committee is satisfied that the Chief Financial Officer, Mr J A van Niekerk, has appropriate expertise and experience. The committee is also satisfied with the expertise and adequacy of resources of the Group's finance function.

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The committee reviewed the Annual Financial Statements of the Group and the Company and is satisfied that they comply with International Financial Reporting Standards in all material respects and also with the Companies Act.

The committee recommended the Annual Financial Statements to the Board of Directors for approval on 14 September 2021.

On behalf of Audit and Risk Committee

Charles Staple
Chairman: Audit and Risk Committee

14 September 2021

DIRECTORS'
RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records. They 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 and Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based on 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 Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board 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 Group. All employees are required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that is above reproach.

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

The directors are of the opinion that, based on the information and explanations given by management, 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 and Group's cash flow forecast for the year to 30 June 2022. In light of this review and the current financial position, they are satisfied that the Company and Group have access to adequate banking facilities and cash resources to continue their operations for the foreseeable future.

Based on the prevailing financial position of the Company and of the Group, budgets for the coming year and available banking facilities and credit lines, the directors have no reason to believe that the Company and Group will not be a going concern. The Annual Financial Statements for both the Company and the Group have therefore been prepared on a going concern basis.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditor is responsible for independently auditing and reporting on the Company and Group's financial statements. The financial statements have been examined by the Company and Group's external auditor and their unqualified report is presented on pages 46 to 47.

The Company and Group Annual Financial Statements on pages 49 to 110 were prepared under the supervision of Mr J A van Niekerk (CA (SA))

The Annual Financial Statements for the year ended 30 June 2021 were approved by the Board on 14 September 2021 and signed on their behalf by:

APPROVAL OF FINANCIAL STATEMENTS

Geoff Kingwill
Chairman: BKB Board of Directors

Johan Stumpf
Managing director

GROUP SECRETARY'S DECLARATION

In my opinion as Group Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 30 June 2021, that the Group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ms J Oosthuizen
Group Secretary

14 September 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the Annual Financial Statements of the Company and the Group for the year ended 30 June 2021.

NATURE OF BUSINESS

The Company is incorporated and domiciled in South Africa with interests in the Agriculture industry. The activities of the Group are undertaken through the Company and its principal subsidiaries. The Group operates in South Africa, Lesotho and Eswatini.

The Group's business broadly entails the handling and marketing of agricultural products (wool, mohair, grain, sugar, fruit and livestock), the provision of farming requisites, financing and other related activities.

There have been no material changes to the nature of the Group's business from the prior year.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Company and the Group are set out in these consolidated and separate Annual Financial Statements.

SHARE CAPITAL

	2021	2020	2021	2020
	Rand		Number of shares	
Authorised				
Ordinary shares	–	–	200 000 000	200 000 000
Issued				
Ordinary shares	4 420 354	4 420 354	88 407 075	88 407 075

There has been no change to the authorised and issued share capital during the year under review.

AUTHORITY TO BUY BACK SHARES

At the Annual General Meeting held on 25 November 2020, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act, by way of special resolution, for the acquisition of its own shares. No shares were bought back during the year.

CONTROL OVER UNISSUED SHARES

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. This general authority remains valid until the next AGM.

DIVIDENDS

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

At the Board meeting on 14 September 2021, the directors proposed a gross dividend to shareholders of 40 cents per share (2020: 5 cents per share). Proposed dividends to be paid will amount to R35 161 141 (2020: R4 174 333).

Refer to Note 18 of the consolidated and separate Annual Financial Statements for details of the Group Share Incentive Scheme.

DIRECTORATE

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

DIRECTORS	OFFICE	DESIGNATION	NATIONALITY	CHANGES
J E Stumpf	Chief Executive Officer	Executive	South Africa	
A S du Toit	Executive director	Executive	South Africa	
J A van Niekerk	Financial director	Executive	South Africa	
G E J Kingwill	Chairman	Non-executive	South Africa	
H J Swart	Vice-Chairman	Non-executive	South Africa	
P G Carshagen		Non-executive	South Africa	
C D Hobson		Non-executive	South Africa	
J F Janse van Rensburg		Non-executive	South Africa	
M H Jonas		Non-executive	South Africa	
E A Meyer		Non-executive	South Africa	
V Pillay		Non-executive	South Africa	
H C Staple		Non-executive	South Africa	
D C Louw		Non-executive	South Africa	Retired

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2021, the directors of the Company held direct and indirect beneficial interests in 0.36% (2020: 2.11%) of its issued ordinary shares, as set out below.

	2021	2020
	Number of Shares	
Non-executive directors	320 660	1 866 934
Executive directors	–	–
Total	320 660	1 866 934

The register of interests of directors and others in shares of the Company is available to the shareholders upon request.

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

DIRECTORS' REPORT *continued*

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, contracts in which directors or officers of the Group had an interest and significantly affected the business of the Group were not entered into.

INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies are presented in the company Annual Financial Statements in Note 7.

Apart from Atlanta Investments (Pty) Ltd, Atlanta Products (Pty) Ltd, Oceanic Swaziland (Pty) Ltd and Lihoai Consultancy (Pty) Ltd, all subsidiaries are incorporated in South Africa.

There were no significant acquisitions or divestitures during the year ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events occurring after the reporting date and up to the date of this report that would have a material impact on these Annual Financial Statements.

AUDITORS

PwC continued in office as external auditors for the Company and its subsidiaries for 2021.

At the AGM, the shareholders will be requested to reappoint PwC as the independent external auditors of the Group and to confirm Mrs. S Williams as the designated lead audit partner for the 2022 financial year.

SECRETARY

The Company Secretary is Johanette Oosthuizen.

BUSINESS ADDRESS

61 Grahamstown Road
North End
Gqeberha
6001

REGISTERED OFFICE

The Company's registered office is at 61 Grahamstown Road, North End, Gqeberha.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BKB LIMITED

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of BKB Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

BKB Limited's consolidated and separate financial statements set out on pages 49 to 110 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

INDEPENDENCE

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual Report 2021", which includes the Directors' Report, the Audit and Risk Committee Report and the Group Secretary's Declaration as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

PricewaterhouseCoopers Inc.
Director: AF Puggia
Registered Auditor
Gqeberha, South Africa
15 September 2021

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

ANNUAL

FINANCIAL STATEMENTS

CONTENTS

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

		Group		Company	
		2021	2020	2021	2020
	Notes	R'000	R'000	R'000	R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	887 841	844 666	410 584	405 180
Right-of-use assets	3	66 123	56 140	36 182	32 551
Investment property	4	35 323	35 528	1 312	1 517
Intangible assets	5	85 172	91 592	20 272	26 065
Investments in subsidiaries	7	-	-	312 311	311 250
Investment in associates	8	8 450	-	-	-
Loans to group companies	9	-	-	106 778	90 150
Trade and other receivables	10	22 322	24 578	11 977	13 823
Deferred tax assets	11	29 288	23 170	-	-
		1 134 519	1 075 674	899 416	880 536
Current assets					
Inventories	12	710 447	750 691	370 917	324 839
Loans to group companies	9	-	-	291 941	316 941
Trade and other receivables	10	888 499	882 662	443 679	547 808
Derivatives	13	1 004	13 381	-	-
Other financial assets	14	20 700	317	-	-
Current income tax assets		682	2 770	-	1 751
Cash and cash equivalents	15	69 348	75 139	1 488	47 227
		1 690 680	1 724 960	1 108 025	1 238 566
Assets classified as held for sale	16	10 957	-	10 957	-
Total current assets		1 701 637	1 724 960	1 118 982	1 238 566
Total assets		2 836 156	2 800 634	2 018 398	2 119 102
EQUITY					
Capital and reserves					
Share capital	17	4 420	4 420	4 420	4 420
Share premium account		218 950	218 950	197 583	197 583
Treasury shares		(120 713)	(120 713)	-	-
Non-distributable reserves		162 111	151 458	149 488	146 778
Distributable reserves		1 022 905	921 191	747 364	695 473
Capital and reserves attributable to owners of the parent		1 287 673	1 175 306	1 098 855	1 044 254
Non-controlling interest		(206)	-	-	-
Total equity		1 287 467	1 175 306	1 098 855	1 044 254
LIABILITIES					
Non-current liabilities					
Borrowings	19	116 493	137 170	74 570	92 191
Lease liabilities	3	60 235	51 035	35 528	33 098
Post-retirement medical aid liabilities	20	6 302	6 802	6 302	6 802
Deferred tax liabilities	11	45 895	47 776	21 877	32 304
Provisions	21	8 295	8 086	8 295	8 086
		237 220	250 869	146 572	172 481
Current liabilities					
Trade and other payables	22	588 212	603 267	266 883	270 608
Loans from group companies	23	-	-	22 586	45 436
Borrowings	19	547 541	657 012	467 141	584 239
Financial liabilities at fair value	24	21 056	26 173	-	-
Derivatives	13	8 566	5 869	483	285
Lease liabilities	3	12 014	8 685	4 783	1 799
Current income tax liabilities		1 821	884	230	-
Bank overdrafts	15	122 940	72 569	1 546	-
		1 302 150	1 374 459	763 652	902 367
Liabilities directly associated with assets classified as held for sale	16	9 319	-	9 319	-
Total current liabilities		1 311 469	1 374 459	772 971	902 367
Total liabilities		1 548 689	1 625 328	919 543	1 074 848
Total equity and liabilities		2 836 156	2 800 634	2 018 398	2 119 102

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Value of business conducted	25	13 213 136	11 100 715	6 223 656	5 358 824
Revenue from contracts with customers	26	5 544 979	4 992 180	2 778 213	2 496 012
Cost of sales	27	(4 389 925)	(4 020 683)	(2 135 197)	(1 945 544)
Gross profit		1 155 054	971 497	643 016	550 468
Other operating income	28	49 946	42 817	17 559	17 020
Administrative and other expenses	29	(977 382)	(898 091)	(582 871)	(516 157)
Impairment of financial assets	29	(12 012)	(11 873)	(6 418)	(4 755)
Loss from equity accounted investments	29	(238)	-	-	-
Operating profit		215 368	104 350	71 286	46 576
Dividends from subsidiaries		-	-	18 437	20 021
Finance income	30	5 152	3 841	33 014	41 961
Finance costs	31	(71 669)	(89 423)	(55 157)	(68 071)
Profit before taxation		148 851	18 768	67 580	40 487
Income tax expense	32	(43 934)	(10 200)	(11 803)	(4 527)
Profit for the year		104 917	8 568	55 777	35 960
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Movement in reserve on revaluation of properties		(2 036)	2 545	-	-
(Losses)/gains on property revaluations		(2 828)	3 535	-	-
Income tax relating to items that will not be reclassified		792	(990)	-	-
Items that will be reclassified to profit or loss:					
Movement in cash flow hedge reserve		9 978	(10 156)	-	-
Fair value adjustments to cash flow hedge reserve		45 135	(43 660)	-	-
Reclassification to profit or loss		(29 622)	29 554	-	-
Income tax relating to items that may be reclassified		(5 535)	3 950	-	-
Other comprehensive income/(loss) for the year net of taxation		7 942	(7 611)	-	-
Total comprehensive income for the year		112 859	957	55 777	35 960
Profit attributable to:					
Owners of the parent		105 123	15 303		
Non-controlling interest		(206)	(6 735)		
		104 917	8 568		
Total comprehensive income attributable to:					
Owners of the parent		113 065	14 472		
Non-controlling interest		(206)	(13 515)		
		112 859	957		
Basic earnings per share (cents)	33	133.3	19.4		
Diluted earnings per share (cents)	33	133.3	19.4		
Dividends per share (cents)	33	5.0	10.0		

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

STATEMENTS OF CHANGES IN EQUITY

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Share capital				
Balance at the beginning and end of the year	4 420	4 420	4 420	4 420
Share premium account				
Balance at the beginning and end of the year	218 950	218 950	197 583	197 583
Treasury shares				
Balance at the beginning of the year	(120 713)	(120 650)	-	-
Share movement during the year	-	(63)	-	-
Balance at the end of the year	(120 713)	(120 713)	-	-
Non-distributable reserves				
Reserve on revaluation of properties				
Balance at the beginning of the year	155 624	152 945	143 706	143 706
Revaluations	(2 828)	3 535	-	-
Deferred tax on revaluations	792	(990)	-	-
Purchase of 25% shares in Desert Raisins (Pty) Ltd	-	134	-	-
Transfer to distributable reserves	(384)	-	(384)	-
Balance at the end of the year	153 204	155 624	143 322	143 706
Cash flow hedge reserve				
Balance at the beginning of the year	(7 238)	2 536	-	-
Fair value adjustments to cash flow hedge reserve	45 136	(34 243)	-	-
Reclassification to profit or loss	(29 622)	29 554	-	-
Income tax relating to items that may be reclassified	(5 535)	1 313	-	-
Purchase of 25% shares in Desert Raisins (Pty) Ltd	-	(6 398)	-	-
Balance at the end of the year	2 741	(7 238)	-	-
Share based payment reserve				
Balance at the beginning of the year	-	-	-	-
Employee share scheme - value of employee services	3 094	-	3 094	-
Balance at the end of the year	3 094	-	3 094	-
Black economic empowerment reserve				
Balance at the beginning and end of the year	2 439	2 439	2 439	2 439
Unissued share reserve				
Balance at the beginning and end of the year	633	633	633	633
	162 111	151 458	149 488	146 778
Distributable reserves				
Retained earnings				
Balance at the beginning of the year	921 191	914 313	695 473	668 354
Profit for the year	105 123	15 303	55 777	35 960
Dividends	(3 943)	(7 886)	(4 420)	(8 841)
Purchase of 25% shares in Desert Raisins (Pty) Ltd	-	(539)	-	-
Transfer from revaluation reserve	534	-	534	-
Balance at the end of the year	1 022 905	921 191	747 364	695 473
Non-controlling interest				
Balance at the beginning of the year	-	8 712	-	-
Loss for the year	(206)	(6 735)	-	-
Other comprehensive loss	-	(6 780)	-	-
Sale of non-controlling interest in Desert Raisins (Pty) Ltd	-	4 803	-	-
Balance at the end of the year	(206)	-	-	-
	1 287 467	1 175 306	1 098 855	1 044 254

STATEMENTS OF CASH FLOWS

	Notes	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Cash flow from operating activities					
Cash receipts from customers		13 257 245	11 032 307	6 345 344	5 279 421
Cash paid to suppliers and employees		(12 943 239)	(10 746 760)	(6 191 919)	(5 265 261)
Cash generated from operating activities	34	314 006	285 547	153 425	14 160
Interest received		5 152	3 841	33 014	41 961
Interest paid		(71 669)	(89 423)	(55 157)	(68 071)
Taxation paid	35	(53 501)	(22 659)	(20 099)	(5 258)
		193 988	177 306	111 183	(17 208)
Cash flow from investing activities					
Purchase of property, plant and equipment		(101 128)	(56 753)	(25 049)	(18 671)
Sale of property, plant and equipment		10 663	11 202	5 773	2 783
Purchase of non-controlling interest		-	(2 000)	-	-
Purchase of other intangible assets		(3 310)	(2 926)	(1 375)	(693)
Business combinations		-	(1 500)	-	-
Sale of other intangible assets		405	-	-	2 319
Increase in investment in subsidiaries		-	-	(770)	(15 000)
Increase in investment in associate		(8 688)	-	-	-
Advances of non-current receivables		(4 447)	(3 923)	(4 447)	(3 923)
Repayment of non-current receivables		6 703	34 761	6 293	4 088
Loans advanced to group companies		-	-	(1 557 298)	(1 480 969)
Loans repaid by group companies		-	-	1 542 820	1 648 040
Dividends received from group companies		-	-	18 437	20 021
		(99 802)	(21 139)	(15 616)	157 995
Cash flow from financing activities					
Dividends paid		(3 943)	(7 886)	(4 420)	(8 841)
Cash paid on share movements		-	(63)	-	-
Proceeds from borrowings		114 801	123 104	-	-
Repayment of borrowings		(130 183)	(125 004)	(19 953)	(10 143)
Proceeds from financial liabilities at fair value through profit or loss		978 198	1 013 423	-	-
Repayments of financial liabilities at fair value through profit or loss		(983 316)	(1 040 092)	-	-
Principal elements of lease payments		(11 138)	(7 836)	(3 713)	(1 385)
		(35 581)	(44 354)	(28 086)	(20 369)
Total cash movement for the year		58 605	111 813	67 481	120 418
Cash and cash equivalents beginning of the year		2 570	(49 243)	47 227	(13 191)
Movement in cash credit accounts		(114 767)	(60 000)	(114 766)	(60 000)
Cash and cash equivalents end of the year	15	(53 592)	2 570	(58)	47 227

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

1 Segmental information

The Group has identified reportable segments which represent the structure used by the board of directors and executive management to make key strategic and operating decisions and assess performance.

The Group has eight reportable segments within which the Group's strategic business units (SBUs) fall.

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

Reportable segment	Products and services
Brokerage services	Comprises marketing by auction, trading, warehousing and logistics of wool and mohair for both the producer and buyer.
Trading	Comprises retail trading branches throughout the country specializing in agricultural requisites.
Livestock and properties	Comprises the marketing and auctioneering of livestock, general farming implements and agricultural, commercial and residential properties.
Technology	Comprises the digital transformation business units.
Leasing of properties	The leasing of warehouse and office space.
Fruit	Comprises the processing, distribution and marketing of dried fruits, predominantly in foreign markets.
Grain	Comprises the trading in grain commodities, grain storage and handling, maize milling and lucerne processing.
Sugar	Comprises the packaging, distribution and sales of sugar and agro based consumer goods.

The SBUs offer different services and are managed separately as they require different skills, technology and marketing strategies.

Segmental revenue and results

The executive directors assess the performance of the operating segments based on a measure of adjusted value of business conducted, revenue and profit before tax. This measurement basis includes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

Operating segments	Segment revenue - internal	Segment revenue - external	Profit/ (loss) before tax	Depreciation and amortisation	Human resource/ staff costs	Net finance (expense)/ income	Taxation
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2021							
Brokerage services	73 979	1 059 384	70 014	(14 947)	(157 676)	(22 270)	(19 404)
Trading	427	1 814 305	35 702	(7 553)	(95 615)	(21 221)	(9 999)
Livestock and properties	-	233 278	42 232	(9 551)	(114 063)	(9 218)	(12 082)
Technology	6 438	25 877	(9 535)	(1 030)	(13 021)	(2211)	(965)
Leasing of properties	39 143	4 045	27 822	(829)	(451)	(1 355)	(7 672)
Fruit	-	347 573	(11 604)	(1 429)	(7 126)	(17 521)	3 401
Grain	53 688	1 249 464	838	(1 977)	(42 888)	(23 160)	(478)
Sugar	726 311	805 614	55 810	(1 723)	(21 526)	3 424	(16 020)
All other segments	74 032	5 439	(62 428)	(3 083)	(59 218)	27 015	19 285
Total	974 018	5 544 979	148 851	(42 122)	(511 584)	(66 517)	(43 934)
2020							
Brokerage services	53 542	775 624	25 243	(11 531)	(155 056)	(24 720)	(7 071)
Trading	1 698	1 774 762	27 785	(7 339)	(90 834)	(26 069)	(7 780)
Livestock and properties	-	176 414	13 884	(8 529)	(96 759)	(6 663)	(3 925)
Technology	1 428	21 000	(10 129)	(753)	(12 026)	(333)	(3 212)
Leasing of properties	37 463	4 767	24 209	(593)	(422)	(1 599)	(6 775)
Fruit	-	358 039	(56 847)	(6 036)	(8 699)	(27 948)	15 768
Grain	75 394	995 033	1 017	(918)	(38 555)	(27 501)	551
Sugar	772 044	882 556	40 927	(2 474)	(19 027)	(251)	(12 012)
All other segments	93 259	3 985	(47 321)	(2 919)	(46 079)	29 502	14 256
Total	1 034 828	4 992 180	18 768	(41 092)	(467 457)	(85 582)	(10 200)

1 Segmental information (continued)

Segment assets and liabilities

The amounts provided to the board of directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Investments in shares held by the Group are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets, other than financial instruments and deferred tax assets.

The amounts provided to the board of directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statements of financial position.

	2021		2020	
	Total assets R'000	Total liabilities R'000	Total assets R'000	Total liabilities R'000
Brokerage services	535 133	80 025	566 832	155 421
Trading	484 797	337 263	444 595	316 096
Livestock and properties	370 357	188 692	261 783	107 716
Technology	21 729	43 800	20 239	31 919
Leasing of properties	606 219	78 739	588 751	76 214
Fruit	277 264	324 499	387 947	430 015
Grain	733 768	506 124	617 092	390 668
Sugar	233 061	55 702	209 704	63 906
All other segments	138 263	498 281	210 531	560 213
Total	3 400 591	2 113 125	3 307 474	2 132 168
Reconciling items				
Inter-segment loans	(564 435)	(564 436)	(506 840)	(506 840)
Total as per statements of financial position	2 836 156	1 548 689	2 800 634	1 625 328

Geographical information

	2021			2020		
	Revenue - internal R'000	Revenue - external R'000	Non-current Assets R'000	Revenue - internal R'000	Revenue - external R'000	Non-current Assets R'000
South Africa	241 043	5 542 356	1 056 481	262 784	4 983 269	996 908
Eswatini	726 311	2 623	55 716	772 044	8 911	54 188
Lesotho	6 664	-	-	-	-	-
Total	974 018	5 544 979	1 112 197	1 034 828	4 992 180	1 051 096

Non-current assets reconcile to the statements of financial position through non-current receivables of R22.3 million (2020: R24.6 million).

Included in non-current assets situated in South Africa are assets of R9.3 million classified as held for sale at 30 June 2021.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

2 Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Computer equipment	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group							
Year ended 30 June 2021							
Opening net book value	451 451	303 102	72 816	4 994	4 199	8 104	844 666
Additions	31 618	35 512	22 884	1 283	1 161	8 670	101 128
Disposals	(2 225)	(1 957)	(6 549)	(43)	(17)	(374)	(11 165)
Transfers	465	(489)	-	12	12	-	-
Revaluations	(1 002)	-	-	-	-	-	(1 002)
Depreciation	(768)	(28 143)	(10 264)	(858)	(1 226)	(4 527)	(45 786)
Closing net book value	479 539	308 025	78 887	5 388	4 129	11 873	887 841
At 30 June 2021							
Cost or fair value	481 135	432 648	127 336	12 446	12 897	37 231	1 103 693
Accumulated depreciation	(1 596)	(124 623)	(48 449)	(7 058)	(8 768)	(25 358)	(215 852)
Net book value	479 539	308 025	78 887	5 388	4 129	11 873	887 841
Year ended 30 June 2020							
Opening net book value	442 998	303 792	74 051	4 872	4 657	5 957	836 327
Additions	3 816	31 287	13 990	1 014	629	6 017	56 753
Disposals	(889)	(2 419)	(4 545)	(42)	(1)	(526)	(8 422)
Transfers	2 633	(2 821)	-	(36)	108	116	-
Revaluations	3 535	-	-	-	-	-	3 535
Depreciation	(642)	(26 737)	(10 680)	(814)	(1 194)	(3 460)	(43 527)
Closing net book value	451 451	303 102	72 816	4 994	4 199	8 104	844 666
At 30 June 2020							
Cost or fair value	452 279	401 539	119 502	11 741	11 876	31 537	1 028 474
Accumulated depreciation	(828)	(98 437)	(46 686)	(6 747)	(7 677)	(23 433)	(183 808)
Net book value	451 451	303 102	72 816	4 994	4 199	8 104	844 666

	Land and buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Computer equipment	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Company							
Year ended 30 June 2021							
Opening net book value	320 242	42 553	29 786	3 885	3 690	5 024	405 180
Additions	6 166	4 698	6 269	1 044	901	5 971	25 049
Disposals	(2 225)	(1 100)	(2 176)	(10)	(8)	(64)	(5 583)
Revaluations	(168)	-	-	-	-	-	(168)
Depreciation	-	(5 154)	(4 118)	(612)	(1 058)	(2 952)	(13 894)
Closing net book value	324 015	40 997	29 761	4 307	3 525	7 979	410 584
At 30 June 2021							
Cost or fair value	324 015	71 872	58 884	10 265	10 872	26 666	502 574
Accumulated depreciation	-	(30 875)	(29 123)	(5 958)	(7 347)	(18 687)	(91 990)
Net book value	324 015	40 997	29 761	4 307	3 525	7 979	410 584

2 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Computer equipment	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Company							
Year ended 30 June 2020							
Opening net book value	318 166	40 360	32 066	3 988	4 176	3 896	402 652
Additions	2 076	7 710	4 196	480	492	3 717	18 671
Disposals	-	(642)	(1 782)	(23)	(1)	(504)	(2 952)
Depreciation	-	(4 875)	(4 694)	(560)	(977)	(2 085)	(13 191)
Closing net book value	320 242	42 553	29 786	3 885	3 690	5 024	405 180
At 30 June 2020							
Cost or fair value	320 242	69 763	58 392	9 276	10 027	21 964	489 664
Accumulated depreciation	-	(27 210)	(28 606)	(5 391)	(6 337)	(16 940)	(84 484)
Net book value	320 242	42 553	29 786	3 885	3 690	5 024	405 180

Net carrying amounts of assets under instalment sale agreements

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Plant and machinery	68 180	67 623	-	-
Motor vehicles	9 049	8 761	-	-
	77 229	76 384	-	-

Revaluations

Revaluations are performed every three years on the Group's office building and fibre warehouse as well on its processing and packaging plants. Trading branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas.

Refer to note 44 for specific details regarding the valuation of the land and buildings.

The carrying value of the revalued assets under the cost model would have been:

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Land and buildings	261 155	232 530	124 049	120 108

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

Included in the Group value of buildings above is a 50% share of the property owned by Bethlehem Veilingskrale (Pty) Ltd. The 50% interest is valued at R1 191 000 (2020: R1 050 000).

The cost of assets includes assets in progress to the value of R2 170 838 (2020: R2 715 607) for the Group and R1 995 405 (2020: R757 472) for the Company.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

3 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of six months to seventeen years. This note provides information for leases where the Group is a lessee.

Amounts recognised in the Statements of Financial Position
The statements of financial position show the following amounts relating to leases:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Right-of-use assets				
Buildings	58 500	47 898	31 714	29 325
Equipment	3 823	2 142	2 308	-
Vehicles	3 800	6 100	2 160	3 226
	66 123	56 140	36 182	32 551
Lease liabilities				
Current	12 014	8 685	4 783	1 799
Non-Current	60 235	51 035	35 528	33 098
	72 249	59 720	40 311	34 897

The maturity analysis of lease liabilities is set out in Note 43.

Additions to the right-of-use assets during the year were	33 022	5 549	18 482	1 772

Amounts recognised in the Statements of Profit or Loss
The statements of profit or loss show the following amounts relating to leases:

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Depreciation charge of right-of-use assets				
Buildings	11 276	8 412	5 528	3 038
Equipment	792	685	165	-
Vehicles	2 879	2 319	1 066	693
	14 947	11 416	6 759	3 731
Interest expense	6 648	5 926	4 258	3 261
Expenses relating to short-term leases	16 060	17 586	1 156	2 036
Expenses relating to leases of low-value assets	8 986	6 283	1 188	252
Expenses relating to variable lease payments	15 657	9 239	1 530	961
Total cash outflow for leases were	58 489	46 870	11 845	7 895

Variable lease payments
Some property leases contain variable payment terms that are linked to value of business generated at auctions. Lease payments are calculated on the basis of 1% of value of business. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for auctions held. Variable lease payments that depend on turnover are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
4 Investment property				
Balance at the beginning of the year	35 528	35 528	1 517	1 517
Fair value adjustments	(205)	-	(205)	-
Balance at the end of the year	35 323	35 528	1 312	1 517
Amounts recognised in profit and loss for the year				
Rental income	2 451	3 266	971	1 108
Direct operating expenses	(3 197)	(2 584)	(791)	(656)

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
5 Intangible Assets				
Goodwill				
Balance at the beginning of the year	61 678	63 539	4 500	4 500
Impairment	-	(1 861)	-	-
Balance at the end of the year	61 678	61 678	4 500	4 500
Goodwill relates to the acquisitions of:				
Atlanta Products (Pty) Ltd	19 346	19 346	-	-
BKB Van Wyk (Pty) Ltd	16 216	16 216	-	-
BKBLouwid (Pty) Ltd	6 876	6 876	-	-
Grainco (Pty) Ltd	13 716	13 716	-	-
Riverview - BKB Limited	4 500	4 500	4 500	4 500
Wool and Mohair Exchange NPC	1 024	1 024	-	-
	61 678	61 678	4 500	4 500
Goodwill allocation per operating segment:				
Grain	13 716	13 716	-	-
Leasing of properties	1 024	1 024	-	-
Livestock and properties	27 592	27 592	4 500	4 500
Sugar	19 346	19 346	-	-
	61 678	61 678	4 500	4 500
Trade rights				
Balance at the beginning of the year	10 489	11 576	10 489	11 576
Classified as held for sale	(2 900)	-	(2 900)	-
Amortisation	(1 047)	(1 087)	(1 047)	(1 087)
Balance at the end of the year	6 542	10 489	6 542	10 489
Cost	9 072	12 652	9 072	12 652
Accumulated amortisation and impairment	(2 530)	(2 163)	(2 530)	(2 163)
	6 542	10 489	6 542	10 489
Trade rights comprises of:				
Trade rights - Beaufort West driveway	2 845	3 111	2 845	3 111
Trade rights - Hanover driveway	-	3 100	-	3 100
Auction rights - Riverview Trading	1 530	1 710	1 530	1 710
Auction rights - Slabbert,Verster & Malherbe	2 167	2 568	2 167	2 568
	6 542	10 489	6 542	10 489
Brand names				
Balance at the beginning of the year	1 821	15 193	-	-
Impairment	-	(10 490)	-	-
Amortisation	(260)	(2 882)	-	-
Balance at the end of the year	1 561	1 821	-	-
Cost	28 022	28 022	-	-
Accumulated amortisation and impairment	(26 461)	(26 201)	-	-
	1 561	1 821	-	-
Brand names comprises of:				
BKB Van Wyk (Pty) Ltd	1 561	1 821	-	-
	1 561	1 821	-	-
Client lists and relationships				
Balance at the beginning of the year	4 701	7 195	3 451	3 871
Acquired through business combinations	-	1 500	-	-
Amortisation	(1 170)	(2 851)	(420)	(420)
Impairment	-	(1 143)	-	-
Balance at the end of the year	3 531	4 701	3 031	3 451
Cost	68 874	68 624	4 011	4 011
Accumulated amortisation and impairment	(65 343)	(63 923)	(980)	(560)
	3 531	4 701	3 031	3 451
Client lists and relationships comprises of:				
Riverview Trading	3 031	3 451	3 031	3 451
Solomons & Crafford	500	1 250	-	-
	3 531	4 701	3 031	3 451

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
5 Intangible Assets (continued)				
Computer software				
Balance at the beginning of the year	12 903	16 367	7 625	11 665
Additions	3 310	2 926	1 375	693
Disposals	(405)	-	-	(2 319)
Amortisation	(3 948)	(4 109)	(2 801)	(2 414)
Impairment	-	(2 281)	-	-
Balance at the end of the year	11 860	12 903	6 199	7 625
Cost	33 220	35 063	24 662	23 288
Accumulated amortisation and impairment	(21 360)	(22 160)	(18 463)	(15 663)
	11 860	12 903	6 199	7 625
	85 172	91 592	20 272	26 065

The cost of assets includes assets in progress to the value of R42 675 (2020 :R163 342) for the Group and R163 342 for the 2020 financial year for the Company. The remaining useful lives for intangible assets carried at amortised cost is six years for brand names, one to eight years for client lists, five to eleven years for trade rights and two to eight years for computer software.

6 Impairment of assets

Value in use

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to internal Company structure and/or business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management, and a terminal value, where applicable. The discount rates used in the impairment calculations were determined based on the weighted average cost of capital (WACC).

The period over which management has projected cash flows is based on financial budgets approved by management for the next financial year which was then further projected for another four years.

The growth rate used to extrapolate cash flow projections beyond the period covered in the calculation was based on most recent budgets.

Significant assumption used	BKBLouwid (Pty) Ltd	BKB van Wyk (Pty) Ltd	Atlanta Products (Pty) Ltd	GrainCo (Pty) Ltd
Revenue growth rate	5.0%	5.0%	7.5%	3.0%
Terminal growth rate	2.5%	2.5%	3.8%	3.0%
Gross profit percentage	-	-	5.2%	73.0%
Commission percentage	4.9%	5.8%	-	-
Post-tax discount rate	14.6%	14.6%	15.3%	14.5%
	R'000	R'000	R'000	R'000
Value in use (recoverable amount)	131 017	89 463	136 219	122 309
Value in use exceeds carrying amount	104 193	63 263	52 899	18 951

No impairment of goodwill arose due to the value-in-use impairment calculations, supporting current carrying values.

Sensitivity of key assumptions

The impairment tests were performed at 30 June 2021. The recoverable amounts were determined on the basis of the value-in-use using the discounted cash flow method. The basis for projecting future cash flows is the business plans prepared by management for the five years 2022 to 2026. These plans take into consideration historical empirical values and management's expectations regarding the future development of the relevant markets. The impairment tests took into account the assumptions tabled above.

The recoverable amounts of the cash-generating units would equal their carrying amounts if management assumptions were changed to the following:

Impact of changes in key assumptions	BKBLouwid (Pty) Ltd	BKB van Wyk (Pty) Ltd	Atlanta Products (Pty) Ltd	GrainCo (Pty) Ltd
Revenue growth rate	-11.1%	-8.0%	-1.0%	0.9%
Gross profit	-	-	4.2%	0.8%

NOTES TO THE FINANCIAL STATEMENTS

7 Investments in subsidiaries

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

	Company			
	2021 % holding	**2020 % holding**	**2021 R'000**	**2020 R'000**
BKB Shearing (Pty) Ltd	100%	100%	-	-
Lihoai Consultancy (Pty) Ltd	100%	100%	-	-
Anzomix (Pty) Ltd	100%	100%	-	-
The House of Fibre (Pty) Ltd	100%	100%	-	-
BKB Pinnacle Fibres (Pty) Ltd	100%	100%	13	13
BKB Fuels (Pty) Ltd	100%	0%	-	-
BKB Distribution Centre (Pty) Ltd	100%	100%	-	-
Home & Hectare (Pty) Ltd	100%	100%	-	-
BKBLouwid (Pty) Ltd	100%	100%	7 338	7 338
BKB Van Wyk (Pty) Ltd	100%	100%	5	5
Hoëveld Veilingsentrum (Pty) Ltd	50%	0%	770	-
Shift Digital Acceleration (Pty) Ltd	100%	100%	110	1
RFID Africa Experts (Pty) Ltd	100%	100%	-	-
Wool & Mohair Exchange of South Africa NPC	100%	100%	3 966	3 966
Billsons Coutts (Pty) Ltd	100%	100%	37 001	37 001
PaKHouse Brands (Pty) Ltd	100%	100%	262 926	262 926
Atlanta Sugar (Pty) Ltd	100%	100%	-	-
Atlanta Sugar SA (Pty) Ltd	100%	100%	182	-
Atlanta Investments (Pty) Ltd	100%	100%	-	-
Atlanta Products (Pty) Ltd	100%	100%	-	-
Oceanic Swaziland (Pty) Ltd	100%	100%	-	-
Grainco Group Holdings (Pty) Ltd	100%	100%	-	-
AlphaAlfa (Pty) Ltd	100%	100%	-	-
BKB Grainco (Pty) Ltd	100%	100%	-	-
Grainco (Pty) Ltd	100%	100%	-	-
Gritco Properties (Pty) Ltd	100%	100%	-	-
Pakhouse Fruits Holdings (Pty) Ltd	100%	100%	-	-
Desert Raisins (Pty) Ltd	100%	100%	-	-
			312 311	311 250

8 Investment in associates

The following table lists the entities which the Group have significant influence over.

	Group			
	2021 % holding	**2020 % holding**	**2021 R'000**	**2020 R'000**
Nutopia Agri Developments (Pty) Ltd	50%	0%	8 450	-

Summarised financial information for associates

The tables below provide summarised financial information of the associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2021 R'000	**2020 R'000**
Summarised Statement of Financial Position		
Total assets	17 529	-
Total liabilities	(15 563)	-
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	526	-
Loss for the year	(534)	-

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
9 Loans to group companies				
The House of Fibre (Pty) Ltd	-	-	-	13 196
Lihoai Consultancy (Pty) Ltd	-	-	-	21
BKB Pinnacle Fibres (Pty) Ltd	-	-	1 472	-
BKB Distribution Centre (Pty) Ltd	-	-	2 049	-
BKBLouwid (Pty) Ltd	-	-	44 718	14 812
Hoëveld Veilingsentrum (Pty) Ltd	-	-	9 638	-
Shift Digital Acceleration (Pty) Ltd	-	-	11 381	7 432
RFID Africa Experts (Pty) Ltd	-	-	22 813	16 407
Wool & Mohair Exchange of South Africa NPC	-	-	5 755	5 768
Billsons Coutts (Pty) Ltd	-	-	7 766	8 411
PaKHouse Brands (Pty) Ltd	-	-	3 630	4 591
Atlanta Sugar (Pty) Ltd	-	-	97	97
Atlanta Sugar SA (Pty) Ltd	-	-	661	-
Atlanta Products (Pty) Ltd	-	-	473	494
Grainco Group Holdings (Pty) Ltd	-	-	126 408	95 963
Pakhouse Fruits Holdings (Pty) Ltd	-	-	72 584	72 584
Desert Raisins (Pty) Ltd	-	-	97 181	172 618
	-	-	406 626	412 394
Loss allowance - IFRS 9	-	-	(7 907)	(5 303)
	-	-	398 719	407 091

Loans to subsidiaries are payable on demand and interest is charged at a prime related interest rate except for a fixed repayment loan of R1 156 971 (2020: R3 019 049) included in the Desert Raisins (Pty) Ltd's balance. The loan is repayable in monthly instalments of R169 718 (2020: R170 046).

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Non-current assets	-	-	106 778	90 150
Current assets	-	-	291 941	316 941
	-	-	398 719	407 091

10 Trade and other receivables

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Financial instruments				
Trade receivables	790 437	791 185	309 692	398 619
Trade receivables - loans to employees	19 215	18 957	10 134	10 124
Loss allowance	(19 852)	(13 905)	(9 372)	(6 656)
Trade receivables at amortised cost	789 800	796 237	310 454	402 087
Receivable from BKB Personnel Share Trust	-	-	102 659	102 768
Other receivables	37 076	29 632	18 454	23 731
Non-financial instruments				
VAT	39 360	50 375	17 721	26 207
Deposits	34 811	17 414	2 301	179
Prepayments	9 775	13 583	4 069	6 659
	910 822	907 241	455 658	561 631
Non-current assets	22 322	24 578	11 977	13 823
Current assets	888 499	882 662	443 679	547 808
	910 821	907 240	455 656	561 631

Exposure to credit risk
Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

10 Trade and other receivables (continued)

Group	2021 Gross carrying amount at default	2021 Loss allowance	2020 Gross carrying amount at default	2020 Loss allowance
Expected credit loss rate:				
12 Month expected credit loss				
Specific low risk of default 9.5% (2020: 3.2%)	103 602	(9 840)	84 333	(2 676)
Specific high risk of default 1.9% (2020: 89.4%)	37 109	(723)	3 855	(3 448)
Lifetime expected credit loss				
Not past due: 0.8% (2020: 0.8%)	377 216	(3 177)	463 763	(3 569)
Less than 30 days past due: 0.8% (2020: 0.7%)	137 437	(1 131)	153 064	(1 144)
31 - 60 days past due: 2.3% (2020: 1.1%)	72 645	(1 660)	51 875	(561)
61 - 90 days past due: 2.5% (2020: 0.9%)	43 594	(1 071)	16 699	(158)
91 - 120 days past due: 4.5% (2020: 4.5%)	9 667	(431)	10 662	(485)
More than 120 days past due: 6.4% (2020: 7.2%)	28 382	(1 819)	25 891	(1 864)
Total	809 652	(19 852)	810 142	(13 905)

Company	2021 Gross carrying amount at default	2021 Loss allowance	2020 Gross carrying amount at default	2020 Loss allowance
Expected credit loss rate:				
12 Month expected credit loss				
Specific low risk of default 4.9% (2020: 3.6%)	86 437	(4 258)	71 791	(2 570)
Lifetime expected credit loss				
Not past due: 0.8% (2020:0.5%)	187 973	(1 539)	267 889	(1 440)
Less than 30 days past due: 1.7% (2020: 1.7%)	22 723	(393)	39 045	(673)
31 - 60 days past due: 15.1% (2020: 3.9%)	5 445	(824)	5 039	(195)
61 - 90 days past due: 12.2% (2020: 2.8%)	3 452	(421)	2 256	(64)
91 - 120 days past due: 20.9% (2020: 5.2%)	912	(191)	2 237	(117)
More than 120 days past due: 13.6% (2020: 7.8%)	12 884	(1 746)	20 486	(1 597)
Total	319 826	(9 372)	408 743	(6 656)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Opening balance in accordance with IFRS 9	(13 905)	(15 766)	(6 656)	(7 113)
Provision raised on new trade receivables	(5 947)	(514)	(2 716)	-
Provisions reversed on settled trade receivables	-	2 375	-	457
Closing balance	(19 852)	(13 905)	(9 372)	(6 656)
Concentrations of credit risk				
Trade receivables by market:				
Trading	133 516	147 380	145 975	159 814
Fibre buyers	27 367	123 119	27 305	101 455
Production	284 772	198 691	63 036	69 978
Advances	73 376	67 372	73 376	67 372
Grain	137 449	102 979	-	-
Sugar	77 973	96 089	-	-
Fruit	55 984	55 555	-	-
	790 437	791 185	309 692	398 619
Exposure to currency risk				
Rand	716 697	751 172	285 813	402 087
US Dollar	73 103	45 065	24 641	-
	789 800	796 237	310 454	402 087

The net carrying amounts, in Rand, of trade receivables at amortised cost are all denominated in US Dollars. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

11 Deferred tax

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Analysis of deferred tax asset/(liability)				
Property, plant and equipment	(130 751)	(128 228)	(69 623)	(69 739)
Leases	2 108	3 540	1 509	657
Intangible assets	(1 859)	(1 859)	-	-
Provisions	29 775	23 071	22 074	13 673
Realised capital loss	22 989	23 074	22 989	23 074
Income in advance	1 559	(870)	1 174	31
Tax losses available for set off against future taxable income	59 572	56 666	-	-
	(16 607)	(24 606)	(21 877)	(32 304)

Deferred tax assets and liabilities have been offset at individual entity level where the income taxes relate to the same jurisdiction and the law allows net settlement.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
The total net deferred tax liability comprises:				
Deferred tax asset	29 288	23 170	60 133	46 549
Deferred tax liability	(45 895)	(47 776)	(82 010)	(78 853)
	(16 607)	(24 606)	(21 877)	(32 304)

Reconciliation of deferred tax asset/(liability)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Balance at the beginning of the year	(24 606)	(42 176)	(32 304)	(32 856)
Charge to profit or loss	12 592	14 610	10 277	552
Debit to other comprehensive income	(4 593)	2 960	-	-
Realisation of deferred tax on revaluation reserve	-	-	150	-
Balance at the end of the year	(16 607)	(24 606)	(21 877)	(32 304)

Deferred tax has been raised for all unused capital losses in the Group.

Deferred tax has not been raised for deductible temporary differences and unused tax losses in the Group, amounting to R34 063 560 (2020: R21 234 722) and Company Rnil (2020: Rnil).

12 Inventories

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Farming requisites and merchandise	422 386	313 726	303 660	244 167
Wool and mohair inventory	72 933	88 341	72 347	85 773
Fruit inventory	118 913	246 365	-	-
Grain inventory	53 836	75 737	-	-
Sugar inventory	34 324	19 246	-	-
Consumables	20 070	17 981	5 323	5 324
	722 462	761 396	381 330	335 264
Provision for obsolete, slow moving and defective stock	(12 015)	(10 705)	(10 413)	(10 425)
	710 447	750 691	370 917	324 839
Inventory included at net realisable value	7 283	96 829	6 887	22 048
Grain inventory included at market value	4 577	41 323	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
13 Derivatives				
Foreign exchange contracts (financial asset)	1 004	13 381	-	-
Foreign exchange options (financial liability)	(8 083)	-	-	-
Foreign exchange contracts (financial liability)	(483)	(5 869)	(483)	(285)
Net financial (liability) / asset	(7 562)	7 512	(483)	(285)
Current assets	1 004	13 381	-	-
Current liabilities	(8 566)	(5 869)	(483)	(285)
	(7 562)	7 512	(483)	(285)

Surety of R50 million provided by BKB Limited for forex forward exchange contracts facilities in Desert Raisins (Pty) Ltd.

14 Other financial assets

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
At fair value through profit or loss - held for trading				
Other financial assets	20 700	317	-	-

Other financial assets comprise open forward contracts. Open positions are valued using market-to-market rate of a particular commodity at year end. Commodities traded include soya beans, sunflower seeds, wheat, white maize and yellow maize.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
15 Cash and cash equivalents				
Cash on hand	751	416	290	302
Bank balances	68 597	74 723	1 198	46 925
Bank overdrafts	(122 940)	(72 569)	(1 546)	-
	(53 592)	2 570	(58)	47 227
Current assets	69 348	75 139	1 488	47 227
Current liabilities	(122 940)	(72 569)	(1 546)	-
	(53 592)	2 570	(58)	47 227
Summary of securities provided for overdraft facilities:				
Cession of trade receivables (AlphaAlfa & Grainco)	112 805	92 063	-	-
Cession of trade receivables (Atlanta Sugar SA)	77 352	94 895	-	-
Deed of hypothecation over moveable assets, inventory and trade receivables (Atlanta Products)	10 500	10 500	-	-
Bond over Oceanic Swaziland property	12 000	12 000	-	-
Covering bond over Port Elizabeth property	110 000	110 000	110 000	110 000
Covering bond over rural properties	63 000	63 000	63 000	63 000
General notarial bond over movable grain inventory (AlphaAlfa & Grainco)	70 000	70 000	-	-
Special and notarial bond over movable assets (Grainco)	-	4 500	-	-
First covering mortgage bond over properties (Bultfontein & Bethlehem)	50 000	53 240	-	-
	505 657	510 198	173 000	173 000

Summary of surety provided for overdraft facilities:

Unlimited surety provided by Oceanic Swaziland (Pty) Ltd and R5 million surety provided by BKB Limited for overdraft facility in Atlanta Products (Pty) Ltd.

Surety of R400 million provided by BKB van Wyk (Pty) Ltd, Grainco (Pty) Ltd, BKBLouwid (Pty) Ltd, PaKHouse Brands (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd, BKB Grainco (Pty) Ltd for overdraft facilities in BKB Limited.

Surety of R5 million provided by BKB Limited for overdraft facilities in BKB van Wyk (Pty) Ltd.

Surety of R50 million provided by BKB Limited for overdraft facilities in Atlanta Sugar SA (Pty) Ltd.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

15 Cash and cash equivalents (continued)

Joint and several guarantee for R125 million to ABSA Bank Limited in favour of GrainCo Group Holdings (Pty) Ltd by AlphaAlfa (Pty) Ltd, Grainco (Pty) Ltd and Gritco Properties (Pty) Ltd.

Joint and several guarantee for R70 million to ABSA Bank Limited in favour of AlphaAlfa (Pty) Ltd by Grainco (Pty) Ltd and GrainCo Group Holdings (Pty) Ltd.

Joint and several guarantee for R100 million to ABSA Bank Limited in favour of Grainco (Pty) Ltd by Gritco Properties (Pty) Ltd and GrainCo Group Holdings (Pty) Ltd.

16 Assets/(liabilities) classified as held for sale

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Assets classified as held for sale				
Trade rights - Hanover Driveway	2 900	-	2 900	-
Right of use asset	8 057	-	8 057	-
	10 957	-	10 957	-
Liabilities directly associated with assets classified as held for sale				
Lease obligation	(9 319)	-	(9 319)	-

In December 2020, the directors of BKB Limited decided to sell Hanover driveway. By April 2021 all the suspensive conditions were fulfilled and the Company was released from all obligations in terms of the relevant agreements. The sale is expected to be concluded by December 2021, upon registration of the trade rights in the name of the purchaser.

The assets and liabilities are presented as part of the Trading segment in Note 1.

17 Share Capital

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised				
200 000 000 (2020: 200 000 000) Ordinary shares with no par value	-	-	-	-
Issued				
88 407 075 (2020: 88 407 075) Ordinary shares with no par value	4 420	4 420	4 420	4 420

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Reconciliation of number of shares in issue				
Balance at the beginning and end of the year	88 407 075	88 407 075	88 407 075	88 407 075

Treasury shares
Treasury shares have arisen through the consolidation of the BKB Personnel Share Trust. Details of the Trust's shareholding is as follows:

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Reconciliation of number of shares in issue				
Balance at the beginning of the year	9 551 852	9 547 220	-	-
Acquired by the Trust	-	4 632	-	-
Balance at the end of the year	9 551 852	9 551 852	-	-

NOTES TO THE FINANCIAL STATEMENTS

18 Share based payments

The BKB Limited 2021 Bonus and Performance Share Entitlement Plan

The BKB Limited 2021 Bonus and Performance Share Entitlement Plan was approved by the board of directors on 1 April 2021. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The plan is designed to provide long-term incentives for senior managers and executives, to deliver long term sustainable returns acceptable to shareholders. Under the plan, annual conditional awards of Performance shares and Bonus shares will be allocated to eligible employees of the Group. Annual allocations of these awards are governed by BKB Limited's remuneration policies.

i. Performance shares

Annual conditional awards of performance shares will be made to participants at a zero strike price. Performance shares will vest on the fourth anniversary for their award to the extent that specified performance criteria over the intervening period (assessment period) has been met.

The board of directors will, prior to the commencement of each assessment period, set target ranges for performance criteria comprising minimum and maximum thresholds to be attained.

The performance conditions applied to the performance shares awarded in 2021 are as follows:

- 60% weighting: Return on Funds Employed (ROFE) outperforming BKB Limited's Weighted Average Cost of Capital (WACC)
- 40% weighting: Net Debt divided by Earnings Before Interest, Tax, Depreciation and amortisation (Net Debt ratio) outperforming a benchmark of peer group companies

If an eligible employee ceases to be employed by the Group by reason of a "no fault termination" prior to vesting of performance shares, the performance shares available to vest shall be deemed to have vested and settled to the employee in terms of the share plan and on a date determined in consultation with the eligible employee (BKB Limited discretion).

	Group		Company	
	2021	2020	2021	2020
Movements in number of shares awarded	Number	Number	Number	Number
Balance at the beginning of the year	-	-	-	-
Granted	98 599	-	98 599	-
Balance at the end of the year	98 599	-	98 599	-
Share awards outstanding vest in the following years, subject to the fulfilment of performance conditions.				
Year ending 30 June 2024	98 599	-	98 599	-

	Group		Company	
	2021	2020	2021	2020
	R	R	R	R
IFRS 2 share based payment charge	831 815	-	751 447	-

ii. Bonus shares

Special allocations of bonus shares awarded vest after three years conditional on continued employment. Bonus shares are granted at a zero strike price.

If an eligible employee ceases to be employed by the Group by reason of a "no fault termination" prior to vesting of bonus shares, the bonus shares available to vest shall be deemed to have vested and settled to the employee in terms of the share plan with effect from the date of termination of employment.

	Group		Company	
	2021	2020	2021	2020
Movements in number of shares awarded	Number	Number	Number	Number
Balance at the beginning of the year	-	-	-	-
Granted	224 209	-	224 209	-
Balance at the end of the year	224 209	-	224 209	-

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

18 Share based payments (continued)

ii. Bonus shares (continued)	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Share awards outstanding vest in the following years, subject to the fulfilment of performance conditions.				
Year ending 30 June 2024	224 209	-	224 209	-

	Group		Company	
	2021 R	2020 R	2021 R	2020 R
IFRS 2 share based payment charge	2 262 471	-	2 052 258	-

iii. Valuation of share incentive grants

The fair value of the shares granted in terms of the share plan is independently determined by an actuary of Financial Modelling Agency using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model.

	Performance shares		Bonus shares	
	2021	2020	2021	2020
Spot price per share at grant date (cents)	1 000	-	900	-
Discounted cash flow (DCF) valuation per share (cents)	1 022	-	1 110	-
Risk free rate (%)	4.56%	-	5.19%	-
Strike price (grant price) (cents)	-	-	-	-
Dividend yield (%)	2.41%	-	2.89%	-
Option life (years)	3	-	4	-
Forfeiture rate (%)	9.09%	-	9.09%	-
Volatility (%)	45.68%	-	35.13%	-
Fair value per share at grant date (cents)	928	-	1 110	-

The volatility input to the pricing model is a measure of the expected price fluctuations of the BKB share price over the life of the option structure. Volatility is measured as the annualised standard deviation of historical daily price changes of selected surrogates.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
19 Borrowings				
Held at amortised cost				
ABSA Bank Limited - Cash credit accounts The revolving credit facility relates to BKB Limited. Bears interest at a rate linked to prime.	454 756	-	454 756	-
ABSA Bank Limited Commodity finance of lucerne stock and raw material in AlphaAlfa (Pty) Ltd. Bears interest at a rate linked to prime.	60 045	52 634	-	-
First National Bank Limited The loan is repayable in monthly instalments of R1 472 846 (2020: R1 472 846). Bears interest at a rate linked to prime.	86 955	98 553	86 955	98 553
Land and Agricultural Bank of South Africa Limited - Cash credit accounts The cash credit accounts relate to BKB Limited. Bears interest at a rate linked to prime.	-	569 522	-	569 522
Land and Agricultural Bank of South Africa Limited - Term loan BKB Limited: Repayable in annual instalments of R1 675 010 during 2020. Bears interest at a rate linked to prime.	-	8 355	-	8 355
Instalment sale agreements	62 278	65 118	-	-
	664 034	794 182	541 711	676 430

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
19 Borrowings (continued)				
Non-current liabilities	116 493	137 170	74 570	92 191
Current liabilities	547 541	657 012	467 141	584 239
	664 034	794 182	541 711	676 430
Securities and sureties				
ABSA Bank Limited - Cash credit accounts				
Notarial covering bonds over movable assets (including inventory) of BKB Limited	160 000	-	160 000	-
Notarial covering bonds over movable assets (including inventory) of Desert Raisins (Pty) Ltd	180 000	-	-	-
Covering bond over rural properties	75 000	-	75 000	-
Covering bonds over properties in Desert Raisins (Pty) Ltd	40 000	-	-	-
Cession of trade and other receivables (BKB, BKBLouwid, BKB Van Wyk and Desert Raisins)	280 347	-	147 872	-

Surety signed by BKB Van Wyk (Pty) Ltd, BKBLouwid (Pty) Ltd, Home & Hectare (Pty) Ltd, Wool and Mohair Exchange NPC, BKB Shearing (Pty) Ltd, Billsons Coutts (Pty) Ltd, RFID Experts Africa (Pty) Ltd, Desert Raisins (Pty) Ltd and PaKHouse Brands (Pty) Ltd.

	Group 2021	Group 2020	Company 2021	Company 2020
Land and Agricultural Bank of South Africa Limited - Cash credit accounts and term loan security				
Notarial covering bonds over movable assets (including inventory) of BKB Limited	-	160 000	-	160 000
Notarial covering bonds over movable assets (including inventory) of Desert Raisins (Pty) Ltd	-	180 000	-	-
Covering bond over rural properties	-	75 000	-	75 000
Covering bonds over properties in Desert Raisins (Pty) Ltd	-	40 000	-	-
Cession of trade and other receivables (BKB, BKBLouwid, BKB Van Wyk and Desert Raisins)	-	539 496	-	367 813

Surety signed by BKB Van Wyk (Pty) Ltd, BKBLouwid (Pty) Ltd, Home & Hectare (Pty) Ltd, Wool and Mohair Exchange NPC, BKB Shearing (Pty) Ltd, Billsons Coutts (Pty) Ltd, RFID Experts Africa (Pty) Ltd, Desert Raisins (Pty) Ltd and PaKHouse Brands (Pty) Ltd.

	Group 2021	Group 2020	Company 2021	Company 2020
First National Bank Limited security				
Covering bond over Port Elizabeth properties	110 000	110 000	110 000	110 000
Covering bond over rural properties	63 000	63 000	63 000	63 000

Surety of R400 million signed by BKB Van Wyk (Pty) Ltd, BKBLouwid (Pty) Ltd, BKB Grainco (Pty) Ltd, Grainco (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd and PaKHouse Brands (Pty) Ltd.

	Group 2021	Group 2020	Company 2021	Company 2020
ABSA Bank Limited security				
Grain inventory	75 037	65 941	-	-

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

19 Borrowings (continued)

Instalment sale agreements

Instalment sale agreements are payable over periods from 1 to 5 years at prime linked interest rates repayable in monthly instalments of between R5 142 and R1 147 322 (2020: R5 324 and R1 154 713).

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Minimum instalments due				
- within one year	23 849	23 824	-	-
- in second to fifth year inclusive	45 321	49 233	-	-
	69 170	73 057	-	-
Less: future finance charges	(6 892)	(7 939)	-	-
Present value of instalments	62 278	65 118	-	-
Present value of minimum instalments				
- within one year	20 356	20 139	-	-
- in second to fifth year inclusive	41 922	44 979	-	-
	62 278	65 118	-	-
Instalment sale security				
Motor vehicles	9 049	8 761	-	-
Plant and machinery	68 180	67 623	-	-
	77 229	76 384	-	-

Surety of R16 million signed by BKB Limited for instalment sale facilities in AlphaAlfa (Pty) Ltd and Desert Raisins (Pty) Ltd.

Refer to Note 36 "Changes in liabilities arising from financing activities" for details of the movement in the borrowings during the reporting period and Note 43 "Financial instruments and financial risk management" for the fair value of borrowings.

20 Retirement benefits

Defined benefit plan

The Company contributes to the medical aid costs of certain of the retired employees. The plan is a post employment medical benefit plan.

Actuarial valuations are obtained every three years, the last actuarial valuation was carried out on 30 June 2020. The annual movement in the balance is analysed as follows:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at the beginning of the year	6 802	7 402	6 802	7 402
Interest expense	511	616	511	616
Re-measurements	-	(155)	-	(155)
Contribution payments by employer	(1 011)	(1 061)	(1 011)	(1 061)
Balance at the end of the year	6 302	6 802	6 302	6 802

The amounts recognised in the income statement are as follows:

Interest cost	511	616	511	616
Re-measurements due to experience adjustments	-	28	-	28
Re-measurements due to changes in financial assumptions	-	(183)	-	(183)
	511	461	511	461

Key assumptions used

Discount rate used	8.11%	8.11%	8.11%	8.11%
Increase in medical costs	8.00%	8.00%	8.00%	8.00%

Currently medical aid subsidies are payable to 48 pensioners (2020: 48) with an average age of 84.3 years (2020: 84.3). The table used to determine the mortality rate is "post employment-PA90(2)". The weighted average duration of the defined benefit obligation is 5.2 years. Expected contributions for the year ending 30 June 2022 are R1.1 million.

20 Retirement benefits (continued)

As at valuation date, the present value of the defined benefit obligation was comprised as follows:

	2021		2020	
	Number	Defined Benefit obligation R'000	Number	Defined Benefit obligation R'000
BKB members	36	3 774	36	4 183
ECAC members	12	2 528	12	2 619
	48	6 302	48	6 802

Sensitivity

	2021 Change in assumption	2021 Change in Obligation	2020 Change in assumption	2020 Change in Obligation
Healthcare cost	+1%	+3.2%	+1%	+3.2%
	-1%	-3.0%	-1%	-3.0%
Mortality	+1%	-5.2%	+1%	-5.2%
	-1%	+5.7%	-1%	+5.7%

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Risks involved in maintaining the post employment healthcare obligation:

The risks faced by the Company as a result of the post-employment healthcare obligation can be summarised as follows:
1. Inflation: The risk that future healthcare cost inflation as well as CPI inflation are higher than expected and uncontrolled.
2. Longevity: The risk that beneficiaries live longer than expected and thus their healthcare benefit is payable for longer than expected.
3. Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
4. Legislative changes: The risk that changes to legislation with respect to the post-employment benefits may increase the liability for the Company.
5. Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Company.

All risks are managed through the employer's subsidy policy and are monitored through annual valuations of the liability.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
21 Provisions				
Long term provisions				
Provision for service bonus				
Balance at the beginning of the year	8 086	7 148	8 086	7 148
Additions	926	1 428	926	1 428
Utilised during the year	(717)	(490)	(717)	(490)
Balance at the end of the year	8 295	8 086	8 295	8 086

Certain employees are entitled to long service bonuses if certain criteria are met. Provision is made for this eventuality.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
22 Trade and other payables				
Financial Instruments:				
Trade creditors	462 759	498 269	191 541	208 263
Accrued bonus	30 249	11 826	20 891	6 569
Accrued leave pay	29 758	27 062	17 345	16 165
Other accrued expenses	23 247	30 428	11 357	17 862
Other payables	27 962	24 200	25 749	21 749
Non-financial Instruments:				
Amounts received in advance	4 189	2 074	-	-
VAT	10 048	9 408	-	-
	588 212	603 267	266 883	270 608

23 Loans from group companies

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
The House of Fibre (Pty) Ltd	-	-	530	-
Lihoai Consultancy (Pty) Ltd	-	-	2 887	-
BKB Shearing (Pty) Ltd	-	-	789	1 301
Home and Hectare (Pty) Ltd	-	-	9 236	8 877
BKB Van Wyk (Pty) Ltd	-	-	9 144	35 117
Atlanta Sugar SA (Pty) Ltd	-	-	-	141
	-	-	22 586	45 436

Loans from subsidiaries are payable on demand and interest is charged at the prime related interest rate.

24 Financial liabilities at fair value

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
At fair value through profit or loss				
ABSA Bank Limited	21 014	24 595	-	-
Commodities are financed by ABSA in the form of a loan. The loan is calculated on the short position that the Company transferred to ABSA. The carrying value of the loan changes with respect to the mark-to-market value of the SAFEX commodities. The loan is repayable as the short positions on SAFEX close. This loan is secured by the value of the inventory and bears interest at a rate linked to prime.				
Open forward contracts	42	1 578	-	-
Comprise open forward contracts. Open positions are valued using mark-to-market rate of a particular commodity at year end. Commodities traded include soya beans, sunflower seeds, wheat, white maize and yellow maize.				
	21 056	26 173	-	-
ABSA Bank Limited Security				
Grain inventory	22 892	26 095	-	-

25 Value of business conducted

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Brokerage services	3 420 684	2 786 615	3 013 612	2 502 136
Trading	1 803 593	1 761 822	1 805 243	1 763 544
Livestock and properties	5 044 777	3 654 548	1 379 383	1 062 376
Technology	25 873	21 000	-	-
Leasing of properties	5 780	6 306	3 456	3 281
Fruit	347 572	358 039	-	-
Grain	1 731 607	1 595 573	-	-
Sugar	805 615	882 555	-	-
Financing	27 635	34 257	21 962	27 487
	13 213 136	11 100 715	6 223 656	5 358 824

The value of business conducted represents the value of transactions for the Group as well as those conducted in its capacity as an agent/broker.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
26 Revenue				
Revenue from contracts with customers				
Sale of goods	4 901 799	4 443 512	2 410 294	2 164 306
Rendering of services	257 750	233 391	180 280	164 827
Commissions received	351 927	274 714	162 221	136 111
Interest received	27 635	34 257	21 962	27 487
Rental income	5 868	6 306	3 456	3 281
	5 544 979	4 992 180	2 778 213	2 496 012
Disaggregation of revenue from contracts with customers				
Sale of goods				
Brokerage services	754 415	500 173	614 171	408 504
Trading	1 795 697	1 754 105	1 796 123	1 755 802
Technology	25 081	20 638	-	-
Fruit	347 034	351 965	-	-
Grain	1 173 958	934 075	-	-
Sugar	805 614	882 556	-	-
	4 901 799	4 443 512	2 410 294	2 164 306
Rendering of services				
Brokerage services	174 794	160 455	172 384	157 110
Trading	7 896	7 717	7 896	7 717
Technology	796	362	-	-
Fruit	539	6 074	-	-
Grain	73 725	58 783	-	-
	257 750	233 391	180 280	164 827
Commissions received				
Brokerage services	125 754	106 466	111 361	96 433
Livestock and properties	225 952	167 925	50 860	39 678
Grain	221	323	-	-
	351 927	274 714	162 221	136 111
Other revenue				
Interest received	27 635	34 257	21 962	27 487
Rental income	5 868	6 306	3 456	3 281
	33 503	40 563	25 418	30 768
Total revenue from contracts with customers	5 544 979	4 992 180	2 778 213	2 496 012
Timing of revenue recognition				
At a point in time				
Sale of goods	4 901 799	4 443 512	2 410 294	2 164 306
Commissions received	351 927	274 714	162 221	136 111
	5 253 726	4 718 226	2 572 515	2 300 417
Over time				
Rendering of services	257 750	233 391	180 280	164 827
Interest received	27 635	34 257	21 962	27 487
Rental income	5 868	6 306	3 456	3 281
	291 253	273 954	205 698	195 595
Total revenue from contracts with customers	5 544 979	4 992 180	2 778 213	2 496 012

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
27 Cost of sales				
Sale of goods	4 389 925	4 020 683	2 135 197	1 945 544
Sale of goods				
Brokerage services	667 521	453 666	530 014	365 048
Trading	1 604 756	1 578 799	1 605 183	1 580 496
Technology	17 649	13 080	-	-
Fruit	305 011	329 757	-	-
Grain	1 075 221	840 299	-	-
Sugar	719 767	805 082	-	-
	4 389 925	4 020 683	2 135 197	1 945 544
28 Other operating income				
Profit on sale of property	152	-	152	-
Profit on sale of plant and equipment	-	2 780	39	-
Bad debts recovered	3 449	3 216	3 334	2 163
Reversal of impairment loss	1 825	-	-	-
Cash discounts received	7 814	7 640	7 737	7 354
Foreign exchange gains	19 861	18 582	1 129	725
Other	16 845	10 599	5 168	6 778
	49 946	42 817	17 559	17 020

29 Operating profit

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

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Auditor's remuneration - external	4 078	5 347	2 123	2 126
Approved audit fees	4 064	3 890	1 909	1 855
Adjustment for previous year	(205)	1 227	82	184
Tax and advisory services	219	230	132	87
Employee costs	511 584	467 457	286 948	252 037
Salaries, wages, bonuses and other benefits	451 676	414 040	267 544	231 895
Commission paid	39 526	30 543	8 418	6 946
Training and other expenses	12 015	13 609	6 590	8 294
Provision for service bonus	926	1 428	926	1 428
Retirement benefit plans: defined contribution expense	6 930	7 376	2 959	3 013
Retirement benefit plans: defined benefit expense				
Finance expense	511	616	511	616
Remeasurements	-	(155)	-	(155)

29 Operating profit (continued)

Expenses by nature

The total selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Advertising expense	16 145	18 869	9 676	10 624
Auditors remuneration	3 859	5 117	1 991	2 039
Bank charges	16 818	14 382	10 683	9 867
Commission paid	29 837	12 418	25 508	6 165
Computer expenses	26 890	22 870	22 006	17 409
Depreciation and amortisation	42 122	41 092	24 921	20 843
Discount allowed	67 500	57 998	28 969	24 221
Employee costs	511 584	467 457	286 948	252 037
Foreign exchange losses	562	2 179	543	494
Impairment of intangible assets	-	15 775	-	-
Impairment of financial assets	12 012	11 873	6 418	4 755
Insurance cost net of recoveries	7 746	7 411	(128)	(87)
Lease charges	18 485	17 738	4 295	3 902
Legal expenses	3 364	3 078	2 593	1 878
Loss from equity accounted investments	238	-	-	-
Loss on sale of plant and equipment	654	-	-	169
Losses on products	10 539	8 072	4 921	6 602
Management fees	-	-	47 236	59 205
Non-executive directors' fees	3 153	3 317	3 153	3 317
Pressing and storage costs	23 016	14 425	12 280	9 687
Professional consulting fees	10 682	9 903	13 750	4 958
Property tax	5 179	4 855	4 286	3 997
Repairs and maintenance	35 807	30 266	15 468	16 905
Security	8 974	6 634	3 392	2 382
Shearing food allowance	6 225	8 131	6 225	8 131
Subsistence and travel	10 122	11 787	5 766	6 069
Telephone and postage	11 037	11 078	6 372	6 074
Transport	86 778	78 909	5 550	3 344
Vehicle costs	41 912	40 515	27 017	26 530
Water and electricity	13 178	12 138	10 981	9 811
Other	32 714	29 675	27 438	23 805
	1 057 132	967 962	618 258	545 133
Less: Discount allowed set off against revenue	(67 500)	(57 998)	(28 969)	(24 221)
	989 632	909 964	589 289	520 912

30 Finance income

Bank and other cash	4 249	3 236	2 696	1 053
Other financial assets	903	605	538	524
Loans to group companies:				
Subsidiaries	-	-	29 780	40 384
	5 152	3 841	33 014	41 961

31 Finance costs

Interest paid	65 021	83 497	49 637	64 810
Interest paid leases	6 648	5 926	4 258	3 261
Loans from group companies:				
Subsidiaries	-	-	1 262	-
	71 669	89 423	55 157	68 071

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
32 Taxation				
Current				
Local income tax - current period	55 792	24 337	21 907	5 072
Local income tax - recognised in current tax for prior periods	14	-	14	-
STC	720	473	159	7
	56 526	24 810	22 080	5 079
Deferred				
Originating and reversing temporary differences	(10 362)	(14 610)	(8 048)	(552)
Arising from prior period adjustments	(2 230)	-	(2 229)	-
	(12 592)	(14 610)	(10 277)	(552)
	43 934	10 200	11 803	4 527

Reconciliation of the tax expense

	Group 2021	Group 2020	Company 2021	Company 2020
Accounting profit	148 851	18 768	67 580	40 487
Tax at the applicable tax rate of 28% (2020: 28%)	41 678	5 255	18 922	11 336
Tax effect of adjustments on taxable income				
Under provision - prior year	14	(13)	14	-
Deferred taxation - prior year	(2 309)	(693)	(2 229)	-
Exempt income and allowable deductions	(593)	(2 212)	(5 731)	(7 502)
Expenses not deductible for tax purposes	1 626	2 655	1 507	1 517
Securities transfer tax	719	473	159	7
Current tax recognised in other comprehensive income	-	(55)	-	-
Special income tax allowances	(1 009)	(1 100)	(936)	(851)
Income taxed at capital gains tax rate	97	141	97	20
Income taxed at different rate	(123)	70	-	-
Deferred tax asset not raised	197	(103)	-	-
Assessed loss not recognised	3 637	5 916	-	-
Recognition of assessed loss	-	(134)	-	-
	43 934	10 200	11 803	4 527
Estimated tax losses carried forward				
Estimated tax losses to be set off against future taxable profit	252 280	209 202	-	-

33 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year.

	Group 2021	Group 2020	Company 2021	Company 2020
Basic earnings per share				
Basic earnings per share (c per share)	133.3	19.4	-	-

Basic earnings per share was based on earnings of R105 123 000 (2020: R15 303 000) and a weighted average number of ordinary shares of 78 855 223 (2020:78 855 223).

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Reconciliation of profit for the year to basic earnings				
Profit for the year attributable to equity holders of the parent	104 917	8 568	-	-
Adjusted for:			-	-
Non-controlling interest	206	6 735	-	-
	105 123	15 303	-	-

33 Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of dilutive potential shares resulting from share options.

	Group		Company	
	2021	2020	2021	2020
Diluted earnings per share				
Diluted earnings per share (c per share)	133.3	19.4	-	-

Diluted earnings per share was based on earnings of R105 123 000 (2020: R15 303 000) and a weighted average number of ordinary shares of 78 855 223 (2020: 78 855 223).

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation of basic earnings to diluted earnings				
Basic earnings (no adjustments)	105 123	15 303	-	-
Reconciliation of weighted average number of ordinary shares to diluted shares				
Weighted average number of ordinary shares used for basic earnings per share	78 855	78 855	-	-

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary share outstanding during a period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

	Group		Company	
	2021	2020	2021	2020
Headline earnings per share (c)	132.3	36.9	-	-
Diluted headline earnings per share (c)	132.3	36.9	-	-

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation between earnings and headline earnings				
Basic earnings	105 123	15 303	-	-
Adjusted for:				
Net loss/(profit) on sale of property, plant and equipment	502	(2 780)	-	-
Reversal of impairment loss	(1 825)	-	-	-
Fair value losses on investment property	205	-	-	-
Impairment of intangible assets	-	15 775	-	-
Tax effect of adjustments	313	778	-	-
	104 318	29 076	-	-
Reconciliation between diluted earnings and diluted headline earnings				
Diluted earnings	105 123	15 303	-	-
Adjusted for:				
Net loss/(profit) on sale of property, plant and equipment	502	(2 780)	-	-
Reversal of impairment loss	(1 825)	-	-	-
Fair value losses on investment property	205	-	-	-
Impairment of intangible assets	-	15 775	-	-
Tax effect of adjustments	313	778	-	-
	104 318	29 076	-	-

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

33 Earnings per share (continued)

	Group 2021	Group 2020	Company 2021	Company 2020
Dividends per share				
Final (c)	5.0	10.0	-	-

Dividends amounting to R4 million (2020: R9 million) were paid to shareholders of the Company who were registered on 30 August 2020.

34 Cash generated from operations

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Profit before taxation	148 851	18 768	67 580	40 487
Adjustments for:				
Depreciation and amortisation	67 158	65 872	24 921	20 843
Dividend income	-	-	(18 437)	(20 021)
Finance income	(5 152)	(3 841)	(33 014)	(41 961)
Finance costs	71 669	89 423	55 157	68 071
Share based payment expense	3 094	-	2 803	-
Fair value gains	(20 382)	(21 936)	-	-
Fair value losses on investment property	205	-	205	-
Reversal of impairment loss	(1 825)	-	168	-
Loss from equity accounted investments	238	-	-	-
Impairment of intangible assets	-	15 775	-	-
Increase/(decrease) in impairment of financial assets	5 947	(1 861)	2 716	(457)
Movement in provision for obsolete stock	1 310	(506)	(12)	(293)
Movement in retirement benefit liability	(500)	(600)	(500)	(600)
Movement in provision for service bonus	209	938	209	938
Loss/(profit) on sale of property, plant and equipment	502	(2 780)	(191)	169
Changes in working capital				
Decrease/(increase) in inventories	38 934	96 476	(46 066)	(13 611)
(Increase)/decrease in current trade and other receivables	(11 784)	(109 364)	101 413	(95 967)
Increase in derivative financial instruments	15 074	972	198	285
Increase/(decrease) in cash flow hedge reserve	15 513	(14 106)	-	-
(Decrease)/increase in trade and other payables	(15 055)	152 317	(3 725)	56 277
	314 006	285 547	153 425	14 160

35 Tax paid

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Balance receivable at the beginning of the year	1 886	4 037	1 751	1 572
Charged to profit or loss	(56 526)	(24 810)	(22 080)	(5 079)
Balance payable/(receivable) at the end of the year	1 139	(1 886)	230	(1 751)
	(53 501)	(22 659)	(20 099)	(5 258)

36 Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities set out below:

	Borrowings	Other financial assets/ liabilities	Leases	Total share capital	Total
	R'000	R'000	R'000	R'000	R'000
Group - 2021					
Opening balance	794 182	25 856	59 720	102 657	982 415
Acquisitions - leases	-	-	33 022	-	33 022
Leases terminated	-	-	(36)	-	(36)
Classified as held for sale	-	-	(9 319)	-	(9 319)
Fair value changes	-	(20 382)	-	-	(20 382)
Cash flows - cash credit accounts	(114 766)	-	-	-	(114 766)
Cash flows	(15 382)	(5 118)	(11 138)	-	(31 638)
Closing balance	664 034	356	72 249	102 657	839 296
Group - 2020					
Opening balance	856 082	74 461	-	102 720	1 033 263
Recognised on adoption of IFRS 16	-	-	62 007	-	62 007
Fair value changes	-	(21 936)	-	-	(21 936)
Acquisitions - leases	-	-	5 549	-	5 549
Cash flows - cash credit accounts	(60 000)	-	-	-	(60 000)
Cash flows	(1 900)	(26 669)	(7 836)	(63)	(36 468)
Closing balance	794 182	25 856	59 720	102 657	982 415
Company - 2021					
Opening balance	676 430	-	34 897	202 003	913 330
Acquisitions - leases	-	-	18 482	-	18 482
Leases terminated	-	-	(36)	-	(36)
Classified as held for sale	-	-	(9 319)	-	(9 319)
Cash flows - cash credit accounts	(114 766)	-	-	-	(114 766)
Cash flows	(19 953)	-	(3 713)	-	(23 666)
Closing balance	541 711	-	40 311	202 003	784 025
Company - 2020					
Opening balance	746 573	-	-	202 003	948 576
Recognised on adoption of IFRS 16	-	-	34 510	-	34 510
Acquisitions - leases	-	-	1 772	-	1 772
Cash flows - cash credit accounts	(60 000)	-	-	-	(60 000)
Cash flows	(10 143)	-	(1 385)	-	(11 528)
Closing balance	676 430	-	34 897	202 003	913 330

Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
37 Dividends paid				
Dividends	(3 943)	(7 886)	(4 420)	(8 841)

38 Business combinations

Solomons & Crafford

On 1 March 2020 the Group acquired the business of Solomons & Crafford (excluding liabilities).

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Fair value of assets acquired and liabilities assumed				
Client lists and relationships	-	1 500	-	-
Property, plant and equipment	-	100	-	-
Total identifiable net assets	-	1 600	-	-
Goodwill	-	-	-	-
	-	1 600	-	-
Acquisition date fair value of consideration paid				
Cash	-	(1 600)	-	-

39 Contingencies

The Lesotho Revenue Authority, with whom South Africa has a double taxation agreement, raised income tax and value added tax assessments for BKB Limited in respect of income tax and value added tax for multiple years of assessment during 2019. The Company consulted with it's professional advisors and contested the assessments. The value added tax assessment was resolved during 2020. The income tax assessment was resolved during 2021.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
Contingent liabilities				
Guarantees issued	670	670	670	670

During 2021 BKB Limited signed a guarantee of R 20 million in respect of the new auction facilities in Hoëveld Veilingsentrum (Pty) Ltd. At 30 June 2021 the Company has no present obligation as the loan has not yet been drawn down.

No losses are expected from these contingent liabilities.

	Group		Company	
	2021	2020	2021	2020
	R'000	R'000	R'000	R'000
40 Commitments				
Authorised capital expenditure				
Not yet contracted for and authorised by directors	113 729	89 896	56 596	48 978

Capital expenditure will be financed by funds generated by the businesses, existing cash resources and borrowing facilities available to the Group and need appropriate support and justification before final approval.

41 Related parties

Relationships
Subsidiaries (refer to Note 7)

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Related party balances				
Loan accounts - Owing by related parties				
Loans to key management	9 081	8 833	85	86
Amounts included in trade receivables/(trade payables) regarding related parties				
Grainco (Pty) Ltd	-	-	(1 952)	(21)
BKBLouwid (Pty) Ltd	-	-	554	624
BKB Van Wyk (Pty) Ltd	-	-	421	462
Shift Digital Acceleration (Pty) Ltd	-	-	(357)	(309)
Atlanta Sugar SA (Pty) Ltd	-	-	36	83
Atlanta Products (Pty) Ltd	-	-	6	99
AlphaAlfa (Pty) Ltd	-	-	(82)	374
Desert Raisins (Pty) Ltd	-	-	265	292
RFID Africa Experts (Pty) Ltd	-	-	(50)	(61)
BKB Personnel Share Trust	-	-	102 659	102 768
Key management	1 214	678	1 214	678
Related party transactions				
Interest received from/(paid) to related parties				
Billsons Coutts (Pty) Ltd	-	-	630	914
BKB Distribution Centre (Pty) Ltd			6	-
The House of Fibre (Pty) Ltd	-	-	690	1 130
Home and Hectare (Pty) Ltd	-	-	(350)	(607)
Hoëveld Veilingsentrum (Pty) Ltd	-	-	423	-
BKBLouwid (Pty) Ltd	-	-	2 710	752
BKB Van Wyk (Pty) Ltd	-	-	(892)	(684)
Shift Digital Acceleration (Pty) Ltd	-	-	678	333
RFID Africa Experts (Pty) Ltd	-	-	1 534	-
Wool & Mohair Exchange of South Africa NPC	-	-	431	567
PaKHouse Brands (Pty) Ltd	-	-	274	269
Atlanta Sugar SA (Pty) Ltd	-	-	25	301
Grainco Group Holdings (Pty) Ltd	-	-	9 097	10 149
AlphaAlfa (Pty) Ltd	-	-	421	-
Desert Raisins (Pty) Ltd	-	-	12 469	26 103
BKB Personnel Share Trust	-	-	374	1 157
Key management	374	1 157	-	-
Sales to/(purchases from) related parties				
The House of Fibre (Pty) Ltd	-	-	(59 155)	(38 269)
RFID Africa Experts (Pty) Ltd	-	-	(2 246)	(419)
Atlanta Sugar SA (Pty) Ltd	-	-	274	453
AlphaAlfa (Pty) Ltd	-	-	(4 308)	(8 257)
Grainco (Pty) Ltd	-	-	(8 968)	(22 057)
Transactions with key management and directors	6 679	8 758	6 679	8 758
Rent (paid to)/received from related parties				
Billsons Coutts (Pty) Ltd	-	-	(238)	(362)
Home and Hectare (Pty) Ltd	-	-	40	38
BKBLouwid (Pty) Ltd	-	-	316	301
BKB Van Wyk (Pty) Ltd	-	-	142	101
Shift Digital Acceleration (Pty) Ltd	-	-	25	-
Wool & Mohair Exchange of South Africa NPC	-	-	(304)	(289)

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
41 Related parties (continued)				
Services received from related parties				
The House of Fibre (Pty) Ltd	-	-	(6 399)	(3 449)
Shift Digital Acceleration (Pty) Ltd	-	-	(2 829)	(698)
Lihoai Consultancy (Pty) Ltd	-	-	(6 664)	-
Management fees (paid to)/received from related parties				
BKB Shearing (Pty) Ltd	-	-	(46 332)	(58 538)
RFID Africa Experts (Pty) Ltd	-	-	(904)	(667)
Wool & Mohair Exchange of South Africa NPC	-	-	350	300
Dividends received from related parties				
Home and Hectare (Pty) Ltd	-	-	1 058	19
BKBLouwid (Pty) Ltd	-	-	2 221	7 064
BKB Van Wyk (Pty) Ltd	-	-	2 787	4 502
PaKHouse Brands (Pty) Ltd	-	-	12 371	8 436
Rebate fees received				
Home and Hectare (Pty) Ltd	-	-	105	147
Compensation to directors and other key management				
Short-term employee benefits	40 811	30 931	31 742	22 459
Termination benefits	191	892	-	892
Share-based payment	2 114	(4 837)	2 060	(3 965)
Non-executive directors fees and expenses reimbursed	3 304	3 503	3 304	3 503
	46 420	30 489	37 106	22 889

NOTES TO THE FINANCIAL STATEMENTS

42 Directors' emoluments

2021	Fees	Salary & employee benefits	Expense reimbursed	Termination benefit	Total
	R'000	R'000	R'000	R'000	R'000
JE Stumpf	-	6 071	8	-	6 079
AS du Toit	-	3 079	24	-	3 103
JA van Niekerk	-	3 600	-	-	3 600
DC Louw	292	-	8	-	300
GEJ Kingwill	581	-	40	-	621
PG Carshagen	236	-	6	-	242
CD Hobson	260	-	20	-	280
JF Janse van Rensburg	283	-	12	-	295
MH Jonas	236	-	6	-	242
EA Meyer	283	-	17	-	300
V Pillay	260	-	2	-	262
HC Staple	381	-	2	-	383
HJ Swart	341	-	38	-	379
	3 153	12 750	183	-	16 086

2020	Fees	Salary & employee benefits	Expense reimbursed	Termination benefit	Total
	R'000	R'000	R'000	R'000	R'000
JE Stumpf	-	2 123	6	-	2 129
W Edmayr	-	3 550	-	892	4 442
AS du Toit	-	3 000	53	-	3 053
JA van Niekerk	-	500	-	-	500
DC Louw	700	-	43	-	743
GEJ Kingwill	371	-	49	-	420
PG Carshagen	230	-	8	-	238
CD Hobson	253	-	25	-	278
JF Janse van Rensburg	253	-	-	-	253
MH Jonas	230	-	4	-	234
EA Meyer	276	-	20	-	296
V Pillay	242	-	6	-	248
HC Staple	371	-	-	-	371
HJ Swart	276	-	24	-	300
FPR van Wyk	115	-	7	-	122
	3 317	9 173	245	892	13 627

Service contracts

Johan Edmund Stumpf was appointed as Managing Director on 1 February 2020 on a fixed term contract that will expire on 31 August 2025. All non-executive directors get re-elected at the annual general meeting after their three year term has expired.

Executive directors are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives.

Share awards allocated to executive directors

The BKB Limited 2021 Bonus and Performance Share Entitlement Plan was introduced during the 2021 financial year, set out below are the number of shares allocated to executive directors during the financial year.

2021	JE Stumpf	AS du Toit	JA van Niekerk
Cumulative number of shares at 1 July 2020	-	-	-
Annual award of performance shares	34 160	11 976	11 460
Annual award of bonus shares	69 742	19 915	29 918
Cumulative number of shares at 30 June 2021	103 902	31 891	41 378

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

43 Financial instruments and risk management

43.1 Categories of financial instruments

Categories of financial assets

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Group - 2021				
Derivatives	13	1 004	-	1 004
Trade and other receivables	10	-	826 876	826 876
Cash and cash equivalents	15	-	69 348	69 348
Other financial assets	14	20 700	-	20 700
		21 704	896 224	917 928
Group - 2020				
Derivatives	13	13 381	-	13 381
Trade and other receivables	10	-	825 869	825 869
Cash and cash equivalents	15	-	75 139	75 139
Other financial assets	14	317	-	317
		13 698	901 008	914 706
Company - 2021				
Loans to group companies	9	-	398 719	398 719
Trade and other receivables	10	-	431 567	431 567
Cash and cash equivalents	15	-	1 488	1 488
		-	831 774	831 774
Company - 2020				
Loans to group companies	9	-	407 091	407 091
Trade and other receivables	10	-	528 586	528 586
Cash and cash equivalents	15	-	47 227	47 227
		-	982 904	982 904

Categories of financial liabilities

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Group - 2021				
Derivatives	13	8 566	-	8 566
Trade and other payables	22	-	573 975	573 975
Borrowings	19	-	664 034	664 034
Lease liabilities	3	-	72 249	72 249
Financial liabilities at fair value	24	21 056	-	21 056
Bank overdraft	15	-	122 940	122 940
		29 622	1 433 198	1 462 820
Group - 2020				
Derivatives	13	5 869	-	5 869
Trade and other payables	22	-	591 785	591 785
Borrowings	19	-	794 182	794 182
Lease liabilities	3	-	59 720	59 720
Financial liabilities at fair value	24	26 173	-	26 173
Bank overdraft	15	-	72 569	72 569
		32 042	1 518 256	1 550 298

43 Financial instruments and risk management (continued)

43.1 Categories of financial instruments (continued)

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Company - 2021				
Trade and other payables	22	-	266 883	266 883
Loans from group companies	23	-	22 586	22 586
Borrowings	19	-	541 711	541 711
Lease liabilities	3	-	40 311	40 311
Derivatives	13	483	-	483
Bank overdraft	15	-	1 546	1 546
		483	873 037	873 520
Company - 2020				
Trade and other payables	22	-	270 608	270 608
Loans from group companies	23	-	45 436	45 436
Borrowings	19	-	676 430	676 430
Lease liabilities	3	-	34 897	34 897
Derivatives	13	285	-	285
		285	1 027 371	1 027 656

43.2 Capital risk management

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The Group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loans from group companies	-	-	22 586	45 436
Financial liabilities at fair value	21 056	26 173	-	-
Borrowings	664 034	794 182	541 711	676 430
Lease liabilities	72 249	59 720	40 311	34 897
Total borrowings	757 339	880 075	604 608	756 763
Cash and cash equivalents	53 592	(2 570)	58	(47 227)
Net borrowings	810 931	877 505	604 666	709 536
Equity	1 287 467	1 175 306	1 098 855	1 044 254
Debt/equity ratio	63%	75%	55%	68%

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

43 Financial instruments and risk management (continued)

43.3 Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's risk exposure are considered by the committee on a quarterly basis.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans receivable, debt instruments at fair value through other comprehensive income, trade and other receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default. When determining the risk of default, management consider information such as payment history to date, industry in which the customer is engaged, period for which the customer has been in business, external credit references etc. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable which do not contain a significant financing component are the exceptions and are discussed below.

43 Financial instruments and risk management (continued)

43.3 Financial risk management (continued)

i. Credit risk (continued)

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

The maximum exposure to credit risk is presented in the table below:

	Notes	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Group - 2021				
Trade and other receivables	10	809 652	(19 852)	789 800
Cash and cash equivalents	15	69 348	-	69 348
		879 000	(19 852)	859 148
Group - 2020				
Trade and other receivables	10	810 142	(13 905)	796 237
Cash and cash equivalents	15	75 139	-	75 139
		885 281	(13 905)	871 376
Company - 2021				
Loans to group companies	9	406 626	(7 907)	398 719
Trade and other receivables	10	319 826	(9 372)	310 454
Cash and cash equivalents	15	1 488	-	1 488
		727 940	(17 279)	710 661
Company - 2020				
Loans to group companies	9	412 394	(5 303)	407 091
Trade and other receivables	10	408 743	(6 656)	402 087
Cash and cash equivalents	15	47 227	-	47 227
		868 364	(11 959)	856 405

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

ii. Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

43 Financial instruments and risk management (continued)

43.3 Financial risk management (continued)

ii. Liquidity risk (continued)

	Less than 1 year	2 to 5 years	> 5 years	Total
Group - 2021				
Trade and other payables	573 975	-	-	573 975
Borrowings	547 541	116 493	-	664 034
Financial liabilities at fair value	21 056	-	-	21 056
Derivatives	8 566	-	-	8 566
Lease liabilities	12 014	33 408	26 827	72 249
Bank overdraft	122 940	-	-	122 940
	1 286 092	149 901	26 827	1 462 820
Group - 2020				
Trade and other payables	591 785	-	-	591 785
Borrowings	657 012	137 170	-	794 182
Financial liabilities at fair value	26 173	-	-	26 173
Derivatives	5 869	-	-	5 869
Lease liabilities	8 685	19 541	31 494	59 720
Bank overdraft	72 569	-	-	72 569
	1 362 093	156 711	31 494	1 550 298
Company - 2021				
Trade and other payables	266 883	-	-	266 883
Loans from group companies	22 586	-	-	22 586
Borrowings	467 141	74 570	-	541 711
Derivatives	483	-	-	483
Lease liabilities	4 783	18 585	16 943	40 311
Bank overdraft	1 546	-	-	1 546
	763 422	93 155	16 943	873 520
Company - 2020				
Trade and other payables	270 608	-	-	270 608
Loans from group companies	45 436	-	-	45 436
Borrowings	584 239	92 191	-	676 430
Derivatives	285	-	-	285
Lease liabilities	1 799	4 397	28 701	34 897
	902 367	96 588	28 701	1 027 656

The maturity analysis of gross contractual cash flows in terms of lease liabilities are as follows:

	Group		Company	
Lease liabilities	**2021 R'000**	**2020 R'000**	**2021 R'000**	**2020 R'000**
Within one year	17 822	14 028	8 297	4 882
Two to five years	48 029	36 303	27 861	17 874
Greater than five	34 484	60 539	23 811	57 796
	100 335	110 870	59 969	80 552
Less finance charges component	(28 086)	(51 150)	(19 658)	(45 655)
	72 249	59 720	40 311	34 897
Non-current liabilities	60 235	51 035	35 528	33 098
Current liabilities	12 014	8 685	4 783	1 799
	72 249	59 720	40 311	34 897

iii. Foreign currency risk

The Group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily is the US Dollar.

43 Financial instruments and risk management (continued)

43.3 Financial risk management (continued)

iii. Foreign currency risk (continued)

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposures in Rand
The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	Group		Company	
	2021	2020	2021	2020
US Dollar exposure	R'000	R'000	R'000	R'000
Trade and other receivables	73 103	45 065	24 641	-
Cash and cash equivalents	230	288	8	-
Trade and other payables	(4 270)	-	(4 080)	-
Net US Dollar exposure	69 063	45 353	20 569	-
Euro exposure				
Trade and other payables	(4 539)	(5 830)	-	-
Net Euro exposure	(4 539)	(5 830)	-	-

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

	Group		Company	
	2021	2020	2021	2020
US Dollar exposure	$'000	$'000	$'000	$'000
Trade and other receivables	5 123	2 592	1 724	-
Cash and cash equivalents	16	17	1	-
Trade and other payables	(299)	-	(286)	-
Net US Dollar exposure	4 840	2 609	1 439	-

	Group		Company	
	2021	2020	2021	2020
Euro exposure	€'000	€'000	€'000	€'000
Trade and other payables	(267)	(299)	-	-

Exchange rates				
Foreign currency per Rand				
US Dollar	14.27	17.39	14.29	-
Euro	17.02	19.50	-	-

Forward exchange contracts
Certain forward exchange contracts have been entered into for the purposes of managing foreign currency risk. The net market value of all forward exchange contracts at reporting date is calculated by comparing the forward exchange contracted rates to the equivalent market foreign exchange rates at reporting date.

	Note	Contract rate	Contract amount
Group - 2021			
Exports			
Sell dollars - expiry 2 July 2021 to 27 January 2022	12	13.74 - 15.35	19 540 726
Group - 2020			
Exports			
Sell dollars - expiry 30 July 2020 to 21 May 2021	12	15.35 - 18.92	36 316 678
Company - 2021			
Exports			
Sell dollars - expiry 2 July 2021 to 27 September 2021	12	13.74 - 14.37	1 750 600

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

43 Financial instruments and risk management (continued)

43.3 Financial risk management (continued)

iii. Foreign currency risk (continued)

At 30 June 2021 open foreign currency options included Put options held by Desert Raisins (Pty) Ltd of USD12 250 000 and Call options in favour of ABSA Bank Limited of USD24 500 000. The Put options have a strike rate of R13.59 and the Call options have strike rates ranging between R13.95 and R15.35.

At 30 June 2020 open foreign currency options included a Put option held by AlphaAlfa (Pty) Ltd of USD1 850 000 and a Call option in favour of ABSA Bank Limited of USD3 700 000. The Put option has a strike rate of R16.60 and the Call option a strike rate of R19.20.

Foreign currency sensitivity analysis
The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group
At 30 June 2021, if the Rand/US Dollar exchange rate had been 5% (2020: 5%) higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R3 million (2020: R2.6 million) higher and R3 million (2020: R2.6 million) lower.

At 30 June 2021, if the Rand/Euro exchange rate had been 5% (2020: 5%) higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R226 967 (2020: R291 480) lower and R226 967 (2020: R291 480) higher.

Company
At 30 June 2021, if the Rand/US Dollar exchange rate had been 5% higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R1 million higher and R1 million lower.

iv. Interest rate risk
Interest rate risk is the risk that the Group's financial position may be adversely affected as a result of changes in the market interest rate. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's most significant interest bearing assets are its trade receivables, and cash and cash equivalents. The Group's most significant interest bearing liabilities are its loans with various financial institutions.

The Group manages its interest rate risk by negotiating the best possible interest rates with relevant financial institutions, and through borrowing funds at floating interest rates.

The subsidiaries involved in grain-related activities are particularly exposed to fluctuations in interest rates. Interest on all commodity financing gets repaid by the customer. The policy is to manage interest rate risk by monitoring interest rates carefully, and adjusting product pricing accordingly, as well as including variable interest rates in their sales contracts.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis
The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group
At 30 June 2021, if the prime lending rate had been 1% per annum higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R4.2 million (2020: R6.9 million) lower and R4.2 million (2020: R6.9 million) higher.

Company
At 30 June 2021, if the prime lending rate had been 1% per annum higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R1 million (2020: R1.3 million) higher and R1 million (2020: R1.3 million) lower.

43 Financial instruments and risk management (continued)

43.3 Financial risk management (continued)

v. Price risk

The Group does not use derivatives to manage operational exposures to price risks relating to changes in livestock and wool and mohair prices.

The subsidiaries involved in grain-related activities enter into forward sales and purchase contracts with their customers and suppliers, as well as stock on hand. These contracts carry market price risk when the price of the contract is fixed, as underlying commodity markets continues to fluctuate. This can have the effect that the subsidiaries would incur a loss or realise a gain depending on the movement in the market. The price risk is directly linked with the tonnage of the commodity determined in the contract with the suppliers and customers.

The grain operations manage the risk by taking out futures on the SAFEX market, thereby negating the net exposure to fluctuations in commodity prices.

The grain operations are fully hedged on the SAFEX market and changes in SAFEX fluctuation will not be significant.

44 Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
Level 2	**R'000**	**R'000**	**R'000**	**R'000**
Recurring fair value measurements				
Assets				
Investment property				
Residential property	1 312	1 517	1 312	1 517
Office buildings	34 011	34 011	-	-
Total investment property	35 323	35 528	1 312	1 517
Property, plant and equipment				
Trading branches	128 028	128 014	128 028	128 014
Office buildings and fibre warehouse	183 758	182 946	173 535	174 835
Shearing and auction facilities	43 211	18 443	22 452	17 393
Processing and packaging plant	124 542	122 048	-	-
Total property, plant and equipment	479 539	451 451	324 015	320 242
Financial assets at fair value through profit or loss				
Commodity contracts: Inventory - SAFEX	4 577	41 323	-	-
Open forward contracts	20 700	317	-	-
Total financial assets at fair value through profit or loss	25 277	41 640	-	-
Hedging derivatives				
Foreign exchange contracts	1 004	13 381	-	-
Liabilities				
Financial liabilities at fair value through profit or loss				
ABSA Bank Limited	21 014	24 595	-	-
Open forward contracts	42	1 578	-	-
Total financial liabilities at fair value through profit or loss	21 056	26 173	-	-
Hedging derivatives				
Foreign exchange contracts	8 566	5 869	483	285

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

44 Fair value information (continued)

Valuation techniques used to derive level 2 fair values

Trading branches, office buildings, shearing and auction facilities, processing and packaging plants

Level 2 fair values of trading branches, office buildings, shearing and auction facilities, processing and packaging plants have been generally derived using the yield method. The main Level 2 inputs used in this model are discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by Andrè Crouse Valuers based on comparable transactions and industry data.

No changes have been made to the valuation technique.

The most significant assumption used in the valuation of the properties was the capitalisation rate, which has been set out below for the various properties:

Capitalisation rate	
Trading branches	10% to 13%
Office buildings	10% to 11%
Shearing and auction facilities	11%
Processing and packaging plant	11% to 11.5%

The valuation of land and buildings situated at Portion 24 of Erf 455 Bloemsmond, Gordonia, Vryburg was based on the depreciated replacement value method. A certain replacement cost is used as starting point and then reduced by physical depreciation, functional and economic obsolescence and possible buyers resistance. In the valuation process depreciation of property can be described as the deterioration of any of the attributes bestowed upon it by nature; its physical condition, its utility or purposeful use and that of any of its components contributing thereto, irrespective of the causes thereof.

Valuation processes applied by the Group

The Group engages external, independent and qualified valuers to estimate the fair value of the Group's office building and fibre warehouse as well on its processing and packaging plants. Trading branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas.

Andre Crouse of Koelro No57CC t/a Andre Crouse, who is a member of the South African Council of Property Valuers Profession is the independent valuer used for the valuations of all the Group's properties in South Africa except for the processing plant situated in Vryburg. Mr. A Crouse qualifications include (BCom(Hons), Dip Ind Eng (USA) and Nat Dip Tech (Prod Eng)). He has more than 20 years experience in his field of expertise.

The Port Elizabeth office buildings and fibre warehouse was valued on 30 June 2021 and 30 June 2020 no adjustment was required to the current value which the property is recognised at.

The Bethlehem property was valued on 30 June 2021, the valuation was based on the capitalisation of income method. Net rental income for the year was estimated to be R1 908 676 and the capitalisation rate was estimated to be 11%.

Unimproved land to the extent of 42 691 square meters was valued at R4 269 100.

The Bultfontein property was valued on 30 June 2021, the valuation was based on the capitalisation of income method. Net rental income for the year was estimated to be R1 153 366 and the capitalisation rate was estimated to be 11.5%.

As at 30 June 2019, the fair values of the land and buildings situated at Portion 24 of Erf 455 Bloemsmond and Portion 24 of Erf 455 Bloemsmond, Gordonia, Vryburg have been determined by Mr. TH Myburgh (Professional Valuer), of Equity Property Professionals with an effective valuation date of 28 May 2019.

As at 30 June 2019, the fair values of the land and buildings situated at Lot 497 and 500, Matsapha Industrial Estate, Swaziland have been determined by AM Ngwenya of Ngwenya Wonfor and Associates with an effective valuation date of 28 February 2019.

A directors' assessment was performed for trading branches, office buildings, shearing and auction facilities as well as processing and packaging plant which were not independently valued during the 2021 financial year.

The directors are of the opinion that the fair values as determined by the independent valuers during the last valuations performed, for properties listed above, represent the fair value of the investment properties and land and buildings.

45 Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

The directors will continue to monitor the impact of the COVID-19 pandemic on the Group's operations and its financial position. The impact of COVID-19 has been limited to certain areas of the business and has not materially impacted the Group's results.

46 Events after the reporting period

The Directors are not aware of any material events occurring after the reporting date and up to the date of this report that would have a material impact on these annual financial statements.

47 New Standards and Interpretations

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

47.1 Standards and interpretations effective and adopted in the current year

Standards/Interpretations:	Effective date:	Expected impact:
COVID 19 - Related Rent Concessions - Amendment to IFRS 16	01-Jun-20	No material impact.
Amendment to IFRS 3 - Business combinations - Definition of a business	01-Jan-20	No material impact.
Amendments to IFRS 9, ‘Financial Instruments’, IAS 39, ‘Financial Instruments: Recognition and Measurement’ and IFRS 7, ‘Financial Instruments: Disclosure’ – Interest rate benchmark reform (Phase 1)	01-Jan-20	No material impact.
IAS 1 Presentation of Financial Statements: Disclosure initiative	01-Jan-20	No material impact.
Amendment to IAS 1, ‘Presentation of financial statements’ and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ on the definition of material.	01-Jan-20	No material impact.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01-Jan-23	No material impact.

47.2 Standards and interpretations not yet effective

Standards/Interpretations:	Effective date:	Expected impact:
Amendments to IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 7 ‘Financial Instruments: Disclosures’ and IFRS 16 ‘Leases’ – interest rate benchmark (IBOR) reform (Phase 2)	01-Jan-21	Unlikely there will be a material impact
IFRS 3: Reference to the Conceptual Framework	01-Jan-22	Unlikely there will be a material impact
IFRS 9 Financial Instruments: Annual Improvements to IFRS Standards 2018–2020	01-Jan-22	Unlikely there will be a material impact
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts—Cost of Fulfilling a Contract	01-Jan-22	Unlikely there will be a material impact
Amendments to IAS 16 ‘Property, Plant and Equipment’ on Proceeds before Intended Use	01-Jan-22	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01-Jan-22	Unlikely there will be a material impact

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48. Significant accounting policies

The annual financial statements for the year ended 30 June 2021 were authorized for issue by the board of directors on 14 September 2021.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

48.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements, and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies. They are presented in thousands of Rand, which is the Group's and Company's functional currency.

These accounting policies are consistent with the previous period.

48.2 Segmental reporting

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

The basis of segmental reporting has been set out in Note 1.

48.3 Consolidation

48.3.1 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Holding Company.

The Holding Company has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. They are deconsolidated from the date that control ceases.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

48.3.2 Investments in subsidiaries in the separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

48.3 Consolidation (continued)

48.3.3 Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

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

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

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the fair value of the net assets acquired is in excess of the consideration paid then the gain is recognised directly in profit or loss.

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

48.4 Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investment in associates is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investment in associates is carried in the Statements of Financial Position at cost adjusted for post-acquisition changes in the group’s share of net assets of the associate, less any impairment losses.

The Group’s share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Group’s interest in that associate, including any other secure receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payment on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group’s interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group reduces its level of significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured at fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.5 Significant judgements and sources of estimation uncertainty

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

48.5.1 Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

i. Lease term: IFRS 16

In determining the lease term, management considered all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

ii. Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the Group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

iii. Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact upon the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be affected.

iv. Consolidation

Judgement was applied in assessing whether the Group has control over Hoëveld Veilingsentrum (Pty) Ltd through it’s 50% shareholding. It was concluded that the Group has power over the investee, a right to variable returns and the ability to use the power over the investee to affect the value of returns.

48.5.2 Key sources of estimation uncertainty

i. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

ii. Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in profit or loss.

In the Company an allowance is recognised against slow moving trade inventory at reporting date. Seasonal trade inventory older than twelve months is provided for at 15%. All other trade inventory older than twelve months is provided for at 25%. All trade inventory older than 24 months is provided for at 50%.

iii. Fair value estimation

Several assets and liabilities of the Group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs. Information about the specific techniques and inputs of the various assets and liabilities are disclosed in Note 44.

48.5.2 Key sources of estimation uncertainty (continued)

iv. Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

v. Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of property, plant and equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

48.6 Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment property in the Group comprises an office building and residential properties which are held for long-term rental yields and are not occupied by the Group. Investment property is carried at fair value, representing open market value determined on an annual basis by the board of directors.

Fair value is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Valuations are conducted triennially by an independent valuer, except for residential properties in rural areas. Changes in fair values are recorded in profit or loss.

The Group is exposed to changes in the residual value at the end of current leases, however the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

48.7 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

48.8 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to related parties and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major maintenance and services, additions to or replacements of parts of property, plant and equipment is capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day maintenance costs are included in profit or loss in the year in which they are incurred.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.8 Property, plant and equipment (continued)

Land and buildings comprise offices, warehouses, industrial, residential and trading branch buildings. Property values are reviewed on an annual basis by the directors. Offices, warehouses and industrial buildings are valued triennially by an external, independent valuer and included in the financial statements at the fair value less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Revaluations of land and buildings are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. Revaluations are performed every three years on the Group's office building and fibre warehouse as well on its processing and packaging plants. Trading branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas.

Land and buildings are subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any increase in carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of land and buildings is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Land and buildings	Straight line	50 years
Plant and machinery	Straight line	5 - 20 years
Furniture and fixtures	Straight line	5 - 15 years
Motor vehicles	Straight line	4 - 5 years
Office equipment	Straight line	5 - 10 years
IT equipment	Straight line	3 - 5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The directors consider the current values of properties to approximate their residual values.

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

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

48.9 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 initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	**Useful life**
Patents, trademarks and other rights	5 - 20 years
Brand names	5 - 20 years
Computer software	2 - 8 years
Client lists and relationships	5 - 20 years

48.10 Financial instruments

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

The financial instruments held by the Group, based on their specific classifications is set out in Note 43 Financial instruments and risk management.

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

48.10.1 Loans receivable at amortised cost

i. Classification

Loans to group companies (Note 9), loans to directors, managers and employees (Note 41), and loans receivable (Note 10) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.10 Financial instruments (continued)

48.10.1 Loans receivable at amortised cost (continued)

ii. Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

iii. Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in finance income (Note 30).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

iv. Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, that is whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

v. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

An impairment loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in impairment on financial assets in profit or loss as a movement in credit loss allowance (Note 29).

48.10.2 Trade and other receivables

i. Classification

Trade and other receivables, excluding VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 10). Trade and other receivables comprise trade debtors, advances and finance arrangements.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

48.10 Financial instruments (continued)

48.10.2 Trade and other receivables (continued)

ii. Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

iii. Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method and is included in revenue from contracts with customers (Note 26).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

iv. Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating income (Note 28) or administrative and other expenses (Note 29).

Details of foreign currency risk exposure and the management thereof are provided under financial instruments and risk management Note 43.

v. Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

vi. Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in Note 10.

An impairment loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in impairment on financial assets in profit or loss as a movement in credit loss allowance (Note 29).

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.10 Financial instruments (continued)

48.10.3 Borrowings and loans from related parties

i. Classification

Loans from group companies (Note 23) and borrowings (Note 19) are classified as financial liabilities subsequently measured at amortised cost.

ii. Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 31).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to Note 43 for details of risk exposure and management thereof.

iii. Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating income (Note 28) or administrative and other expenses (Note 29).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management Note 43.

48.10.4 Trade and other payables

i. Classification

Trade and other payables (Note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

ii. Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 31).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to Note 43 for details of risk exposure and management thereof.

48.10 Financial instruments (continued)

48.10.5 Financial liabilities at fair value through profit or loss

i. Classification

Financial liabilities which are held for trading are classified as financial liabilities measured at fair value through profit or loss. Refer to Note 43.

Financial liabilities which are held for trading, consisting of foreign exchange contracts and open positions on the South African Futures Exchange (SAFEX), are initially measured at fair value on contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

When a financial liability is contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss. Refer to Note 43.

ii. Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the Group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (Note 31).

iii. Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management Note 43.

48.10.6 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

48.10.7 Bank overdrafts

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Cash credit accounts are treated as bank overdrafts in the statements of cash flows as these accounts operate as overdraft accounts in substance despite being classified as borrowings in the financial statements.

48.10.8 Derecognition

i. Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ii. Financial liabilities

The Group derecognises financial liabilities when the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.10 Financial instruments (continued)

48.10.9 Reclassification

i. Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

ii. Financial liabilities

Financial liabilities are not reclassified.

48.10.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterpart.

48.10.11 Hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in the statement of changes in equity in the financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from this date.

i. Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows due to foreign currency risk associated with a recognised asset and/or a highly probable forecasted transaction. Cash flow hedging instruments are mainly used to manage foreign exchange risks and these instruments mainly comprise foreign exchange contracts.

The effective portion of changes in the fair value of qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in other operating gains (losses).

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

48.10.11 Hedge accounting (continued)

i. Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

48.11 Tax

48.11.1 Current tax assets and liabilities

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

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

48.11.2 Deferred tax assets and liabilities

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

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

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

48.11.3 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.

48.12 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of six months to seventeen years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.12 Leases (continued)

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs, and restoration costs.

Right-of-use assets are stated at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalued its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment.

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

48.13 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 the estimated costs of completion and the estimated costs necessary to make the sale.

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

The cost of wholesale inventories is stated at the actual cost of purchase of such inventories, or net realisable value, if lower. The cost of manufactured inventories are as follows:

- Raw Materials: Actual cost determined on a first-in-first-out basis.
- Finished Goods and Work-in-progress: Raw materials, direct labour, other direct costs and related production overheads (based on normal capacity).

Trading stock is generally determined on a weighted average basis and includes transportation and handling charges.

Grain inventories held in terms of brokerage transactions are measured at fair value at period end, based on the prevailing mark-to-market price of the specific inventory item as determined by SAFEX. The fair value of SAFEX commodity grain inventories is calculated based on SAFEX rates, less location differential, less grade discount and premiums at year end. The fair value of non-SAFEX commodity grain inventories is calculated based on willing buyer / willing seller prices at year end.

When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

48.14 Impairment of assets

The Group 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 Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, at the end of each financial year the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
- tests goodwill acquired in a business combination for impairment.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss on assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

48.15 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Shares issued at below fair value to conclude BEE transactions, where control over the counterparty was not present, are accounted for in profit or loss at the difference between the fair value of the shares and the issue price. A BEE reserve, included in non-distributable reserves, is credited in the statement of financial position.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any consideration paid or received shall be recognised directly in equity.

Shares held by the BKB Personnel Share Trust are deducted from equity attributable to the Group's equity holders on consolidation until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Group's equity holders.

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.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.16 Share based payments

The Group operates an equity-settled share-based payment compensation plan. The fair value of bonus shares and performance shares granted to group directors and senior executives are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted excluding the impact of non-market vesting conditions.

Fair value is measured using the Monte-Carlo option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the entity revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, for equity-settled share-based payments, in the income statement, with a corresponding adjustment to equity.

The grant by the Company of its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of equity instruments granted, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts. The Group's net vesting impact on the vesting of share-based payment obligations is transferred to retained earnings within the statement of changes in equity.

48.17 Employee benefits

48.17.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

48.17.2 Defined contribution plans

The Group provides retirement and income protection benefits through a defined contribution plan for all of its permanent employees. The plan is administered separately from the Group and is governed by the Pension Funds Act.

A defined contribution plan is a pension plan into which the Group pays fixed contributions into a separate entity (a Fund) and will have no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees' 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.

48.17.3 Defined benefit plans

BKB Limited provides post-retirement medical benefits to certain retired employees.

The post-retirement medical liability is valued triennially by independent, qualified actuaries. The liability is determined by discounting the future benefits payable at interest rates of government bonds with approximately the same maturity dates as the medical liability.

The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

ACCOUNTING POLICIES

48.18 Provisions and contingencies

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 39.

48.19 Government grants

Government grants are recognised when there is reasonable assurance that:
- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position as a reduction of the carrying amount of the asset, which results in reduced depreciation expense.

48.20 Revenue from contracts with customers

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

Revenue from contracts with customers is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:
- Sale of goods - wholesale (Brokerage, Fruit, Grain and Sugar)
- Sale of goods - retail (Trading)
- Rendering of services (Brokerage services, Trading and Grain)
- Commission received (Brokerage, Livestock auctioneering, property transactions and Grain)
- Rental income
- Interest income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

48.20.1 Sale of goods - wholesale

For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered/shipped to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made in terms of credit terms, which are consistent with market practice.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2021

ACCOUNTING POLICIES

48.20 Revenue from contracts with customers (continued)

48.20.1 Sale of goods – wholesale (continued)

Sale of wholesale goods comprises:

- Sale of processed maize and related products
- Margin on grain and related commodities
- Sale of manufactured lucerne and hay products
- Sale of surplus grain, upgradings and downgradings
- Packaging, marketing and sale of raisins
- Sale of sugar and related products
- Sale of wool and mohair

48.20.2 Sale of goods - retail

The Group sells goods directly to customers through its own retail outlets. Revenue is recognised at a point in time for sale of goods.

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods, or based on credit terms negotiated for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are less than 6 months.

48.20.3 Rendering of services

Income is recognised at an amount that reflects the consideration to which the Group expects to become entitled for providing services to a customer. Income is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The Group recognises income as the service is provided to a customer.

Rendering of services comprises:

- Handling, pressing and storage of wool and mohair
- Handling and storage of grain
- Shearing of animals

48.20.4 Commission received

Commission income is recognised at an amount that reflects the consideration to which the Group expects to become entitled for providing services to a customer. Income is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The Group recognises income as the service is provided to a customer.

Commission received comprises:

- Commission on brokerage of wool and mohair
- Commission on sale of livestock and agricultural products
- Commission on sale of residential (urban and rural), commercial and farm properties

48.20.5 Rental income

Rental income is recognised on a straight-line basis over the period of the lease.

48.20.6 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest received from debtors is included in revenue.

48.21 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related costs of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to return goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

ACCOUNTING POLICIES

48.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

48.23 Translation of foreign currencies

48.23.1 Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Rands by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.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