Life Healthcare Funding Limited
(Registration number 2016/273566/06)
Audited annual financial statements
for the year ended 30 September 2023

# Life Healthcare Funding Limited
(Registration number 2016/273566/06)
Audited Annual Financial Statements for the year ended 30 September 2023

## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | Borrowing and/or lending of funds |
| **Directors** | A Myataza<br>M Naidoo<br>PP van der Westhuizen |
| **Registered office** | Building 2<br>Oxford Parks<br>203 Oxford Road<br>Cnr Eastwood and Oxford Roads<br>Dunkeld<br>2196 |
| **Business address** | Building 2<br>Oxford Parks<br>203 Oxford Road<br>Cnr Eastwood and Oxford Roads<br>Dunkeld<br>2196 |
| **Postal address** | Private Bag X13<br>Northlands<br>2116 |
| **Holding company and guarantor under the company's Domestic Medium term Note Program** | Life Healthcare Group Holdings Limited<br>incorporated in the Republic of South Africa |
| **Ultimate holding company** | Life Healthcare Group Holdings Limited<br>incorporated in the Republic of South Africa |
| **Auditors** | Deloitte & Touche |
| **Secretary** | Life Healthcare Group Proprietary Limited |

**Preparation of the audited annual financial statements**

These audited annual financial statements have been audited by our external auditors, Deloitte & Touche. The preparation of the audited annual financial statements were supervised by W Love (Group Treasurer).

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# Directors' Responsibilities and Approval

The directors are responsible for the preparation, integrity and fair presentation of the audited annual financial statements of the company in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, No 71 of 2008 (as amended) (the Companies Act).

The directors consider that the most appropriate accounting policies, consistently applied (apart from the adoption of new accounting standards) and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the financial position of the company at 30 September 2023, and its financial performance and cash flows for the year then ended. The directors are also responsible for reviewing all information included in the financial statements and ensuring both its accuracy and its consistency.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records disclose, with reasonable accuracy, the financial position of the company and enable the directors to ensure that the financial statements comply with the relevant legislation.

The company operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts, available cash resources and available group banking facilities.

The Code of Corporate Practices and Conduct has been adhered to.

The company's external auditors, Deloitte & Touche, audited the financial statements, and their audit report is presented on pages 7 to 9.

**Approval of financial statements**

The audited annual financial statements set out on pages 4 to 6 and 10 to 28 were approved by the board on 26 January 2024 and were signed on their behalf by:

| | |
|---|---|
| **PP van der Westhuizen** | **A Myataza** |

**Statement of Company Secretary**

In terms of the Companies Act, all returns submitted as required by the Companies Act are true, correct and up to date and have been lodged with the Registrar.

# Directors' Report

The directors have pleasure in submitting their report on the audited annual financial statements of Life Healthcare Funding Limited for the year ended 30 September 2023.

### 1. Nature of business

Life Healthcare Funding Limited was incorporated in South Africa and is in the business of borrowing and/or lending of funds. The company operates principally in South Africa.

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

### 2. Review of financial results and activities

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No 71 of 2008 (as amended) (the Companies Act) and the Johannesburg Stock Exchange (JSE) Debt Listings Requirements. 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 are set out in these audited annual financial statements and do not in our opinion require any further comment.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Dividends

No dividends were declared or paid to shareholders during the year.

### 5. Directorate

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

| **Directors** | |
|---|---|
| A Myataza | Executive director |
| M Naidoo | Executive director |
| PP van der Westhuizen | Executive director |

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

Brief CV's are available on pages 15 to 16 of the Information Statement available on https://www.lifehealthcare.co.za/investor-relations/domestic-medium-term-note-programme/

### 6. Directors' interests in contracts

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

### 7. Holding company

The company's holding company is Life Healthcare Group Holdings Limited, incorporated in the Republic of South Africa.

### 8. Ultimate holding company

The company's ultimate holding company is Life Healthcare Group Holdings Limited, incorporated in the Republic of South Africa.

# Directors' Report

### 9. Special resolutions

The following special resolution was passed in writing by the shareholders of the company:

**Special resolution 1**

- General authority was granted to the directors to enable them, subject to the provisions of sections 44 and 45 of the Companies Act, to authorise the company to provide financial assistance to related and inter-related companies of the company.

### 10. Events after the reporting period

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

### 11. Governance

The company is a wholly owned subsidiary of its ultimate holding company, Life Healthcare Group Holdings Limited (Group) and has been included in the Group's application of the King IV Code. The Group's application of the King IV Code disclosure is included in its integrated annual report available at https://www.lifehealthcare.co.za/investor-relations/results-and-reports/

The audit committe of the Group acts on behalf of the company, in accordance with Section 94(2) of the Companies Act. The audit committee report is included in the Group's annual financial statements, available at https://www.lifehealthcare.co.za/investor-relations/results-and-report/

Petrus Phillipus van der Westhuizen is the Debt Officer of the company, in accordance with paragraph 7.3(g) of the JSE Debt Listings Requirements. The board of directors has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

The board of directors has executed its responsibilities under the evaluation policy.

### 12. Going concern

As at 30 September 2023, the company's total liabilities exceed total assets and current liabilities exceed current assets which may cast significant doubt upon the company's ability to meet its operational and capital objectives, realise its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern.

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

The company was advanced a payable from the major shareholder of the company to fund the company's operating cash flow and capital expenditure.

In accordance with the memorandum of agreement between the major shareholder and the company, the major shareholder has undertaken to provide sufficient financial assistance to the company by subordinating its payable against the company and to provide financial assistance to the company as and when it is needed to enable the company to continue its operations and fulfil all of its obligations now and in the future.

The undertaking shall remain in force and effect only for so long as the total liabilities of the company exceed the total assets and the current liabilities exceed the current assets, or for a period of 12 months after the date of the annual financial statements approval, whichever is earlier. These financial statements have therefore been prepared on a going concern basis.

### 13. Auditors

Deloitte & Touche were appointed as auditors for the company for 2023, in accordance with section 90(1) of the Companies Act.

# Directors' Report

### 14. Secretary

The company secretary is Life Healthcare Group Proprietary Limited.

| | |
|---|---|
| Postal address: | Private Bag X13<br>Northlands<br>2116 |
| Business address: | Building 2<br>Oxford Parks<br>203 Oxford Road<br>Cnr Eastwood and Oxford Roads<br>Dunkeld<br>2196 |

### 15. Liquidity and solvency

The directors have performed the liquidity and solvency test required by the Companies Act and are satisfied with the financial performance and position of the company.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall 2090
Docex 10 Johannesburg

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www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Life Healthcare Limited set out on pages 10 - 28, which comprise the statement of financial position as of 30 September 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Life Healthcare Funding Limited as at 30 September 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

### *Basis for Opinion*

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

### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

### Emphasis of Matter – Subordination Letter

We draw attention to Note 20 to the financial statements, which indicate that LHC Group Proprietary Limited has subordinated its payable (refer to Note 18) in favour of other creditors and provided a letter of support until such time as the company's assets fairly valued, exceed its liabilities, fairly valued. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited (continued)

## Other Information

Management is responsible for the other information. The other information comprises the information included in the document titled "Life Healthcare Funding Limited Audited annual financial statements for the year ended 30 September 2023" which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Other Information

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 Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the 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 management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: Michelle Cronje
Partner
26 January 2024
5 Magwa Crescent
Waterfall City
Midrand
2090

# Statement of Financial Position as at 30 September 2023

| Figures in Rand | Note(s) | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Other financial assets | 4 | 1 000 000 000 | - |
| **Current Assets** | | | |
| Loans to group companies | 5 | 1 | 1 |
| Trade and other receivables | 6 | 567 119 | 5 046 983 |
| Cash and cash equivalents | 7 | 26 973 252 | 1 006 906 237 |
| | | **27 540 372** | **1 011 953 221** |
| **Total Assets** | | **1 027 540 372** | **1 011 953 221** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Stated capital | 9 | 1 | 1 |
| Retained income/ (Accumulated loss) | | (1 095 076) | (1 983 233) |
| | | **(1 095 075)** | **(1 983 232)** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Interest bearing borrowings | 10 | 1 000 000 000 | 1 000 000 000 |
| Deferred tax | 11 | - | 21 985 |
| | | **1 000 000 000** | **1 000 021 985** |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 28 631 309 | 13 914 468 |
| Current tax payable | | 4 138 | - |
| | | **28 635 447** | **13 914 468** |
| **Total Liabilities** | | **1 028 635 447** | **1 013 936 453** |
| **Total Equity and Liabilities** | | **1 027 540 372** | **1 011 953 221** |

# Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand | Note(s) | 2023 | 2022 |
|---|---|---|---|
| Finance income | 14 | 90 881 259 | 11 876 625 |
| Finance costs | 15 | (89 846 959) | (13 056 003) |
| Other expenses | | (114 039) | (781 870) |
| **Profit/(loss) before taxation** | | **920 261** | **(1 961 248)** |
| Tax (expense)/credit | 16 | (32 104) | (21 985) |
| **Profit/(loss) for the year** | | **888 157** | **(1 983 233)** |
| Other comprehensive income/(loss), net of tax | | - | - |
| **Total comprehensive income/(loss) for the year** | | **888 157** | **(1 983 233)** |

# Statement of Changes in Equity

| Figures in Rand | Stated capital | Retained income/ (Accumulated loss) | Total equity |
|---|---|---|---|
| **Balance at 01 October 2021** | **1** | **-** | **1** |
| Profit /(loss) for the year | - | (1 983 233) | (1 983 233) |
| Other comprehensive income/(loss), net of tax | - | - | - |
| **Total comprehensive income/(loss) for the year** | **-** | **(1 983 233)** | **(1 983 233)** |
| **Balance at 01 October 2022** | **1** | **(1 983 233)** | **(1 983 232)** |
| Profit /(loss) for the year | - | 888 157 | 888 157 |
| Other comprehensive income/(loss), net of tax | - | - | - |
| **Total comprehensive income/(loss) for the year** | **-** | **888 157** | **888 157** |
| **Balance at 30 September 2023** | **1** | **(1 095 076)** | **(1 095 075)** |
| Note | 9 | | |

# Statement of Cash Flows

| Figures in Rand | Note(s) | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | |
| Cash generated from/(used in) operations | 17 | 19 082 666 | 13 051 172 |
| Finance income | 14 | 90 881 259 | 6 911 068 |
| Finance costs | | (89 846 959) | (13 056 003) |
| Tax received/(paid) | | (49 951) | - |
| **Net cash from/(used in) operating activities** | | **20 067 015** | **6 906 237** |
| **Cash flows from/(used in) investing activities** | | | |
| Purchase of other financial assets | | (1 000 000 000) | - |
| **Net cash from/(used in) investing activities** | | **(1 000 000 000)** | **-** |
| **Cash flows from/(used in) financing activities** | | | |
| Interest bearing borrowings | 10 | - | 1 000 000 000 |
| **Net cash from/(used in) financing activities** | | **-** | **1 000 000 000** |
| **Total cash movement for the year** | | **(979 932 985)** | **1 006 906 237** |
| Cash at the beginning of the year | | 1 006 906 237 | - |
| **Total cash at end of the year** | 7 | **26 973 252** | **1 006 906 237** |

# Accounting Policies

### 1. Basis of preparation, critical judgements and accounting estimates and assumptions

### 1.1 Basis of preparation

The audited annual financial statements present the financial position and changes therein, operating results and cash flow information of Life Healthcare Funding Limited, and have been prepared on a historical cost basis, unless otherwise stated.

These audited annual financial statements have been prepared in accordance with:
- International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the company's financial year.
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.
- South African Companies Act, No 71 of 2008 (as amended).

The audited annual financial statements are presented in Rands, which is the company's functional currency.

### 1.2 Critical judgements, accounting estimates and assumptions

The preparation of audited annual financial statements requires the use of critical accounting estimates and assumptions and requires management to exercise judgements in the process of applying the company's accounting policies.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. A description of the accounting estimates, assumptions and judgements that were critical to preparing specific financial statement items as well as the processes employed to do so, are set out as follows:

### 1.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**
- Trade and other receivables
- Cash and cash equivalents
- Loans to group companies

**Initial recognition and measurement**

Financial assets in the company are classified at initial recognition and subsequently measured as either amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model managing it.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

On initial recognition:
- Financial assets held at fair value through profit and loss are measured initially at fair value, excluding transaction cost.
- Trade receivables, which do not have a significant financing component, are initially measured at the transaction price determined under IFRS 15, including transaction costs.
- All other financial assets are initially measured at fair value, including transaction costs.

# Accounting Policies

**1.3 Financial instruments (continued)**
**Subsequent measurement**

Financial assets are subsequently measured at amortised cost.

The company's financial assets at amortised cost include trade and other receivables, loans to associates, loans receivable, finance lease receivables and cash and cash equivalents.

The company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held with the objective to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test (solely payments of principal and interest) and is performed at an instrument level.

If it fails the above criteria it will be classified as fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation and either:
- The company has transferred substantially all risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all risks and rewards, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

**Impairment of financial assets**

Further disclosures relating to the impairment of financial assets are also provided in the risk management note.

The company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the company applies a simplified approach in calculating ECLs.

Therefore, the company does not track significant increases in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company established an ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the macro-economic factors affecting the ability of the customer to settle outstanding balances. If the forecasted economic conditions (i.e. GDP, unemployment, repo rate) are expected to lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The company considers a financial asset in default when contractual payments are past due, which differ for each trade receivable category. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full.

The company considers the following factors:
- The history of the specific customer
- Indications of financial difficulties of the specific customer
- Credit terms specific to the customer
- General economic conditions

# Accounting Policies

### 1.3 Financial instruments (continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is when the company has exhausted all options regarding the debt, it also includes the following factors:

- The account is handed back from the debt collectors as uncollectable, i.e. the company has followed full legal process
- The debtor is deceased and the estate is insolvent
- The debtor cannot be traced

Loans are valued based on the risk of the counterparty on the comprehensive method. All loans are considered to be stage 1. The probability of default and loss given default are measured using Moody's Analytics RiskCalc solution which compares the company's financial information to an extensive database of company financial information. These are then converted to point in time measures taking into account forward looking macro-economic forecasts.

### 1.4 Capital and reserves

Stated capital comprises share capital and share premium.

Share capital issued by the company is recorded at the proceeds received, net of issue costs.

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

### 1.5 Revenue

**Interest income**

Interest income includes interest income on funds invested, unwinding of the discount on debtors, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss.

Interest income is recognised, in profit or loss, using the effective interest rate method, unless it is doubtful.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument., and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

### 2. New Accounting Standards and IFRIC Interpretations

### 2.1 New and amended accounting standards adopted by the company

The company has applied the following standards, amendments and interpretations for the first time for the annual reporting period commencing 1 October 2022:

- Amendment to IAS 16 - the amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Annual improvements 2018-2020 cycle - amendments and clarifications to existing IFRS standards.
- Amendments to IFRS 3 to update an outdated reference to the conceptual framework in IFRS without significantly changing the requirements in the standard.
- Amendment to IAS 37 Onerous contracts - the amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract.

*Impact*

The implementation of these standards and amendments had no material financial impact on the company.

### 2.2. New accounting standards, amendments and IFRIC interpretations not yet effective and not early adopted

The following amendments and IFRICs are effective for annual periods beginning on or after 1 January 2023

- Amendment to IAS 1 - the amendment aims to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current. (1 January 2023)
- Amendment to IAS 1 and IFRS Practice Statement 2 - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. (1 January 2023)
- Amendment to IAS 8 - the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. (1 January 2023)
- Amendment to IAS 12 - the amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. (1 January 2023)
- Amendment of IFRS 16 - The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. (1 January 2024)
- Amendment of IAS 1 - The 2022 amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date. (1 January 2024)

All the amendments and IFRICs listed above are not expected to have a material impact on the company in the current or future periods.

# Notes to the Audited Annual Financial Statements

## 3. Risk management

The company forms part of the Life Healthcare Group of companies.

The Group's overall risk management programme focuses, inter alia, on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance. The Group does not apply formal hedge accounting, but uses derivative financial instruments to hedge interest and foreign currency risk exposures.

Financial risk management is carried out by a central treasury department (treasury) of Life Healthcare Group Proprietary Limited under policies approved by the Group investment committee.

Treasury identifies, evaluates and economically hedges financial risks in close co-operation with the company. The Group has written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**Capital risk management**

The company's capital structure is monitored and managed by Life Healthcare Group Proprietary Limited and borrows mostly at a group level.

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and to provide for sufficient capital expansion. The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents, and equity as disclosed in the statement of financial position. Preference shares are included in borrowings. The Group uses the net debt to normalised EBITDA ratio, as defined in the debt agreements, to measure the funding requirements in the form of debt or equity. Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items.

In order to maintain or adjust the capital structure, the company may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares, issue new debt, refinancing existing debt or sell assets to manage the debt level, in consultation with Life Healthcare Group Proprietary Limited.

There have been no changes to what the company manages as capital and the strategy for capital maintenance.

**Financial risk management**

The company's activities expose it to a variety of financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk).

**Credit risk**

Credit risk is managed by Life Healthcare Group Proprietary Limited by a central credit control department.

Credit risk arises mainly from cash and cash equivalents, trade and other receivables and other assets. Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations. The company mainly deposits cash with Life Healthcare Group Proprietary Limited. Life Healthcare Group Proprietary Limited deposits surplus cash with major banks with high quality credit standing and maintains an appropriate spread of cash deposits between various financial institutions to limit the exposure to any one counterparty. For banks and financial institutions, only independently rated parties with a minimum Moody's global scale rating of B1, or equivalent local scale rating for South African banks are accepted.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Service to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit guarantee insurance is not purchased.

An impairment analysis, for trade and other receivables, is performed at each reporting date using an ECL model to measure expected credit losses (ECLs). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly by customer type).

### 3. Risk management (continued)

**Credit risk (continued)**

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions.

Generally, trade receivables are written-off when the company has exhausted all options regarding the debt.

The company is exposed to a number of guarantees for the overdraft facilities of group companies.

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Gross carrying amount** | **Credit loss allowance** | **Amortised cost / fair value** | **Gross carrying amount** | **Credit loss allowance** | **Amortised cost / fair value** |
| Loans to group companies | 1 | - | 1 | 1 | - | 1 |
| Trade and other receivables | 567 119 | - | 567 119 | 4 965 557 | - | 4 965 557 |
| Cash and cash equivalents | 26 973 252 | - | 26 973 252 | 1 006 906 237 | - | 1 006 906 237 |
| Other financial assets | 1 000 000 000 | - | 1 000 000 000 | - | - | - |
| | **1 027 540 372** | **-** | **1 027 540 372** | **1 011 871 795** | **-** | **1 011 871 795** |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in this note.

**Liquidity risk**

The company's exposure to liquidity risk is managed by Life Healthcare Group Proprietary Limited.

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. Financial liabilities of the company with contractual cash flows and maturity dates are exposed to liquidity risk.

The company participates in the Life Healthcare Group Proprietary Limited's cash facilities and its liquidity requirements are managed by the central treasury department.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and banking facilities. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Cashflow forecasts are prepared and utilised facilities are monitored on a daily basis. Longer-term cash flow forecasts are updated quarterly.

The Group maintains a varied maturity profile for non-current interest bearing borrowings in line with forecast profitability and cash flow. Acceptable profitability and gearing levels at the time of refinancing will meet lenders credit criteria and mitigate refinancing risk.

The Group ensures that a reasonable balance is maintained between the period over which assets generate funds and the period over which the assets are funded.

The Group maintains relationships with a broad range of financial institutions to avoid concentration risk and safeguard the availability of liquidity at all times. To further avoid market concentration risk, the Group diversifies its funding sources between traditional bank markets and debt capital markets, enabling it to target different lenders at different points in their credit cycles.

Amortising debt is budgeted to be repaid from cash resources or re-financed with available short term facilities.

The Group reviews maturities at least 12 months in advance and ensures that adequate cash resources and/or committed banking facilities will be in place and available at least six months before a significant refinancing date.

# Notes to the Audited Annual Financial Statements

**3. Risk management (continued)**

**Liquidity risk (continued)**

The table below analyses the company's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**At 30 September 2023**

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Trade and other payables | 28 631 287 | - | - | - | 28 631 287 |
| Interest bearing borrowings | 99 722 466 | 589 600 000 | 590 360 000 | - | 1 279 682 466 |
| | **128 353 753** | **589 600 000** | **590 360 000** | **-** | **1 308 313 753** |

**At 30 September 2022**

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Trade and other payables | 13 914 400 | - | - | - | 13 914 400 |
| Interest bearing borrowings | 79 120 000 | 79 336 767 | 1 143 366 000 | - | 1 301 822 767 |
| | **93 034 400** | **79 336 767** | **1 143 366 000** | **-** | **1 315 737 167** |

**Cash flow interest rate risk**

The Group manages its cash flow interest rate risk by using interest rate collars, caps or swaps. Such interest rate hedges have the economic effect of capping the exposure to floating rates to a maximum rate. Generally, the Group raises long-term borrowings at floating rates and then hedges floating rates to a known maximum exposure. Under the interest rate collars, caps or swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between the hedge and the floating rate interest amounts calculated by reference to the agreed notional principle amount. Interest rate collars, caps and swaps are entered into to fix interest rates from floating rates.

The Group policy is to hedge a maximum of 80% of its borrowings (excluding lease liabilities) and to hedge a quantum of borrowings (excluding lease liabilities) to ensure the difference between the Group's forecast interest cost on unhedged borrowings (excluding lease liabilities) and the Yield curve +1%, is not greater than 2.0% of the forecast Group normalised EBITDA.

The Group analyses its interest rate exposure on a dynamic basis.

| 2023 Financial instrument | Current interest rate | Due in less than 1 year | Due in 1 to 2 years | Due in 2 to 5 years | Due in more than 5 years | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 7.20 % | 26 973 252 | - | - | - | 26 973 252 |
| Other financial assets | 8.07 % | - | 500 000 000 | 500 000 000 | - | 1 000 000 000 |
| Interest bearing borrowings | 8.98 % | - | (500 000 000) | (500 000 000) | - | (1 000 000 000) |
| | | **26 973 252** | **-** | **-** | **-** | **26 973 252** |

| 2022 Financial instrument | Current interest rate | Due in less than 1 year | Due in 1 to 2 years | Due in 2 to 5 years | Due in more than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest bearing borrowings | 6.53 % | - | - | (1 000 000 000) | - | (1 000 000 000) |

## Notes to the Audited Annual Financial Statements

### 4. Other financial assets

| | | |
|---|---|---|
| **Loans at amortised cost** | | |
| Life Healthcare Group Proprietary Limited | 1 000 000 000 | - |
| Two loans of R500m each bearing interest at 3-month JIBAR + 1.65% and 1.75% are repayable in a single instalment on 19 July 2025 and 19 July 2027 respectively. | | |

| | | |
|---|---|---|
| Non-current assets | 1 000 000 000 | - |
| Current assets | - | - |
| | **1 000 000 000** | **-** |

**Fair values of loans and receivables**

The fair value of loans and receivables approximate their carrying amounts.

**Loans and receivables past due but not impaired**

Financial assets at amortised cost are assessed using expected credit losses. Based on this the expected credit loss was negligible.

**Loans and receivables impaired**

No loans were impaired during the year.

**Credit quality of other financial assets**

The credit quality of these financial assets that are neither past due nor impaired can be assessed by reference to historical information about the counter party default rates. No default existed at year end.

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

### 5. Loans to group companies

**2023**

| | Gross carrying amount | Loss allowance | Amortised cost |
|---|---|---|---|
| **Loans to holding companies** | | | |
| Life Healthcare Group Holdings Limited | 1 | - | 1 |
| The loan is unsecured and does not bear interest with no fixed terms of repayment. | | | |

**Total**

| | | | |
|---|---|---|---|
| Loans to holding companies | 1 | - | 1 |

**2022**

## Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

### 5. Loans to group companies (continued)

| | Gross carrying amount | Loss allowance | Amortised cost |
|---|---|---|---|
| **Loans to holding companies** | | | |
| Life Healthcare Group Holdings Limited | 1 | - | 1 |
| The loan is unsecured and does not bear interest with no fixed terms of repayment. | | | |
| **Total** | | | |
| Loans to holding companies | 1 | - | 1 |

| | 2023 | 2022 |
|---|---|---|
| Non-current assets | - | - |
| Current assets | 1 | 1 |
| | **1** | **1** |

**Exposure to credit risk**

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

**Credit loss allowances**

The tables above set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable. The loss allowance has been determined based on the 12 months expected credit loss.

**Fair value of loans to group companies**

The fair value of loans to group companies approximate their carrying amounts.

### 6. Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| Other receivables - accrued interest | 567 119 | 4 965 557 |
| Prepaid expenses | - | 81 426 |
| | **567 119** | **5 046 983** |

**Exposure to credit risk**

An impairment analysis is performed at each reporting date using an ECL model to measure expected credit losses (ECLs). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly customer type).

The calculation reflects probability-weighted outcomes, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when the company has exhausted all options regarding the debt.

Please refer to the financial asset accounting policy for further indicators. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note. The company does not hold collateral as security.

# Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

## 6. Trade and other receivables (continued)

**Fair value of trade and other receivables**

The fair value of trade and other receivables approximate their carrying amounts.

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2023 | 2022 |
|---|---|---|
| Bank accounts | 26 973 252 | 1 006 906 237 |

The cash in bank and deposits are on call, immediately available, and consist of money market call deposits and short term money market instruments.

The company forms part of Life Healthcare Group of companies and participates in the group's cash management facilities.

## 8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

**Amortised cost**

| | 2023 | 2022 |
|---|---|---|
| Loans to group companies | 1 | 1 |
| Trade and other receivables | 567 119 | 5 046 983 |
| Other financial assets | 1 000 000 000 | - |
| | **1 000 567 120** | **5 046 984** |

| **Amortised cost** | 2023 | 2022 |
|---|---|---|
| Trade and other receivables | 567 119 | - |

## 9. Stated capital

| | 2023 | 2022 |
|---|---|---|
| Stated capital comprises: | | |
| Share capital | 1 | 1 |

**Share capital**

| **Authorised** | 2023 | 2022 |
|---|---|---|
| 1000 Ordinary shares of R1 each | 1 000 | 1 000 |

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

| **Issued and fully paid** | 2023 | 2022 |
|---|---|---|
| 1 Ordinary share of R1 | 1 | 1 |

# Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

### 10. Interest bearing borrowings

| | | |
|---|---|---|
| **Held at amortised cost** | | |
| Interest bearing borrowings | 1 000 000 000 | 1 000 000 000 |

During 2022 the company established a Domestic Medium Term Note programme and raised R1 billion by issuing 2 floating rate notes of R500 million each.
The notes are unsecured and bear interest at 3-month Jibar + 1.35% and 1.54% and repayable in a single instalment on 19 July 2025 and 19 July 2027 respectively.
The guarantors under the Domestic Medium Term Note Programme are:
Life Healthcare Group Holdings Limited
Life Healthcare Group Proprietary Limited
Life UK Holdco Limited
Alliance Medical Limited

| | | |
|---|---|---|
| Non-current liabilities | 1 000 000 000 | 1 000 000 000 |

**Exposure to interest rate risk**

Refer to the note on financial risk management for details of interest rate risk management for other financial liabilities.

### 11. Deferred tax

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

| | | |
|---|---|---|
| Deferred tax liability | - | (21 985) |

**Reconciliation of deferred tax asset / (liability)**

| | | |
|---|---|---|
| Balance at 1 October | (21 985) | - |
| Current year (charge)/credit | 21 985 | (21 985) |
| **Balance at 30 September** | **-** | **(21 985)** |

**Recognition of deferred tax asset / (liability)**

| **2023** | **Opening balance** | **Charged/ (credited) during the year** | **Closing balance** |
|---|---|---|---|
| Prepaid expenses | (21 985) | 21 985 | - |

| **2022** | **Opening balance** | **Charged/ (credited) during the year** | **Closing balance** |
|---|---|---|---|
| Prepaid expenses | - | (21 985) | (21 985) |

A deferred tax asset to the value of R133 341 has not been recognised.

## Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

### 12. Trade and other payables

| | | |
|---|---|---|
| Other payables | 28 631 287 | 13 914 468 |
| VAT | 22 | - |
| | **28 631 309** | **13 914 468** |

**Fair value of trade and other payables**

The fair value of trade and other payables approximate their carrying amounts.

### 13. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

**Amortised cost**

| | | |
|---|---|---|
| Trade and other payables | 28 631 287 | 13 914 468 |
| Interest bearing borrowings | 1 000 000 000 | 1 000 000 000 |
| | **1 028 631 287** | **1 013 914 468** |

### 14. Finance income

| | | |
|---|---|---|
| Bank | 10 190 986 | 11 876 625 |
| Other financial assets | 80 690 273 | - |
| | **90 881 259** | **11 876 625** |

### 15. Finance costs

| | | |
|---|---|---|
| Interest bearing borrowings | 89 846 959 | 13 056 000 |
| Bank overdraft | - | 3 |
| | **89 846 959** | **13 056 003** |

# Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

## 16. Tax expense/(credit)

**Major components of the tax expense/(credit)**

| | 2023 | 2022 |
|---|---|---|
| **Current** | | |
| Normal income tax - current period | 54 089 | - |
| **Deferred** | | |
| Originating and reversing temporary differences | (21 985) | 21 985 |
| | **32 104** | **21 985** |

**Reconciliation of the tax expense/(credit)**

Reconciliation between applicable tax rate and average effective tax rate.

| | 2023 | 2022 |
|---|---|---|
| Applicable tax rate | 27.00 % | 28.00 % |
| Permanent differences - expense not deductible | - % | (29.12)% |
| Limitation of losses - 20% no DT realised | 5.88 % | - % |
| Assessed losses - no DT raised | (29.39)% | - % |
| | **3.49 %** | **(1.12)%** |

It was announced in the February 2021 budget that the company tax rate would be reduced to 27% with effect from years commencing on or after 1 April 2022. The applicable current rate for 2022 would remain at 28%, however the 2022 closing balance for deferred tax would be at 27%, as this is the rate that the deferred tax balances would realise at.

## 17. Cash generated from/(used in) operations

| | 2023 | 2022 |
|---|---|---|
| Profit/(loss) before taxation | 920 261 | (1 961 248) |
| **Adjustments for:** | | |
| Finance income | (90 881 259) | (11 876 625) |
| Finance costs | 89 846 959 | 13 056 003 |
| **Changes in working capital:** | | |
| Trade and other receivables | 4 479 864 | (81 426) |
| Trade and other payables | 14 716 841 | 13 914 468 |
| | **19 082 666** | **13 051 172** |

# Notes to the Audited Annual Financial Statements

| Figures in Rand | | 2023 | 2022 |
|---|---|---|---|

## 18. Related parties

| | |
|---|---|
| Relationships | |
| Ultimate holding company | Life Healthcare Group Holdings Limited |
| Holding company | Life Healthcare Group Holdings Limited |

**Related party balances**

| | 2023 | 2022 |
|---|---|---|
| **Loan accounts - Owing (to) by related parties** | | |
| Life Healthcare Group Holdings Limited | 1 | 1 |
| Life Healthcare Group Proprietary Limited | 1 000 000 000 | - |
| **Trade receivables receivable from related parties** | | |
| Life Healthcare Group Proprietary Limited | 567 119 | - |
| **Trade payables payable to related parties** | | |
| Life Healthcare Group Proprietary Limited | (3 564 438) | (13 914 468) |

**Related party transactions**

| | 2023 | 2022 |
|---|---|---|
| **Interest received from related parties** | | |
| Life Healthcare Group Proprietary Limited | 80 690 273 | - |

## 19. Directors' emoluments

**2023**

| | Salaries | Retirement/ medical benefits | Other allowances | Share based payments | Cost to company[1] | Total |
|---|---|---|---|---|---|---|
| A Myataza | 3 909 825 | 122 514 | - | - | 4 032 339 | 4 032 339 |
| M Naidoo | 5 406 869 | 149 642 | 90 000 | 413 523 | 6 060 034 | 6 060 034 |
| PP van der Westhuizen | 11 284 718 | 258 672 | 65 809 | 1 721 687 | 13 330 885 | 13 330 885 |
| | **20 601 412** | **530 828** | **155 809** | **2 135 210** | **23 423 258** | **23 423 258** |

**2022**

| | Salaries | Retirement/ medical benefits | Other allowances | Share based payments | Cost to company[1] | Total |
|---|---|---|---|---|---|---|
| A Myataza | 3 141 863 | 114 919 | - | - | 3 256 782 | 3 256 782 |
| M Naidoo | 4 318 810 | 140 397 | 90 000 | - | 4 549 207 | 4 549 207 |
| PP van der Westhuizen | 8 508 918 | 243 085 | 65 809 | 1 231 194 | 10 049 006 | 10 049 006 |
| | **15 969 591** | **498 401** | **155 809** | **1 231 194** | **17 854 995** | **17 854 995** |

[1]The director is employed by Life Healthcare Group Proprietary Limited and not the entity itself. The cost to company disclosed is for the period of employment within the financial year.

**Details of service contracts**

No director has a notice period of more than a year. No director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.

# Notes to the Audited Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|---|---|---|

## 20. Going concern

As at 30 September 2023, the company's total liabilities exceed total assets and current liabilities exceed current assets which may cast significant doubt upon the company's ability to meet its operational and capital objectives, realise its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern.

The company was advanced a payable from the major shareholder of the company to fund the company's operating cash flow and capital expenditure.

In accordance with the memorandum of agreement between the major shareholder and the company, the major shareholder has undertaken to provide sufficient financial assistance to the company by subordinating its payable against the company and to provide financial assistance to the company as and when it is needed to enable the company to continue its operations and fulfil all of its obligations now and in the future.

The undertaking shall remain in force and effect only for so long as the total liabilities of the company exceed the total assets and the current liabilities exceed the current assets, or for a period of 12 months from the date of the financial statements, being the date of the end of the latest period covered by the financial statements, whichever is earlier. These financial statements have therefore been prepared on a going concern basis.

## 21. Events after the reporting period

There are no significant events after the reporting period.