



NU-WORLD HOLDINGS LIMITED

Annual Financial Statements

2022



ANNUAL FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITY FOR, AND **APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2022

The Annual Financial Statements, set out on pages 51 to 86, were prepared by management in conformity with, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the Listing Requirements of the JSE Limited and the Memorandum of Incorporation of the Company. They have been approved by the Board of Directors and have been signed on their behalf by the undermentioned directors.

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements present fairly the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the Listing Requirements of the JSE Limited.

To fulfil its responsibilities, the Board of Directors has developed and continues to maintain a system of internal controls. These controls are based on established policies and procedures, are implemented by trained skilled personnel with an appropriate segregation of duties and are closely monitored by the Board of Directors.

We believe the controls in use are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

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.

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

- The Annual Financial Statements set out on pages 51 to 86, fairly presents in all material aspects of the financial position, financial performance and cash flows of Nu-World Holdings Limited, in terms of IFRS;
- To the best of our knowledge and belief no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- Internal financial controls have been put in place to ensure that the material information relating to Nu-World Holdings Limited, and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the Group;
- The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

After conducting appropriate procedures the directors are satisfied that the Group will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the Annual Financial Statements.

The Board of Directors are primarily responsible for the financial affairs of the Group. The auditors are responsible for independently auditing and reporting on the Group's Annual Financial Statements.

The Audit Committee is comprised of four non-executive directors and meets bi-annually with the auditors. The auditors have free access to this committee.

The Annual Financial Statements have been examined by the Group's auditors and their report is presented on pages 46 to 49. The auditors are appointed each year based on recommendation by the Audit Committee.



J A GOLDBERG
Chief Executive Officer

26 October 2022



G R HINDLE
Group Financial Director

26 October 2022

CERTIFICATE OF THE **COMPANY SECRETARY**

I certify, in accordance with Section 88(2) of the Companies Act No. 71 of 2008 (as amended) that the Company has lodged with the Registrar all such returns as are required by a public company in terms of this Act, for the year ended 31 August 2022. Furthermore, all such returns are true, correct and up to date.



B H HAIKNEY
Company Secretary

Wynberg

26 October 2022

REPORT OF **THE DIRECTORS**

NATURE OF BUSINESS

The Company is a holding Company listed on the JSE. Its subsidiaries import and export a diversified range of Electrical Appliances, Consumer Electronics and Branded Consumer Durables.

The results and state of affairs of the Group are reflected in the attached financial statements and commentary thereon is provided in the managing director's review.

SHARE CAPITAL

Authorised share capital

The authorised share capital of the Company comprises 30 000 000 ordinary shares of 1 cent each and 20 000 000 "N" ordinary shares of 0,1 cent each. There were no changes in the authorised share capital during the year under review.

Issued share capital

There were no changes in the issued share capital during the year under review.

Unissued share capital

At the forthcoming Annual General Meeting, members will be asked to place the unissued share capital of the Company under the control of the directors. A resolution for this purpose is included in the notice of the forthcoming Annual General Meeting.

The Nu-World Share Incentive Trust

The Nu-World Share Incentive Trust ("the trust") was established in March 1993. In terms of the trust deed, the aggregate number of ordinary shares in the capital of the Company, which may be made available for purposes of the trust, shall not exceed 10% of the Company's issued share capital. The trust requires a minimum of two trustees. The current trustees are Messrs R Kinross, D Piaray and J M Judin. No trustee is a beneficiary of the trust. There was no repurchase of shares during the period under review.

Refer to note 26 in the attached financial statements for further details.

TRADING STATEMENT

The Company has selected earnings per share and headline earnings per share as the key performance metrics for trading statement purposes.

DIVIDEND

The Board has resolved to declare a dividend to shareholders of 149,8 cents per share.

DIRECTORS

The composition of the board of directors during the year under review was as follows:

M S Goldberg (executive chairman), J A Goldberg (chief executive officer), G R Hindle, J M Judin, D Piaray, R Kinross and F J Davidson.

In terms of the Memorandum of Incorporation at least one third of the Directors are required to retire at the forthcoming Annual General Meeting, but being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS (CONTINUED)

SECRETARY

B H Haikney was appointed as Company Secretary following the resignation of T Cape on 30 November 2021.

Business and postal address:

The Secretary

682 Pretoria Main Road, Wynberg, Sandton, 2199

P O Box 8964, Johannesburg, 2000

SUBSIDIARY COMPANIES

Details of your Company's investment in its subsidiaries are set out in appendix A on page 88 to the Annual Financial Statements.

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The directors' interest, directly and indirectly, in the issued share capital of the Company at the yearend represented 8,9%.

THE DIRECTORS' INTERESTS IN THE ISSUED SHARE CAPITAL OF THE COMPANY WAS AS FOLLOWS:

Name	Direct beneficial No.	Indirect beneficial No.	Total 2022 No.	Total 2021 No.
Executive				
M S Goldberg	384 439	437 000	821 439	821 439
J A Goldberg	1 138 879		1 138 879	1 138 879
G R Hindle	12 477		12 477	12 477
Non executive				
R Kinross	22 500		22 500	22 500
D Piray				
J M Judin		26 039	26 039	26 039
F J Davidson				

There has been no change in the above holdings between 31 August 2022 and the date of approval of the financial statements.

DIRECTORS' REMUNERATION

Name	Directors' fees R'000	Basic salary R'000	Performance bonus R'000	Other allowances R'000	Total 2022 R'000	Total 2021 R'000
Executive						
M S Goldberg		3 272		400	3 672	3 753
J A Goldberg		5 573		717	6 290	6 290
G R Hindle		2 278		719	2 997	3 015
Non executive						
R Kinross	300				300	300
D Piray	300				300	300
J M Judin	350				350	350
F J Davidson	300				300	300
	1 250	11 123	-	1 836	14 209	14 308

EVENTS AFTER REPORTING DATE

No material facts or circumstances have occurred between 31 August 2022 and the date of these financial statements.

INDEPENDENT **AUDITOR'S REPORT**

To the shareholders of Nu-World Holdings Limited

Opinion

We have audited the consolidated financial statements of Nu-World Holdings Limited and its subsidiaries (the Group), set out on pages 51 to 86 which comprise the consolidated statement of financial position as at 31 August 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 August 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT **AUDITOR'S REPORT** (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter
<p>Completeness and Valuation of inventories and goods in transit (Refer to note 7 in the consolidated financial statements)</p> <p>Inventories and goods in transit comprise material balances in the consolidated financial statements. Inventories being R644,2 million and goods in transit R74,1 million. The inventory held by the group is imported, resulting in the significant goods in transit balances. Inventories are valued at the lower of cost or net realisable values. Due to the nature of the inventories management is required to apply significant judgement in assessing if inventories are valued appropriately and in writing down the inventory to net realisable value where appropriate.</p>	<p>In considering the completeness of the goods in transit balances, independent confirmations were obtained from the group's shipping agents. Testing was then performed on the valuation of the goods in transit balance to confirm that this was in line with the group's accounting policies.</p> <p>In considering the appropriateness of management's judgement and estimation in terms of determining if inventories are valued at the lower of cost and net realisable value, we performed the following procedures:</p> <ul style="list-style-type: none"> • Attended the year-end inventory counts for material warehouses, noting the condition of inventories at year-end. • Assessing the reasonableness of the write downs of inventories with reference to the nature of the inventory and the slow-moving inventory reports. • Performing detailed testing on inventory being sold at higher than its cost. • Holding discussions with management with respect to the nature of the inventories and the method applied in writing inventory down to net realisable value.
<p>Valuation of intangible assets (comprising of goodwill and indefinite useful life trademarks)</p> <p>As disclosed in note 4, the consolidated financial statements include goodwill of R33,9 million and indefinite useful life trademarks of R28,6 million. These assets have been recognised in the consolidated statement of financial position as a consequence of acquisitions made by the Group.</p> <p>As required by IAS 36 Impairment of Assets, the directors conduct impairment tests to assess recoverability of the carrying value of goodwill and indefinite useful life trademarks.</p> <p>This is performed using discounted cash flow models which involve a number of judgements. These include among others:</p> <ul style="list-style-type: none"> • Revenue growth; • Operating margins; and • The discount rates applied to the projected future cash flows. <p>The impairment testing of these assets is considered to be a key audit matter due to the value of the assets and the extent of judgement and estimation uncertainty required in performing these tests.</p>	<p>In considering the impairment testing of goodwill and indefinite useful life trademarks, we focused on the key judgements made by the directors.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Determining the lowest level of cash-generating unit by comparing the trademarks held to the revenue generated from these products; • Assessing the appropriateness of the discount rates used in performing the impairment test; • Subjecting the key assumptions to sensitivity analyses; • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable; and • Determining the appropriateness of inputs used in the model. <p>We found that the assumptions used by the directors were appropriate in the circumstances.</p>

INDEPENDENT **AUDITOR'S REPORT** (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nu-World Holding Limited Integrated Report 2022", which includes the Audit Committee Report, the Directors Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and other information included in the annual report, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT **AUDITOR'S REPORT** (CONTINUED)

- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that RSM South Africa Inc. has been the auditor of Nu-World Holdings Limited for eight years.

RSM South Africa Inc.

RSM South Africa Inc.
Michael Steenkamp
Chartered Accountant (SA)
Registered Auditor
Director

26 October 2022

Executive City
Cnr. Cross Street and Charmaine Avenue
President Ridge
Randburg 2125

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 AUGUST 2022

The Board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. The Audit Committee charter, which supports these principles, has been approved by the Board.

The Audit Committee, which comprises non-executive directors, reviews the scope of the audit and the accounting policies. The Audit Committee identifies key risk areas and evaluates exposure to significant risks and the appropriateness of internal controls.

The scope of the external audit and reliance on internal controls are discussed between the Audit Committee and the external auditors as part of the process of each audit. The external auditors have unrestricted access to the Audit Committee and its chairman.

The Audit Committee, with the auditors present, examines, reviews and discusses the audited Annual Financial Statements and reports to be issued to the public before being submitted to the Board for approval. The Board is provided with regular reports on the Committee's activities. The Committee recommends the appointment of external auditors, the level of fees payable and the level of non-audit services.

Committee members

The following independent non-executive directors served on the Committee during the year:

R Kinross (Chairman)

J M Judin

D Piaray

F J Davidson

In line with King IV, the composition of the Audit Committee will be presented to the shareholders for approval at the Annual General Meeting.

Appropriateness and experience of the Financial Director

The Committee has satisfied itself that Mr G R Hindle has the appropriate expertise and experience to meet the responsibilities of his appointment as Group Financial Director of the Group.

External audit

RSM South Africa Inc., whose appointment was approved at the company's Annual General Meeting on 7 February 2022, were the external auditors of the Group for the 2022 financial year.

The external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the Annual Financial Statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.

Based on processes followed and assurances received, the Audit Committee has no concerns regarding the external auditors independence. In addition, the Committee confirms that its responsibility pursuant to paragraph 22.15 (h) of the JSE Limited Listings Requirements have been met.

The Committee has recommended, for approval at the Annual General Meeting, the re-appointment of RSM South Africa Inc. as external auditors for the 2023 financial year. The Committee has recommended Mr Michael Steenkamp as the registered auditor responsible for the audit.

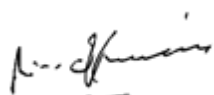
Terms of reference

For the year under review the Committee is satisfied that it has met its responsibilities in accordance with its terms of reference, as fully set out in the integrated report.

Annual financial statements

The Committee has recommended the Annual Financial Statements for approval to the Board. The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit Committee



R KINROSS

Audit Committee Chairman

26 October 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 AUGUST 2022

	Note	2022 R'000	2021 R'000
ASSETS			
Non-current assets		186 290	179 638
Property, plant and equipment	2	21 466	23 240
Right-of-use assets	3	55 153	52 169
Intangible assets	4	62 471	60 709
Investment in associate	5	900	707
Deferred tax	6	46 300	42 813
Current assets		1 484 896	1 499 361
Inventories	7	644 280	497 082
Stock in transit	7	74 155	137 900
Trade and other receivables	8	355 109	278 984
Prepayments	9	66 873	70 900
Other financial assets	10	6 212	205
Cash and bank balances		338 267	514 290
Total assets		1 671 186	1 678 999
EQUITY AND LIABILITIES			
Capital and reserves		1 459 775	1 362 478
Issued share capital	11	19 481	19 481
Treasury share reserve	11	(42 435)	(42 435)
Foreign currency translation reserve	11	107 420	39 506
Retained earnings		1 366 770	1 338 342
Capital and reserves attributed to owners of the Company		1 451 236	1 354 894
Non-controlling interest		8 539	7 584
Non-current liabilities		74 540	69 308
Deferred tax	6	22 563	12 985
Lease liabilities	12	51 977	56 323
Current liabilities		136 871	247 213
Trade and other payables	13	99 295	200 602
Current tax liability		2 182	7 554
Lease liabilities	12	23 261	17 545
Provisions	14	12 133	21 469
Bank overdraft	15		43
Total equity and liabilities		1 671 186	1 678 999

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 R'000	2021 R'000
Revenue	16	2 151 831	2 358 212
Cost of sales		1 698 855	1 908 114
Gross profit		452 976	450 098
Other income	17	9 702	125 058
Selling and distribution costs		192 146	202 620
Operating expenses		71 081	68 390
Administrative expenses		88 540	103 698
Operating profit	18	110 911	200 448
Finance income		2 466	926
Finance costs	19	9 022	10 315
Profit before tax		104 355	191 059
Income tax expense	20	(19 525)	(49 105)
		84 830	141 954
Share of profit attributable to associates		193	140
Profit for the year		85 023	142 094
Profit for the year attributable to:			
Non-controlling interest		205	1 130
Owners of the Company		84 818	140 964
		85 023	142 094
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		68 664	(58 095)
Gains arising during the year		78 244	(66 587)
Related tax		(9 580)	8 492
Other comprehensive income for the year, net of tax		68 664	(58 095)
Total comprehensive income for the year		153 687	83 999
Total comprehensive income for the year attributable to:			
Non-controlling interest		955	(2)
Owners of the Company		152 732	84 001
		153 687	83 999
Earnings per share			
Basic earnings per share (cents)	21	394,3	655,2
Diluted basic earnings per share (cents)	21	394,3	655,2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Attributable to owners of the Company						Non-controlling interest R'000	Total equity R'000
	Issued share capital R'000	Treasury share reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000			
Balance at 31 August 2020	19 481	(42 435)	96 469	1 241 629	1 315 144	7 586	1 322 730	
Total comprehensive income for the year			(56 963)	140 964	84 001	(2)	83 999	
Dividend paid				(44 251)	(44 251)		(44 251)	
Balance at 31 August 2021	19 481	(42 435)	39 506	1 338 342	1 354 894	7 584	1 362 478	
Total comprehensive income for the year			67 914	84 818	152 732	955	153 687	
Dividend paid				(56 390)	(56 390)		(56 390)	
Balance at 31 August 2022	19 481	(42 435)	107 420	1 366 770	1 451 236	8 539	1 459 775	

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 R'000	2021 R'000
Cash flows from operating activities		(183 035)	374 133
Receipts from customers		2 065 497	2 570 052
Paid to suppliers and employees		(2 165 000)	(2 088 161)
Cash generated from operations	23.1	(99 503)	481 891
Finance income		2 466	926
Finance costs		(4 455)	(5 126)
Tax paid	23.2	(25 153)	(59 307)
Dividends paid	23.3	(56 390)	(44 251)
Cash flows from investing activities		(837)	(3 899)
Acquisition of property, plant and equipment		(981)	(3 992)
Proceeds on disposal of property, plant and equipment		144	93
Cash flows from financing activities		(23 463)	(20 428)
Repayment of lease liabilities		(23 463)	(20 428)
Net (decrease) increase in cash and cash equivalents		(207 335)	349 806
Cash and cash equivalents at the beginning of the year		514 247	187 072
Effects of exchange rate changes on the balance of cash held in foreign currencies		31 355	(22 631)
Cash and cash equivalents at the end of the year		338 267	514 247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

1.1. GENERAL INFORMATION

Nu-World Holdings Limited is a Company incorporated in South Africa.

The address of its registered office is 682 Pretoria Main Road, Wynberg, Sandton, 2199.

The principal business of the Company is a holding company listed on the JSE. Its subsidiaries import and export a diversified range of Electrical Appliances, Consumer Electronics and Branded Consumer Durables.

The consolidated financial statements have been presented in South African Rand, and all amounts have been rounded to the nearest thousand Rand.

1.2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by the Financial Reporting Council, the JSE Limited's Listing Requirements and the requirements of the Companies Act of South Africa.

1.3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, unless stated otherwise.

1.4. ACCOUNTING POLICIES

The consolidated financial statements incorporate the following principal accounting policies, which have been applied consistently to all periods presented in these consolidated financial statements unless stated otherwise.

1.4.1. Standards, amendments and interpretations effective in 2022

Refer to note 34.

1.4.2. Basis of consolidation

Subsidiaries and business combinations

Subsidiaries are entities controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income ('SPLOCI') from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.2. Basis of consolidation (Continued)

Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Impairment losses on transactions are recognised immediately if the loss provides evidence of a reduction in the recoverable amount of current assets.

Non-controlling interest

Non-controlling interest represents the portion of profit or loss and the net identifiable assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owner shareholders' equity.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method and the Company's investment is accounted for at cost, less accumulated impairment losses.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The SPLOCI reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the SPLOCI outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies into line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.2. Basis of consolidation (Continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as "Share of profit attributable to associates" in the SPLOCI.

Upon loss of significant influence over the associate the Group measures and recognises any retained investment as its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.4.3. Property, plant and equipment

Property, plant and equipment items are stated at cost less accumulated depreciation and accumulated impairment losses and are depreciated on the reducing balance basis to reduce their cost to their residual values over their estimated useful lives.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The estimated useful lives are:

Land	Infinite
Buildings	50 years
Computers and software	2 – 10 years
Motor vehicles	4 – 5 years
Equipment	10 – 13 years
Furniture, fixtures and fittings	4 – 13 years
Leasehold improvements	3 – 40 years

Depreciation methods, residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.4.4. Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The difference between the fair value of the consideration paid and the fair value of net tangible assets of subsidiaries at the date of acquisition is charged to goodwill arising on consolidation. Goodwill is not amortised, instead it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

If the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group shall:

- re-assess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- recognise immediately in profit or loss any excess remaining after that assessment.

Trademarks

The trademarks carried on the statement of financial position were acquired separately and are recognised as assets at their historical cost. Trademarks which are considered to be well-established growing brands and product lines for which there is no foreseeable limit to the period in which these assets are expected to generate cash flows, are classified as indefinite useful life assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.5. Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less any accumulated impairment losses.

1.4.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses. Specific allowances are made for slow moving, obsolete and redundant inventories.

1.4.7. Financial instruments

IFRS 9 Financial Instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets

The financial statements have the following financial assets:

- Trade and other receivables and cash and cash equivalents – classified at amortised cost

The Group recognises a loss allowance for expected credit losses on all financial assets 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 assets.

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 asset 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 an asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on an asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, 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 an asset being credit impaired at the reporting date or of an actual default occurring.

Financial liabilities

The financial liabilities of the Group, trade and other payables and bank overdraft are classified and measured at amortised cost.

Derivatives

Derivatives including forward exchange contracts are categorised as financial instruments at fair value through profit or loss. Purchases and settlements of derivative financial instruments are recognised on the trade date at cost and are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are recognised in profit or loss as other income or other expenses in the period in which they arise. The fair value of forward foreign exchange contracts is determined using exchange rates at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.8. Share capital and other reserves

Issued share capital

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

Treasury shares

Treasury shares represent the shares in Nu-World Holdings Limited that are held by controlled entities. These shares are held at cost and treated as a deduction against Group reserves.

Share-based payment reserve

The share-based payment reserve represents the fair value of the share-based payment transactions entered into with employees.

1.4.9. Foreign currencies

Foreign operations

The assets and liabilities of the consolidated foreign subsidiaries are translated into South African Rand at rates of exchange ruling at reporting date. The income and expenses are translated at the weighted average rate of exchange for the period as it approximates the exchange rates at the dates of the transactions. Aggregate profits or losses on the translation of the foreign subsidiaries are recognised in OCI and presented in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction dates. Profits and losses on settlement of these amounts are included in profit or loss when they arise.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the reporting date. Unrealised differences on monetary assets and liabilities are recognised in the SPLOCI in the period in which they occur, except when they relate to cash flow hedging activities in which case these profits and losses for the effective portion are recognised as other comprehensive income.

Non-monetary items carried at fair value, that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.10. Share-based payments

The Group historically issued equity-settled share-based payments to certain employees. The equity-settled share-based payments were measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments was expensed over the vesting period, based on the Group's estimate of the shares that would have eventually vested and adjusted for the effect of non-market-based vesting conditions. Fair value had been calculated using the Black Scholes Model. The expected life used in the model had been adjusted, based on management's estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. If modification to a scheme results in a non-beneficial modification, the share-based payment expense already recognised is not adjusted.

1.4.11. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1.4.12. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranty provisions

Provision is made in respect of the Group's estimated liability on all products under warranty at reporting date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Group's history of warranty claims.

Warranty provisions are determined with reference to historical sales, the average period of warranties granted and data available to estimate a return pattern which is likely to occur in the future periods. Allowance is made for the estimated amount to be recovered from inventory that may be salvageable in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.13. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.4.14. Significant judgements and sources of estimation uncertainty

Estimates 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of trade debtors

The principles of expected credit loss (ECL) as per the requirements of IFRS 9 were applied which included considering forward-looking information based on economic and statistical significance for adjustment of historic loss rates.

Property, plant and equipment

Property, plant and equipment is depreciated on a reducing balance basis over its useful life to residual value. Depreciation methods, residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.14. Significant judgements and sources of estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Share-based payments – equity

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Income tax expense

Taxes are a matter of interpretation and subject to changes. The Group makes use of tax experts to advise on all tax matters. Estimations of normal Group tax and Capital Gains Tax (“CGT”) are based on the advice and management’s interpretation thereof.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill, and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Consolidated financial statements

The Group and Group have the majority of the voting rights of the entities classified as subsidiaries. On that basis, it has been determined that there is power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor’s returns.

The Group and the Group have determined that there is no power over the investee’s exposure to variable returns from its involvement with the investee or their ability to use its power over the investee to affect the amount of the investor’s returns with respect to associates. On that basis, it has been determined that there is significant influence based on the voting rights and representation on the Board of Directors for the investees to be classified as associates.

Impairment of trademarks

The Group annually tests whether trademarks with an indefinite useful life have suffered any impairment. When performing impairment testing, the recoverable amount is determined for the individual asset. If the asset does not generate cash flows that are largely independent from other assets or groups of assets then the recoverable amounts of cash-generating units that those assets belong to are determined based on discounted potential royalty savings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.14. Significant judgements and sources of estimation uncertainty (Continued)

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable, such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date. Refer to note 6 for impairments and the carrying value of inventories at net realisable value.

Warranty provisions

Provision is made in respect of the Group's estimated liability on all products and services under warranty at reporting date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Group's history of warranty claims.

1.4.15. Revenue

The Group's revenue arises primarily from the sale of goods being consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture.

The primary customers of the Group are major retail chains and independent stores. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Products are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The obligation for warranties have been determined not to be separate performance obligations and as such, a provision is raised at the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.16. Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset is recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in notes 3 and 12.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.16. Leases (Continued)

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The Group depreciated its right-of-use assets over the term of the lease.

The residual value, useful life and depreciation method of each asset are 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. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.4.17. Finance income

Finance income comprises interest income calculated using the effective interest rate method. Finance income is recognised in profit or loss in the period in which it is incurred.

Dividend income is recognised when the Group's rights to receive payment is established.

1.4.18. Finance costs

Finance costs comprises interest paid and payable on borrowings, calculated using the effective interest rate method. Finance costs are recognised in profit or loss in the period in which they are incurred.

1.4.19. Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred. There is no legal obligation to provide benefits to employees on retirement.

Bonus provisions

Provision is made in respect of the Group's estimated liability on employee bonuses at reporting date. These bonuses are payable at the sole discretion of the managing director.

The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

1.4.20. Earnings per share

Basic

Basic earnings per share has been calculated on the basis of net profit attributable to owners of the Group in relation to the weighted average number of shares in issue during the financial year.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscriptions rights attached to outstanding share options.

Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE Listings Requirements.

1.4.21. Cost of sales

When inventories are sold, the carrying amount of these 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 the inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
2. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Land	4 000	4 000
Buildings	7 055	7 055
Plant and machinery	12 721	12 497
Motor vehicles	12 188	11 893
Office equipment and furniture	11 365	11 615
Leasehold improvements	4 906	4 509
	52 235	51 569
Accumulated depreciation and accumulated impairment losses		
Buildings	1 192	1 073
Plant and machinery	7 537	6 736
Motor vehicles	9 273	8 339
Office equipment and furniture	8 664	8 494
Leasehold improvements	4 103	3 687
	30 769	28 329
Net carrying amount		
Land	4 000	4 000
Buildings	5 863	5 982
Plant and machinery	5 184	5 761
Motor vehicles	2 915	3 554
Office equipment and furniture	2 701	3 121
Leasehold improvements	803	822
	21 466	23 240

Movement summary

	Land R'000	Buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment and furniture R'000	Leasehold improvements R'000	Total R'000
2022							
Opening net carrying amount	4 000	5 982	5 761	3 554	3 121	822	23 240
Additions			213	302	402	64	981
Disposals				(19)	(91)		(110)
Depreciation		(119)	(790)	(922)	(731)	(83)	(2 645)
Closing net carrying amount	4 000	5 863	5 184	2 915	2 701	803	21 466

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FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

2021	Land R'000	Buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment and furniture R'000	Leasehold improvements R'000	Total R'000
Opening net carrying amount	4 000	6 104	4 871	3 906	2 521	759	22 161
Additions			1 790	698	1 361	143	3 992
Disposals			(58)	(1)	(34)		(93)
Depreciation		(122)	(842)	(1 049)	(727)	(80)	(2 820)
Closing net carrying amount	4 000	5 982	5 761	3 554	3 121	822	23 240
						2022 R'000	2021 R'000
3. RIGHT-OF-USE ASSETS							
The Group primarily leases warehousing and office buildings.							
The escalation on these leases vary from 5% to 8% and the leases range in term from 2 to 5 years.							
Details pertaining to leasing arrangements, where the Group is the lessee are presented below:							
– Buildings							
– Cost						102 713	82 447
– Accumulated depreciation						(47 560)	(30 278)
						55 153	52 169
– Carrying value at the beginning of the year						52 169	58 496
– Depreciation						(17 282)	(15 274)
– Additional lease						20 266	8 947
Carrying amount at the end of the year						55 153	52 169

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
4. INTANGIBLE ASSETS		
Goodwill		
Carrying amount at beginning of year	32 098	34 985
Exchange rate translation difference	1 762	(2 887)
Carrying amount at end of year	33 860	32 098
<p>The carrying amount of goodwill is attributable to the following cash-generating unit: Consumer goods – direct wholesale business</p> <p>The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10.5% per annum (2021: 8% per annum). Growth rate of 4.5% was used.</p> <p>Cash flow projections during the budgeted period are based on historical results adjusted for expected future growth throughout the budgeted period. These assumptions are a reflection of past experience in the operating market of the cash generating unit. The directors believe that any possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. If the estimated pre-tax discount rate applied to the discounted cash flows had been 1% less favourable than management's estimates, the Group would need to reduce the carrying value of the goodwill by R nil (2021: R nil).</p>		
Trademarks		
Carrying amount at beginning of year	28 611	27 725
(Reversal)/Impaired during the year		886
Carrying amount at end of year	28 611	28 611
	62 471	60 709

The carrying amount of intangible assets is attributable to the following cash generating unit: Consumer goods – direct wholesale business.

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses royalty savings covering a five-year period, with an annuity calculation thereafter and a discount rate of 10,03% per annum (2021: 10,03% per annum). Growth rate of 10% was used.

Royalty savings projections during the budgeted period are based on historical results adjusted for expected future growth throughout the budgeted period. These assumptions are a reflection of past experience in the respective markets of these units. The directors believe that any possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. If the estimated growth in the actual cash flows had been 5% less favourable than management's estimates and the estimated pre-tax discount rate applied to the discounted cash flow had been 1% less favourable than management's estimates, the Group would need to reduce the carrying value of the trademarks by R nil (2021:R nil).

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the group will continue to generate revenues from their continued use.

Supporting this assumption is the fact that the trademarks held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks without significant costs, and intends to do so beyond the foreseeable future.

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 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
5. INVESTMENT IN ASSOCIATES		
On 1 st September 2009 the Group acquired a 49% share of Lefase Logistics Proprietary Limited.		
Shares at cost	29	29
Equity-accounted share of profit or loss	871	678
	900	707
6. DEFERRED TAX		
Net deferred tax asset at the beginning of the year	(29 828)	(31 101)
Recognised in profit or loss		
Deferred tax income related to the origination and reversal of temporary differences	(255)	2 764
Exchange rate translation difference	(3 232)	
Recognised in other comprehensive income – translation reserve	9 578	(1 491)
Net deferred tax asset at the end of the year	(23 737)	(29 828)
Comprises:		
Asset	(46 300)	(42 813)
Computed tax losses	(38 795)	(32 263)
Property, plant and equipment	1 729	1 495
Right-of-use assets	(5 620)	(6 076)
Provisions and accruals	(3 614)	(5 969)
Liability	22 563	12 985
Translation reserve	22 563	12 985
	(23 737)	(29 828)
7. INVENTORIES		
Finished goods	644 280	497 082
Stock in transit	74 155	137 900
	718 435	634 982
The amount of the write-down of inventories recognised in the cost of sales line item is R11,4 million (2021: write-down of R5,6 million).		
Cost of goods sold during the year amounted to R1 698,9 million (2021: R1 908,1 million).		

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	414 156	316 978
Provision for rebates and trade discounts	(55 033)	(29 080)
Others (aggregate of immaterial items)	10 408	4 393
Allowance for impairment – under IFRS 9 ECL model	(14 422)	(13 307)
Current	355 109	278 984
Set out below is the movement in the allowance for expected credit losses of trade receivables.		
As at beginning of the year	13 307	9 738
Allowance for losses	(542)	3 569
Exchange differences	1 657	
	14 422	13 307
In line with the Group's accounting policies, total accruals of R55,0 million (2021: R29,1 million) are held in respect of the Group's total trade receivables. These accruals relate to, inter alia, customer returns and claims.		
The Group has used the practical expedient allowed by IFRS 9 to measure Expected Credit Losses (ECL) using a provision matrix. The ECL calculation took forward-looking information and time value of money into account. The entity has considered balances 90 days past due to be in default and a historic recovery rate of 90% within a further 90 days was applied. Assumptions applied were that payments occurred on average midway through the month and that the prevailing prime rate of lending in South Africa is an appropriate discount rate. Forecast macroeconomic information considered included GDP, annual growth rate, inflation and employment rates. An ultimate loss rate of 1,03% (2021: 1,17%) for independents and 1,64% (2021: 3,74%) for major retailers was calculated as the proportion of trade debtors at inception that is lost.		
9. PREPAYMENTS		
Foreign suppliers	66 873	70 880
Other		20
	66 873	70 900
10. OTHER FINANCIAL ASSETS		
Financial instruments at fair value through profit or loss		
Derivatives not designated as hedges:		
Foreign exchange contracts	6 212	205
Total current	6 212	205
Foreign exchange contracts are also disclosed in Note 28.2		

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
11. CAPITAL AND RESERVES		
11.1. Issued share capital		
Authorised		
30 000 000 ordinary shares of 1 cent each	300	300
20 000 000 "N" ordinary shares of 0,1 cent each	20	20
	320	320
Issued		
22 646 465 ordinary shares of 1 cent each	226	226
Share premium	19 255	19 255
	19 481	19 481
There has been no change in the issued share capital during the year.		
11.2. Nature and purpose of reserves		
Treasury share reserve		
The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 August 2022, the Group held 1 133 099 of the Company's shares (2021: 1 133 099).		
Foreign currency translation reserve		
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.		
12. LEASE LIABILITIES		
Lease of warehouses and office buildings:		
Non-current portion	51 977	56 323
Current portion	23 261	17 545
	75 238	73 868
Maturity analysis		
Undiscounted contractual cash flows:		
Payable within one year	27 613	21 833
Payable within two to five years	55 592	62 572
Payable thereafter		1 650
	83 205	86 055
13. TRADE AND OTHER PAYABLES		
Trade payables	45 623	129 846
Accrued expenses	20 985	40 339
Value added tax	12 511	19 922
Others (aggregate of immaterial items)	20 176	10 495
	99 295	200 602
The directors consider the carrying amount of trade and other payables to approximate their fair value. The credit period of trade payables ranges between 30 and 90 days.		

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
14. PROVISIONS		
Warranty provisions	12 133	21 469
Analysis of movement:		
Opening balance	21 469	13 845
(Reduction)/ increase in provision recognised for the year	(9 176)	7 624
Utilisation of provision		
Exchange rate translation difference	(160)	
Closing balance	12 133	21 469
The warranty provisions represent management's best estimate of the Group's liability under the 12 month warranties granted on household domestic products and electronics and based on prior experience and industry averages for defective products and new legislation.		
15. BANK OVERDRAFT		
Secured		
Unsecured		43
The banking facilities of Yale Prima Proprietary Limited are secured by a registered fixed and floating charge over the assets of Yale Prima Proprietary Limited. Nu-World Holdings Limited has guaranteed the banking facilities of its wholly owned subsidiary, Nu-World Industries Proprietary Limited. Both the secured and unsecured facilities are repayable on demand. The outstanding amount is repayable within one year.		
	-	43
16. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Sale of goods	2 328 525	2 547 339
Rebates and trade discounts	(176 694)	(189 127)
	2 151 831	2 358 212
Region		
Africa	1 801 320	2 069 179
Asia	99 557	92 641
Australasia	404 796	362 897
South America	22 852	22 622
	2 328 525	2 547 339
Categories:		
Consumer electronics	1 355 497	1 648 452
Home electrical appliances	698 308	788 719
Other consumer durables	274 720	110 168
	2 328 525	2 547 339
The Group has no contract assets arising from revenue from contracts with customers.		
There are no unsatisfied performance obligations relating to contracts with customers at year end.		
The Group has determined that no material costs are incurred to fulfil contracts and as such no costs have been capitalised in this regard.		
The Group has determined that it is the principal in all its contracts with customers.		

NOTES TO THE CONSOLIDATED
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 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
17. OTHER INCOME		
Net foreign exchange gains	8 573	18 078
Profit on disposal of property, plant and equipment	30	145
Royalty income		6 394
Proceeds from insurance claim on stock losses*		98 795
Others (aggregate of immaterial items)	1 099	1 646
	9 702	125 058
*This relates to a fire at one of the Wynberg warehouses during the previous year.		
18. OPERATING PROFIT		
Operating profit is arrived at after taking into account:		
Expenditure		
Auditors' remuneration	1 764	1 481
– Audit fees	1 713	1 435
– Under provision prior year	22	
– Fees for other services	29	46
Depreciation of property, plant and equipment	2 645	2 820
– Buildings	119	122
– Plant and machinery	790	842
– Leasehold improvements	83	80
– Motor vehicles	922	1 049
– Office equipment and furniture	731	727
Depreciation – right-of-use assets	17 282	15 274
(Reversal)/Impairment of trademarks		(886)
Commission paid	33 041	30 852
Royalties	29 481	29 420
Cartage costs	50 580	54 841
Short-term employee benefits	103 661	111 140
19. FINANCE COSTS		
Interest on bank overdrafts and loans	4 455	5 126
Lease liabilities	4 567	5 189
	9 022	10 315
20. INCOME TAX EXPENSE		
20.1. Recognised in profit or loss		
South African normal tax		
Current tax	(17 724)	(40 549)
Current tax – prior year	2 280	
Deferred tax	1 140	(2 764)
Foreign tax		
Current tax	(4 337)	(4 268)
Deferred tax	(884)	(1 524)
	(19 525)	(49 105)
20.2. Reconciliation of rates of tax		
Statutory tax rate	28,00%	28,00%
Adjusted for:		
Foreign tax	(6,11%)	(3,03%)
Prior year adjustment	(2,87%)	
Permanent differences	(0,32%)	0,73%
Effective tax rate	18,70%	25,70%

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
21. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Basic earnings and headline earnings per share are based on:		
Weighted average number of shares	21 513	21 513
Basic earnings and diluted basic earnings	84 818	140 964
Adjusted for:		
Profit on disposal of property, plant and equipment	(30)	(145)
Reversal of impairment of trademarks		(886)
Total tax effects of adjustments	6	40
Basic headline earnings and diluted headline earnings	84 794	139 974
Basic earnings per share (cents)	394,3	655,2
Headline earnings per share (cents)	394,1	650,6
Diluted basic and earnings per share are based on:		
Diluted weighted average number of shares	21 513	21 513
Basic earnings	84 818	140 964
Diluted headline earnings per share are based on:		
Diluted weighted average number of shares	21 513	21 513
Diluted headline earnings	84 794	139 974
Diluted earnings per share (cents)	394,3	655,2
Diluted headline earnings per share (cents)	394,1	650,6
22. DIVIDEND		
It is the Company's policy to declare only one dividend per year. The Board has resolved to declare a dividend of 149,8 (2021: 249,0) cents per share in respect of the year ended 31 August 2022.	33 927	56 390
Dividends declared per share (cents)	149,8	249,0
23. CASH FLOW INFORMATION		
23.1. Cash generated from operations		
Net profit for the year before tax	104 355	191 059
Adjustments for:		
Depreciation – property, plant and equipment	2 645	2 820
Depreciation – right-of-use asset	17 282	15 274
Profit on disposal of property, plant and equipment	(30)	(145)
Reversal of impairment of trademarks		(886)
Unrealised profit on exchange differences on financial instruments measured at fair value through profit or loss	(6 007)	(15 809)
Aggregate of other immaterial foreign currency translation differences	4 574	(10 159)
Finance income	(2 466)	(926)
Finance costs	9 022	10 315
Operating profit before working capital changes	129 375	191 543
Working capital changes	(228 878)	290 348
(Increase) decrease in inventories	(79 915)	104 802
(Increase) decrease in trade and other receivables	(36 672)	176 342
(Decrease) increase in trade and other payables and provisions	(112 291)	9 204
	(99 503)	481 891

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FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

	2022 R'000	2021 R'000
23.2. Tax paid		
Amount unpaid at beginning of year	(7 554)	(22 044)
Amounts recognised in profit or loss	(19 781)	(44 817)
Amounts unpaid at end of year	2 182	7 554
	(25 153)	(59 307)
23.3. Dividends paid		
Amounts unpaid at beginning of year		
Dividend paid	(56 390)	(44 251)
Amounts unpaid at end of year		
	(56 390)	(44 251)

24. RELATED PARTY TRANSACTIONS

Transactions with group companies

Transactions with related parties are made at market related prices.

Nu-World Industries Proprietary Limited, Nu-World Global Investments Proprietary Limited, Conti Marketing Proprietary Limited, Conti Industries Proprietary Limited, Yale Prima Proprietary Limited and Lefase Lesotho Manufacturing Proprietary Limited are subsidiaries of Nu-World Holdings Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between related parties are disclosed below:

	Services (from) to related parties 2022 R'000	2021 R'000	Amounts payable to related parties 2022 R'000	2021 R'000
Lefase Logistics Proprietary Limited – associate	(4 944)	(5 335)	2 371	1 555

Key management personnel Name	Directors' fees R'000	Basic salary R'000	Performance bonus R'000	Other allowances R'000	Total 2022 R'000	Total 2021 R'000
Executive directors						
M S Goldberg		3 272		400	3 672	3 753
J A Goldberg		5 573		717	6 290	6 290
G R Hindle		2 278		719	2 997	3 015
Non-executive directors						
R Kinross	300				300	300
D Piaray	300				300	300
J M Judin	350				350	350
F J Davidson	300				300	300
Key management personnel						
B H Haikney		2 946		747	3 693	2 392
T Cape		360	100	183	643	1 099
	1 250	14 429	100	2 766	18 545	17 799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

24. RELATED PARTY TRANSACTIONS (Continued)

Summary of compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2022 R'000	2021 R'000
Short-term benefits	17 037	16 423
Post-employment benefits	1 508	1 376
Other long-term benefits		
	18 545	17 799

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

25. RETIREMENT BENEFITS

The Group contributes to either a defined contribution pension fund or provident fund. These funds are registered under the Pension Funds Act, 1956.

Non-scheduled employees may choose to which fund they wish to belong.

	2022 R'000	2021 R'000
Defined contribution expense	9 418	9 117

26. SHARE-BASED PAYMENT

Employee share purchase plan (ESPP)

Description of share-based payment arrangement

A share incentive scheme for key executives was approved by the board to incentivise individuals on a share based plan, The intention is to promote the effective participation in the Group of key employees and to incentivise and retain such employees, as of 31 August 2022, no shares had been allocated or issued by the trust.

	2022 Shares	Weighted average exercise price	2021 Shares	Weighted average exercise price
Total number of shares available to be utilised for the ESPP:				
Opening balance – unissued shares	1 133 099	37,45	1 133 099	37,45
Shares purchased during the year				
Shares issued during the year				
Closing balance – unissued shares	1 133 099	37,45	1 133 099	37,45

The above mentioned shares are under the control of the Company's non-executive directors.

27. COMMITMENTS

Other commitments

At the reporting date the Group had established letters of credit for the equivalent of R132,0 million (2021: R326,7 million) in respect of future stock commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

28. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- interest rate risk
- foreign currency risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Group financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee, is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors 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, through its training and management standards and procedures, aims to develop a disciplined and constructive controlled environment in which all employees understand their roles and obligations. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk Committee.

28.1. Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing borrowings with variable rates.

	2022 R'000	2021 R'000
At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:		
Variable-rate instruments		43

Interest rate sensitivity

An increase/decrease of 100 basis points (2021: 100 basis points) in interest rates at the reporting date would have affected profit before tax, by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	2022 R'000	2021 R'000
Increase of 100 basis points		
Decrease in profit before tax		(1)
Decrease of 100 basis points		
Increase in profit before tax		1

The sensitivity analysis disclosed above is unrepresentative of the risk inherent because the year end exposure does not reflect the exposure during the year.

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FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

28.2. Foreign currency management

Foreign currency exposure

The Group's exposure to foreign currency risk at reporting date was:

	2022 R'000	2021 R'000
Trade payables	13 789	74 605
Equity in foreign subsidiaries	467 246	359 711
Forward exchange contracts	68 047	32 761

The Group's policy is to cover trade commitments within an agreed treasury management policy which has been approved by the Board of Directors. The Group has entered into forward exchange contracts to cover foreign commitments not yet due.

The majority of forward cover is established to mature within a period of 90 days from the date the cover is taken and the commitments are always firm and ascertainable.

Details of these contracts are as follows:

Currency	Forward exchange contracts		Foreign currency		Market value		Fair value adjustment	
	2022 R'000	2021 R'000	2022 \$'000	2021 \$'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
US Dollars	61 835	32 557	3 800	2 250	68 047	32 761	6 212	205

The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date.

Foreign exchange sensitivity analysis

The Group is primarily exposed to exchange rate fluctuations in relation to the US Dollar. An assessment of the Group's sensitivity to the Rand : Dollar exchange rate shows that should the Rand strengthen by 10% against the Dollar, the Group's profit before tax would decrease by R6,8 million (2021: R3,3 million). A 10% weakening of the Rand versus the Dollar would result in a profit of the same amount.

28.3. Credit risk management

Potential concentrations of credit risk consist principally of trade receivables and short-term cash investments.

The Group only deposits short-term cash surpluses with major banks of high quality credit standing. Trade receivables comprise a large, widespread customer base. The granting of credit is controlled via credit applications, rigorous credit reviews, and the assumptions therein are reviewed and updated on an ongoing basis. At 31 August 2022, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.

	2022 R'000	2021 R'000
Exposure to credit risk		
The carrying amount of financial assets represents the maximum exposure to credit risk.		
Financial assets per class		
Trade receivables	344 701	274 591
Other receivables	10 408	4 393
Cash and bank balances	338 267	514 290
Other financial assets	6 212	205
	699 588	793 479

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FINANCIAL STATEMENTS
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28.3. Credit risk management (Continued)

	2022 R'000	2021 R'000
Trade receivables		
The maximum exposure to credit risk for trade receivables at the reporting date by geographical location was as follows:		
Africa	231 205	207 559
Australasia	114 667	109 419
India	6 689	
Middle East	56 508	
South America	5 087	
	414 156	316 978
Ageing of trade receivables by category		
Major retailers		
Current	153 381	129 084
30 days	97 815	48 245
60 days	32 526	38 274
+ 90 days	13 357	11 633
	297 079	227 236
Independents		
Current	29 203	36 532
30 days	29 103	16 622
60 days	6 843	26 084
+ 90 days	51 928	10 504
	117 077	89 742
	414 156	316 978

28.4. Liquidity risk

The Group manages liquidity risk by the proper management of working capital and the continual monitoring of forecasts and actual cash flows. It is further managed by ensuring adequate banking facilities are available at all times to meet cash requirements.

Liquidity risk profile

The maturity profile of the financial liabilities is summarised as follows:

	2022 R'000	2021 R'000
0 – 12 months		
Non-derivative		
Guarantees	24 559	17 983
Bank overdraft		43
Trade and other payables	86 784	180 680
	111 343	198 706
Derivative		
Forward exchange contracts	68 047	32 761
	179 390	231 467

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28.5. Fair value and risk management

Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value				
		Fair value through profit or loss R'000	Amortised cost R'000	Financial liabilities at amortised cost R'000	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 August 2022	Note								
Financial assets measured at fair value									
Forward exchange contracts	10	6 212			6 212		6 212		6 212
Financial assets not measured at fair value									
Trade and other receivables	8		355 109		355 109				
Cash and cash equivalents			338 267		338 267				
			693 376		693 376				
Financial liabilities measured at fair value									
Forward exchange contracts	10								
Financial liabilities not measured at fair value									
Bank overdrafts	15								
Trade and other payables	13			86 784	86 784				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

28.5. Fair value and risk management (Continued)

31 August 2021	Note	Carrying amount			Fair value				
		Fair value through profit or loss R'000	Amortised cost R'000	Financial liabilities at amortised cost R'000	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets measured at fair value									
Forward exchange contracts	10	205			205		205		205
Financial assets not measured at fair value									
Trade and other receivables	8		278 984		278 984				
Cash and cash equivalents			514 290		514 290				
			793 274		793 274				
Financial liabilities measured at fair value									
Forward exchange contracts	10								
Financial liabilities not measured at fair value									
Bank overdrafts	15			43	43				
Trade and other payables	13			180 680	180 680				
				180 723	180 723				

The fair value hierarchy reflects the significance of the inputs used to make the measurements related to the classes above. Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets. Level 2 applies inputs other than quoted market prices that are observable for the assets either directly (as prices) or indirectly (derived from prices). Level 3 applies inputs which are not based on observable market data.

Level 2 forward exchange contracts linked to quoted market rates.

29. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security afforded by a sound capital position. The Group's return on capital was 5,9% (2021: 10,4%).

The Group monitors capital using a ratio of net debt to equity. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents. Equity comprises all components of equity, net of non-controlling interest.

The Group's policy is to keep the ratio below 0,33 times. The Group's net debt to equity ratio was as follows:

	2022 R'000	2021 R'000
Total borrowings		43
Less: cash and cash equivalents	(338 267)	(514 290)
Net debt	(338 267)	(514 247)
Total equity	1 451 236	1 354 894
Net debt to equity ratio (%)	(23,3)	(37,9)

From time to time, the Group purchases its own shares on the market; the timing of which depends on the market prices. The shares are primarily intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Risk Committee. The Group does not have a defined share buy-back plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

30. SEGMENT INFORMATION

Geographical areas from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the geographic location of services delivered or provided.

The Group's reportable segments under IFRS 8 are therefore as follows:

South Africa
Hong Kong
Australia
United Arab Emirates

The following is an analysis of the Group's revenue and results from operations by reportable segment:

	Segment revenue		Segment income		Segment non-current assets	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
South Africa	1 637 502	1 907 845	45 156	112 490	116 018	115 113
Hong Kong	111 313	92 642	26 266	15 007		
Australia	380 164	335 103	439	2 415	69 714	64 525
United Arab Emirates	22 852	22 622	12 957	11 052	558	
Total	2 151 831	2 358 212	84 818	140 964	186 290	179 638

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2021: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment income represents the profit after tax earned by each segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Non-current assets exclude those non-current assets classified as held for sale.

For the purpose of monitoring segment performance and allocating resources between segments:

All assets including goodwill are allocated to reportable segments. No assets are used jointly by reportable segments.

All liabilities including borrowings are allocated to reportable segments. No reportable segments are jointly liable for any liabilities.

Information about major customers

The Group has two customer groups (2021: two customer groups) that individually account for at least 10% or more of the Group's South African operations revenue comprising 34,3 % and 13,8 % respectively (2021: 47,5% & 15,9% respectively). No other single customer group contributed 10% or more to the Group's South African operation nor the Offshore Subsidiaries for both 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

31. COMPOSITION OF THE GROUP

31.1. Information about the composition of the Group at the end of the reporting period

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	Number of non-wholly owned subsidiaries
Sales of a diversified range of electrical appliances, consumer electronics and branded consumer durables	South Africa	6	0
Sales of a diversified range of electrical appliances, consumer electronics and branded consumer durables	Australia	0	2
Sales of a diversified range of branded consumer electronics	Hong Kong	1	0
Share purchase trust	South Africa	1	0
Sales of a diversified range of branded consumer electronics	United Arab Emirates	1	0

Details of non-wholly owned subsidiaries that have material non-controlling interest to the Group are disclosed below.

31.2. Details on non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Yale Prima Proprietary Limited	Australia	31,87%	31,87%	205	1 130	8 539	7 584

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Yale Prima Proprietary Limited	2022 R'000	2021 R'000
Non-current assets	55 633	51 520
Current assets	185 433	100 418
Non-current liabilities		
Current liabilities	214 270	128 144
Equity attributable to owners of the Company	18 256	16 211
Non-controlling interests	8 540	7 584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

31.2. Details on non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Yale Prima Proprietary Limited (Continued)	2022 R'000	2021 R'000
Revenue	380 164	335 103
Profit for the year	644	3 545
Profit attributable to owners of the Company	439	2 415
Profit attributable to the non-controlling interests	205	1 130
Profit for the year	644	3 545
Other comprehensive income attributable to owners of the Company		
Other comprehensive income attributable to the non-controlling interests		
Total other comprehensive income for the year	-	-
Total comprehensive loss attributable to owners of the Company	439	2 415
Total comprehensive loss attributable to the non-controlling interests	205	1 130
Total comprehensive loss for the year	644	3 545
Net cash inflow from operating activities	9 981	12 606
Net cash inflow from investing activities		32
Net cash (outflow)/ inflow from financing activities	(42)	1 211
Net cash inflow	9 939	13 785

32. CONTINGENT LIABILITIES

The Company has signed unlimited suretyships for bank borrowings and other loan facilities and R24,6 million (2021: R18,0 million) in respect of bank guarantees, on behalf of their wholly owned subsidiary, Nu-World Industries Proprietary Limited.

On 27 March 2018, the South African Revenue Service (SARS) issued revised assessments for Nu-World Global Investments Proprietary Limited, a wholly owned subsidiary of Nu-World Holdings Limited, relating to a dispute on a Royalty Financing transaction for the 2008 to 2012 tax years, resulting in a potential tax liability of R7,6 million and interest, omissions and penalties until 31 August 2022 of R25,7 million.

In addition, on 24 May 2018, SARS issued a revised VAT assessment for Nu-World Industries Proprietary Limited, a wholly owned subsidiary of Nu-World Holdings Limited, relating to a dispute on the zero-rating of a transaction for the 2007/8 tax year, resulting in a potential VAT liability of R4,1 million and interest and penalties until 31 August 2022 of R6,9 million.

On 19 September 2019 SARS conducted a bond store audit at the warehouse in Germiston. The issues raised by SARS could result in potential liability in the amount of R3,0 million.

Nu-World have opposed these revised assessments and submitted Notice of Objections and Notice of Appeals to SARS on the advice of their tax advisors and senior legal counsel and has requested suspension of payment of these disputed taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022 (CONTINUED)

33. ACCOUNTING STATEMENTS ISSUED, NOT YET EFFECTIVE

The Group has considered the following standards and interpretation that are effective in future periods and has decided not to early adopt any in the current year:

Standard	Details of Amendment	Annual periods beginning on or after
IAS 1 – Presentation of financial statements (Classification of liabilities as current or non-current)	Not expected to impact results but may result in additional disclosure.	1 January 2023
IAS 1 – Presentation of financial statements (Disclosure of accounting policies)	Not expected to impact results but may result in additional disclosure.	1 January 2023
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Definition of accounting estimates)	Not expected to impact.	1 January 2023

Standards and interpretations not yet effective or relevant

All other standards and interpretations that have been published and are mandatory for the company's accounting periods beginning on or after 01 September 2022 or later periods are not relevant to its operations.

34. ACCOUNTING STATEMENTS ISSUED DURING THE YEAR

In the current year, the company has not adopted any new standards and interpretations that are effective for the current financial year as these are not relevant to its operations.



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